



USA Compression Partners, LP  
2016 Barclays Select Series:  
MLP Corporate Access Day  
March 2, 2016

# Disclaimers

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This presentation contains forward-looking statements relating to the Partnership's operations that are based on management's current expectations, estimates and projections about its operations. You can identify many of these forward-looking statements by words such as "believe", "expect", "intend", "project", "anticipate", "estimate", "continue", or similar words, or the negative thereof. You should consider these statements carefully because they discuss our plans, targets, strategies, prospects and expectations concerning our business, operating results, financial condition, our ability to make distributions and other similar matters. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. These include risks relating to changes in the long-term supply of and demand for natural gas and crude oil, actions taken by our customers, competitors and third-party operators, competitive conditions in our industry, the deterioration of the financial condition of our customers, and the factors set forth under the heading "Risk Factors" or included elsewhere that are incorporated by reference herein from our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission, and if applicable, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. As a result of such risks and others, our business, financial condition and results of operations could differ materially from what is expressed or forecasted in such forward-looking statements. Before you invest in our common units, you should be aware of such risks, and you should not place undue reliance on these forward-looking statements. Any forward-looking statement made by us in this presentation speaks only as of the date of this presentation. Unpredictable or unknown factors not discussed herein could also have material adverse effects on forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Recent Developments: Full-Year and Q4 2015 Review

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## USAC Delivers Strong Q4 and Full-Year 2015 Results; Releases Preliminary 2016 Guidance

### Operational Update

- Q4 2015 fleet HP of 1.7 million and average revenue generating HP of 1.4 million— increases of 11% and 6%, respectively, over Q4 2014 levels
  - ▶ On a full-year basis, average revenue generating HP was up 17%
- Average horsepower utilization of 89.5% for Q4 2015 and 90.5% for full-year 2015
- 2016 expansion capital plan reduced by over 80% from 2015 levels
  - ▶ ~15K horsepower comprised of large-HP units currently on order for delivery in 2016

### Financial Update

- Reported Revenue, Adjusted EBITDA and Distributable Cash Flow, or DCF, as follows for Q4 and full-year 2015:
  - ▶ Q4 Revenue of \$68.6mm up 12% Y-o-Y; full-year revenue of \$270.5mm up 22% relative to 2014
  - ▶ Q4 Adjusted EBITDA of \$38.0mm, up 15% Y-o-Y; full-year of \$153.6mm up 34% over 2014
  - ▶ Q4 DCF of \$28.0mm, up 7% Y-o-Y; full-year DCF of \$120.9mm up 41% relative to 2014
- Full-year 2015 adjusted EBITDA and DCF exceeded the high end of our final guidance range
- LP distribution of \$0.525 for Q4 2015; DCF coverage of 0.99x for Q4 and 1.17x for full-year 2015
- Leverage of 4.8x on outstanding borrowings of \$729 million as of year-end
- Announced preliminary 2016 Adjusted EBITDA and DCF guidance (see appendix for full details)
  - ▶ Adjusted EBITDA range of \$138mm to \$153mm; DCF range of \$102mm to \$117mm

*Note: See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information on calculation of Adjusted EBITDA, DCF, DCF coverage and average horsepower utilization.*

# Addressing the Market Backdrop: USAC's Strategy

USA Compression has multiple levers to pull to help navigate this difficult environment

Market Backdrop and the Effect on the Compression Industry	USA Compression's Strategy		
	Significantly Reduce Capital Spending	Focus on Utilization	Expense Control
<ul style="list-style-type: none"> <li>• Sustained low commodity price environment results in reduced upstream and midstream activity levels</li> <li>• While lower drilling activity results in less new production growth, existing production requires increasing compression to move the same gas volumes through the pipeline system as pressures decline</li> <li>• Customers looking to right-size their compression needs given these trends</li> <li>• Much dry gas production is now producing in the "steady-state" portion of decline curves</li> </ul>	<ul style="list-style-type: none"> <li>• 2016 budget reduced by ~80% vs. 2015 levels; currently expect \$40 to \$50 million of growth capital</li> <li>• Relative to many pipeline companies with long, multi-year lead-time projects and large financing needs, USAC is able to quickly ratchet back its capital spending</li> <li>• USAC expects to fund its minimal capital requirements in a cost-effective manner – with operating cash flow and borrowings</li> </ul>	<ul style="list-style-type: none"> <li>• Reallocating resources, people, capital and equipment from regions of softness to areas of continued strength and demand</li> <li>• Flexible unit design allows our compression units to be utilized in a broader range of applications and geographies</li> <li>• Proactively work with customers to help them optimize their compression needs</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to wring out operational and corporate efficiencies</li> <li>• Our operations team continues to be proactive in finding creative cost-control solutions</li> </ul>

**Our compression services business model is characterized by both stability and growth; in this market, we believe our strategy in a down cycle should result in stable cash flows**

# Outlook For Compression

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# USAC Business Drivers

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## Compression is Critical Infrastructure for Producing & Transporting Hydrocarbons

### Overall Gas Demand & Production

- ~85% of USAC's business (by HP) installed in natural gas-based applications
- Projected increasing demand / steady production of natural gas
- LNG exports, Mexico exports add to the increasing demand macro picture
- Largely gas price agnostic; activity driven by production volumes and the need to move the gas

### Shale Activity

- Expect majority of gas production growth to be satisfied by shale production
- Less crude drilling results in lower associated gas, thus driving increased dry gas production
- Typically lower pressures (vs. conventional) require significantly more compression to move gas (~3x HP)
- Changing operating conditions over time require flexible assets
- Infrastructure build out in early innings; compression follows

### Customer Preference to Outsource

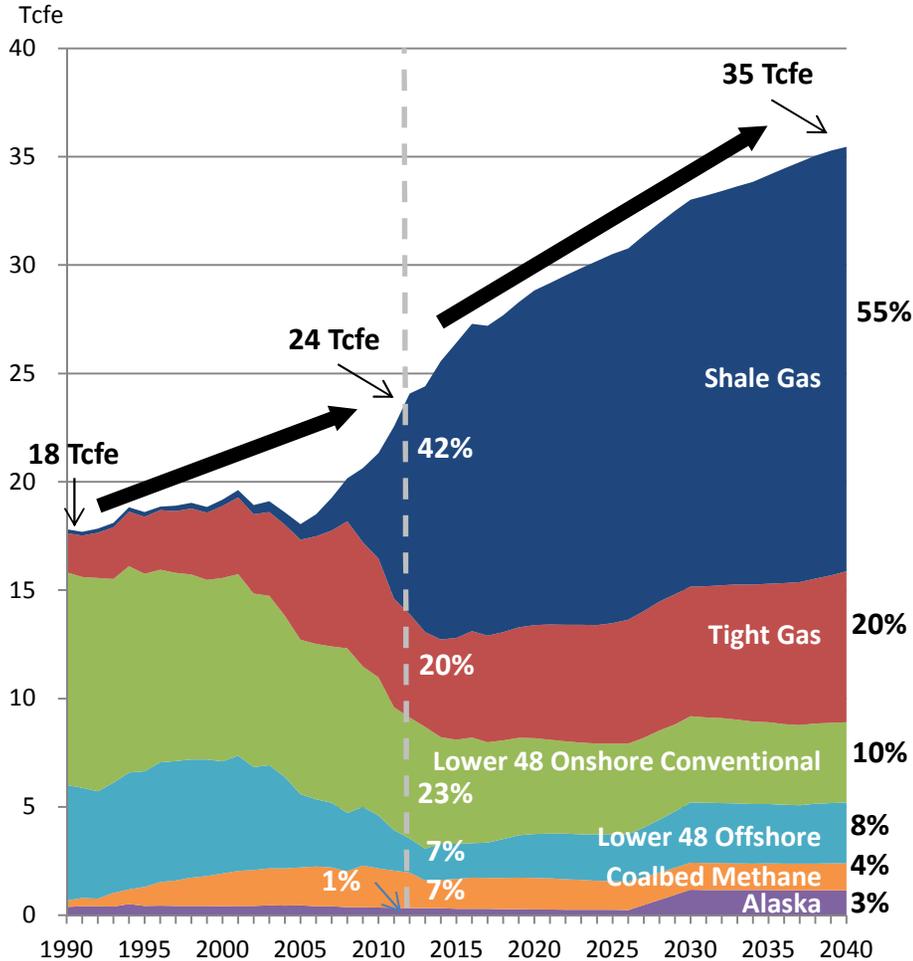
- Decision to outsource compression can be due to safety, lack of expertise, labor scarcity, alternative capital investment opportunities and other factors
  - Expect more opportunities in current commodity price environment
- Mission-critical assets must run
- Guaranteed run time backed up by exemplary service and adherence to maintenance intervals

### "Core" Crude Oil Production

- Economical crude oil production continuing in core areas
- Already-drilled horizontal wells regularly use gas lift to extract crude oil

# Macro Thesis: The “Shift to Shale”

## Shale Gas Piece of the Growing Pie Continues to Increase



- Overall natural gas production expected to increase from ~66 Bcf/d in 2012 to ~97 Bcf/d through 2040, an increase of 47%
- Importantly, shale gas volumes are projected to grow ~2x the rate of total natural gas volumes over the projected period
- Production from Marcellus / Utica Shales and Permian / Delaware Basins represent large portion of future natural gas production growth

USAC has placed over 70% of its newbuild large-HP fleet additions in these areas of robust production growth since the beginning of 2014

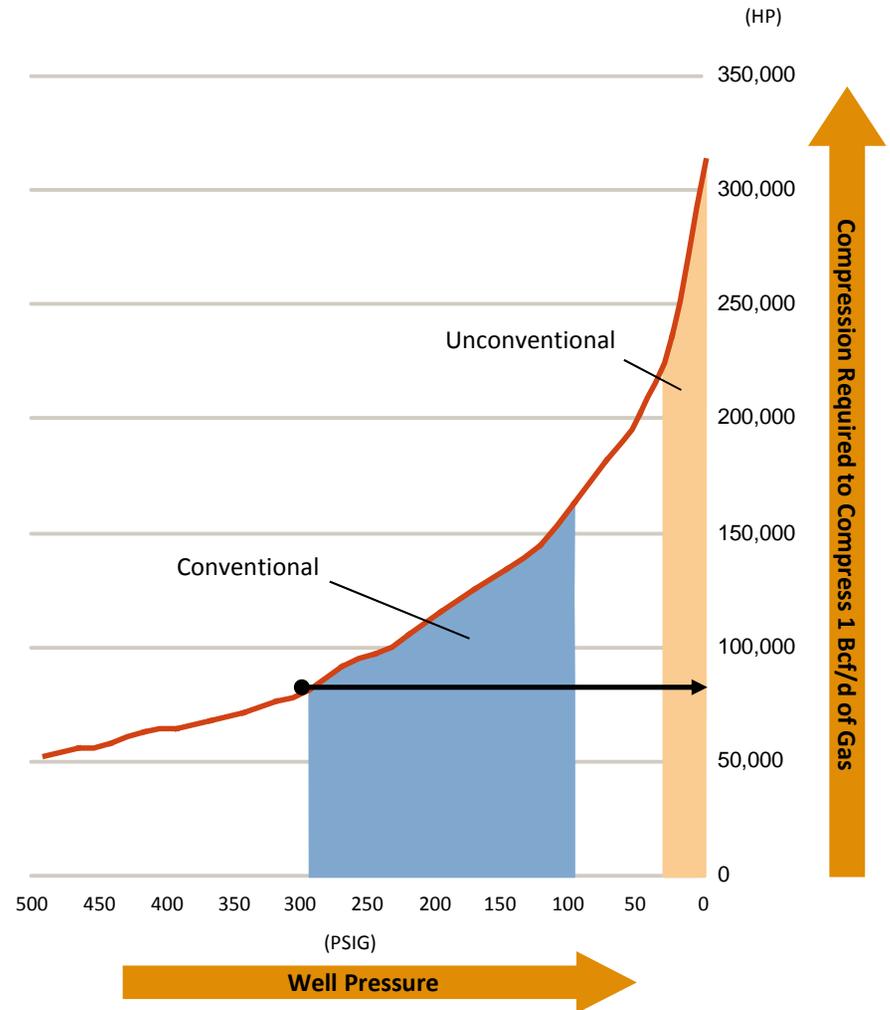
Source: U.S. Energy Information Administration, Annual Energy Outlook 2015.

# Growing Shale Compression Requirements

## Shale Production Drives Increasing Compression Requirements <sup>(1)</sup>

- Shale gas is typically produced at lower wellhead pressures (0-50 PSIG) in contrast to conventional gas wells (100-300 PSIG)
- Pipeline specifications remain constant – requiring gas pressure to be increased significantly to move gas into and through pipelines
- As a result, to move the same amount of gas requires significantly more compression

USAC believes compression needs for unconventional basins are up to 3X those of conventional supplies



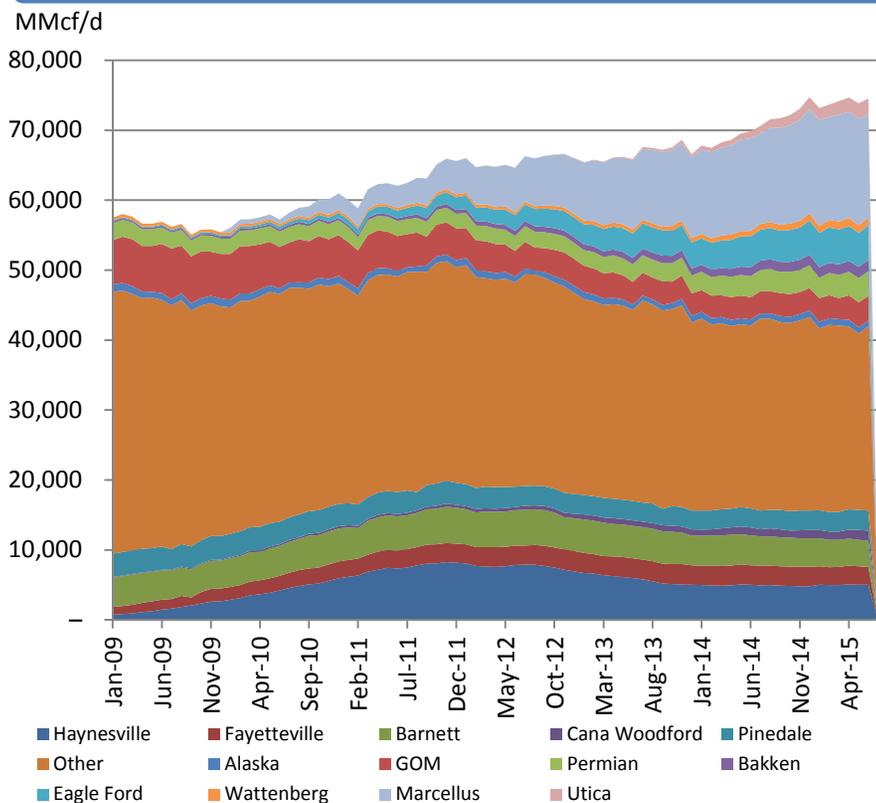
Source: Ariel Corporation: compressor sizing protocol.  
 (1) Assumes Discharge Pressure = 1,200 PSIG.

# Changing, But Still Growing, Natural Gas Market

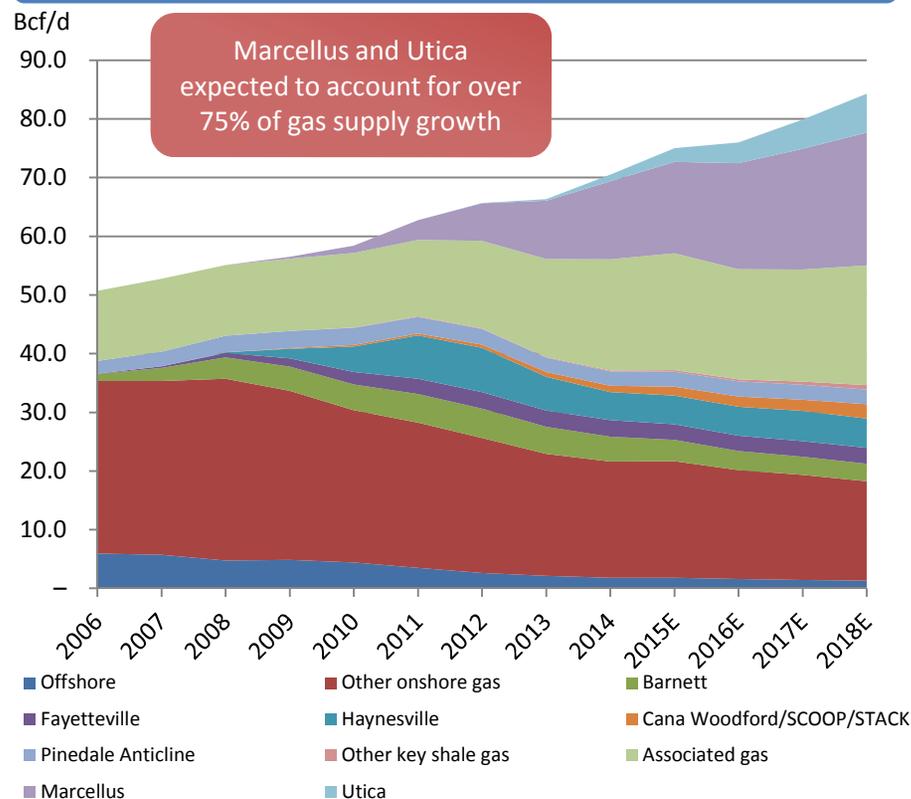
## Marcellus/Utica Production Continues to Drive Growth; Expected to Offset 2016 Associated Gas Decline

- Due to lowered liquids-focused activity in 2015, associated gas production projected to decrease in 2016
- However, total natural gas supply is expected to continue to grow through 2020 – driven by:
  - 1) Productivity gains across key gas plays (specifically Marcellus and Utica)
  - 2) Lower production decline rates (as well as enhanced completions and longer laterals) in ‘mature’ gas plays such as Haynesville and Pinedale Anticline

Historical Dry Gas Production by Play



Projected Dry Gas Production Growth by Play



Per Goldman Sachs research, October 2015.

# Natural Gas Demand Poised to Surge

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## “Big Four” Demand Sources Driving Majority of Expected 22 Bcf/d of New Natural Gas Demand Thru 2020

### Coal Plant Retirements and Gas-Fired Power Demand

- Roughly 33 gigawatts of coal plant capacity already announced to be retired through 2020; research suggests more retirements to come – for total expected retirements of almost 50 GW
- Vast majority of announced retirements occurring by end of 2017
- Expected ~7 Bcf/d of demand growth by 2020 from total gas-fired power demand (~4 Bcf/d of which is from expected coal plant retirements)

### Mexico Exports

- Shale gas NOT expected to be near-term focus in Mexico; will continue to rely on imports of US natural gas to meet its growing demand
- Research suggests an incremental ~4 Bcf/d of US natural gas exports to Mexico by 2020
- Includes announced and in-progress projects from midstream operators such as Howard Energy, Energy Transfer, Kinder Morgan, etc.

### LNG Exports

- Research suggests ~5 Bcf/d of US LNG exports by 2020, with upwards of 12 Bcf/d of export demand expected on a longer-term basis (based on contracts signed by consumers)
- Potential for an increased coal-to-gas switching in Europe, which would bolster future US LNG export demand
- First LNG export cargo from Cheniere’s Sabine Pass terminal shipped February 24<sup>th</sup>
- FERC recently approved 7<sup>th</sup> LNG export facility (operated by Energy Transfer)

### Industrial Demand

- Expected ~4 Bcf/d of incremental industrial demand growth by 2020
- Growth driven by increases in both base industrial demand as well as ~1.7 Bcf/d of new petrochemical plant projects / expansions (ethylene, ammonia and propylene)

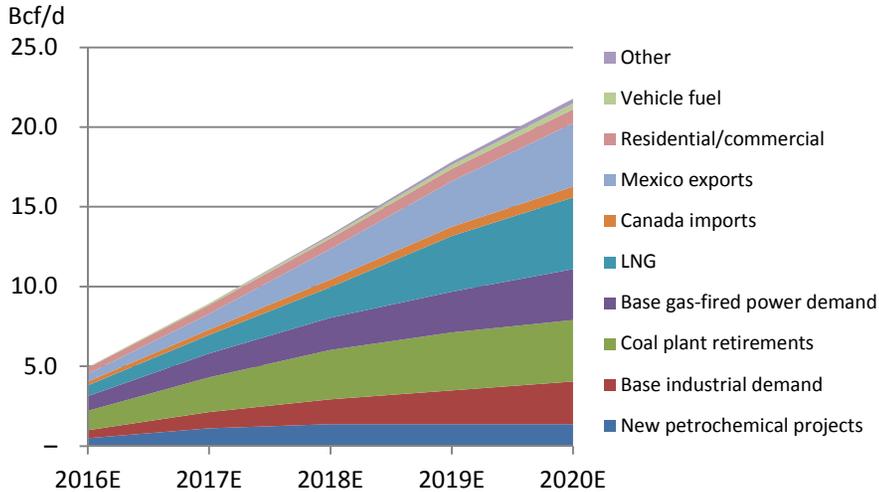
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Per Goldman Sachs research, November 2015.

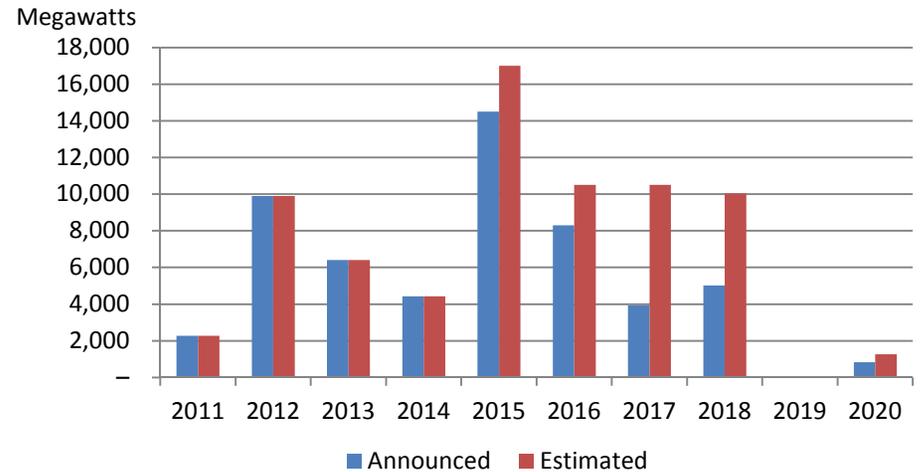
# Natural Gas Demand Poised to Surge, Cont'd.

## Demand Drivers Expected to Increase Total Natural Gas Demand ~30% by 2020

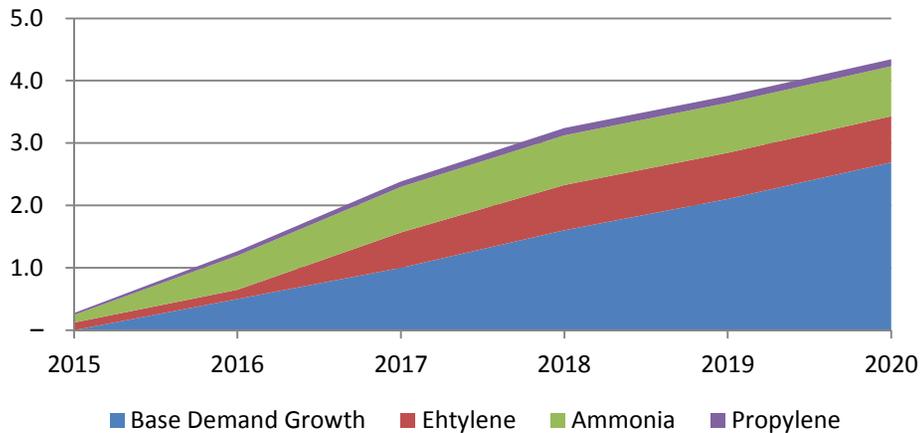
Cumulative New Sources of Natural Gas Demand



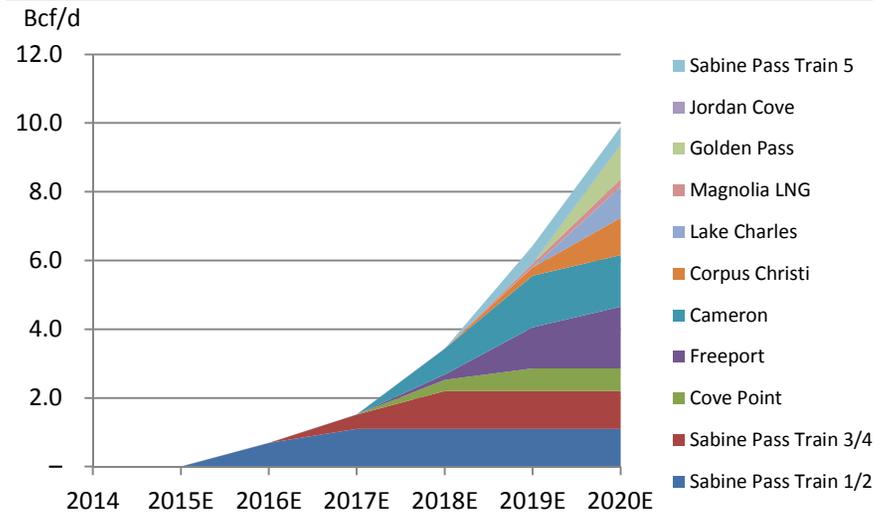
Coal Plant Retirements



Industrial Demand



Expected Schedule of Contracted LNG Exports



Per Goldman Sachs research, November 2015.

# The Need for Compression

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## Critical Infrastructure for US Natural Gas

*Critical Part of  
Natural Gas  
Transportation*

- Compression is required to transport natural gas throughout the pipeline system
- Once installed, becomes part of midstream infrastructure, remaining in field for significant lengths of time
- However, assets remain “moveable”, which allows for redeployment to other regions where and when appropriate
- Service frequently outsourced given increased expertise, safety record and reliability

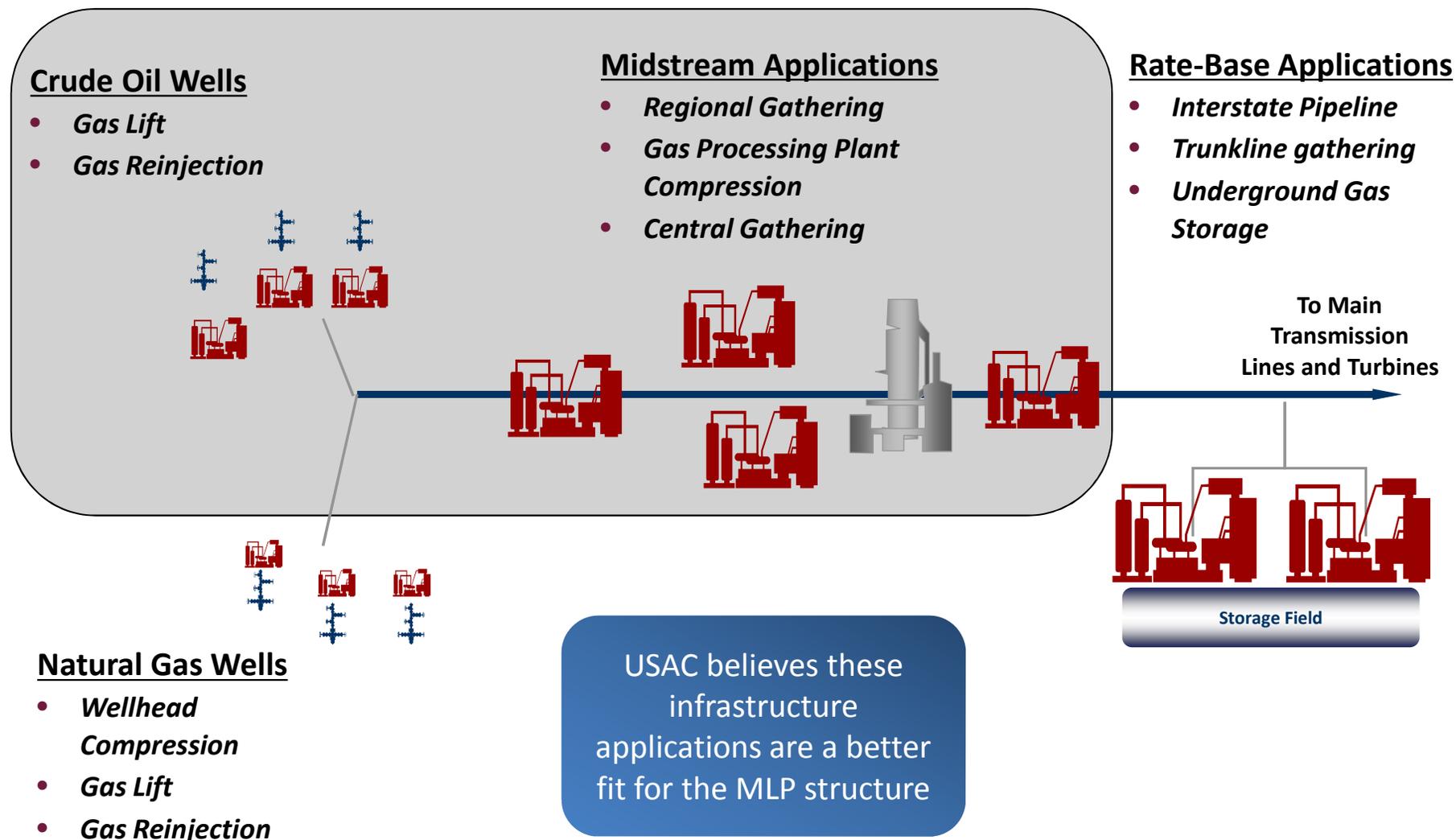
*Attractive  
Fundamentals  
Driving Growth*

- Gas production increasing primarily in shale plays, which require both more overall compression horsepower and flexible / convertible compressor packages
- Midstream build-out still in “early innings” in many shale plays; compression grows alongside gathering and processing (“G&P”) expansions
- Crude oil economics support unconventional production techniques made possible with compression

**USAC’s business is driven by the same attractive fundamentals as the G&P and more general midstream space: growing domestic hydrocarbon production**

# Strategic Focus on Infrastructure Applications

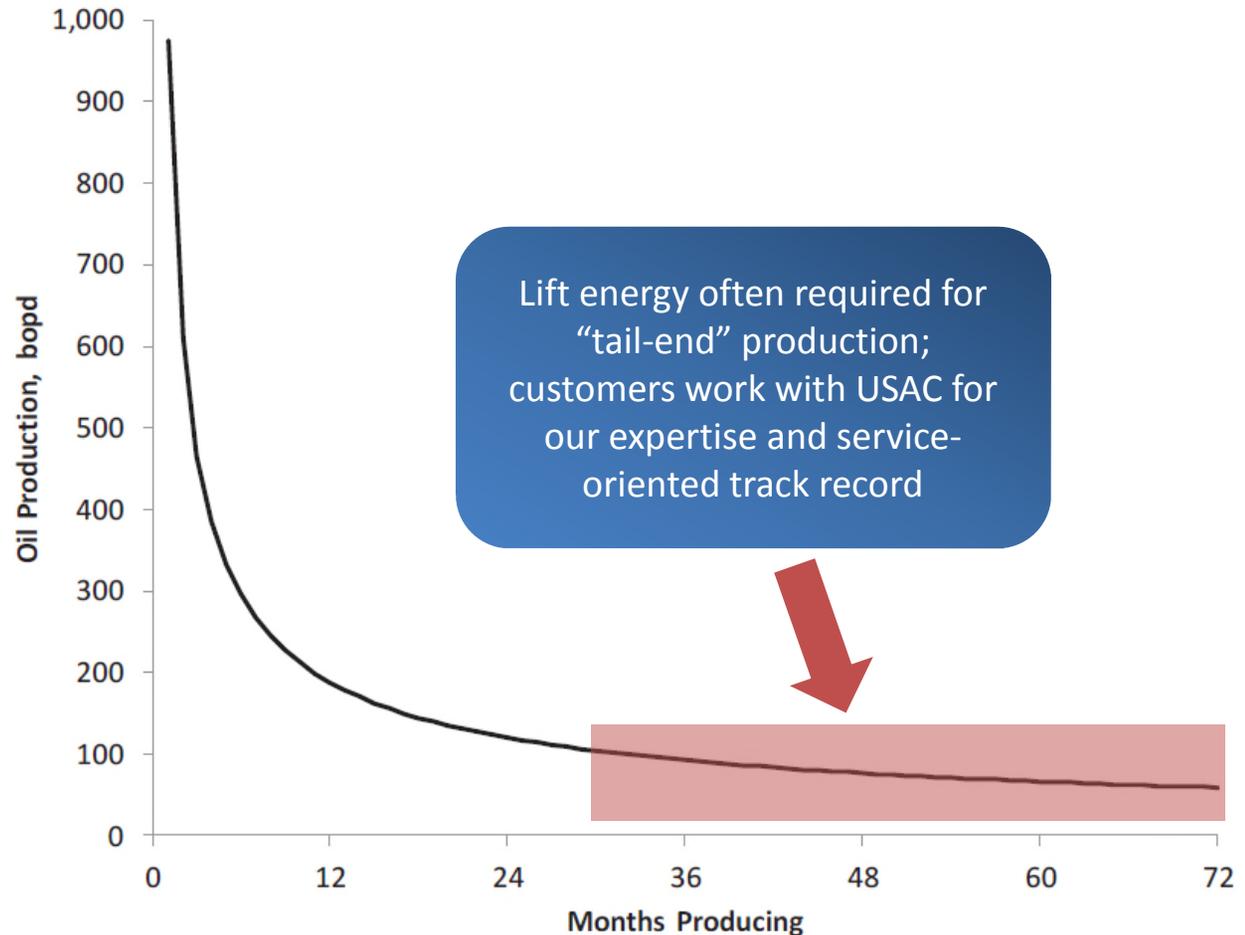
## Midstream and Crude-Oriented Gas Lift Compression Offer Cash Flow Stability



# Stable, Long-Lived “Tail” Oil Production Supports Gas-Lift Operations

## Illustrative Shale Oil Well Production Profile

- 1,000 Bpd initial production can decline to ~100 Bpd by year 3
- Gas-lift compression utilized during this long “tail” of production
  - Provides lift energy required to maintain production on horizontal shale oil wells
  - Compression assets remain relatively highly utilized, even in low commodity price cycles, given relative favorable economics of low lifting costs of existing production vs. full F&D costs for newly drilled wells
- Even in current commodity price environment, production from existing wells remains economic due to management of upstream operating costs
  - Many producers have seen lower LOE costs in 2015, from increased operational efficiencies and service cost reductions



Source: TPH & Co.

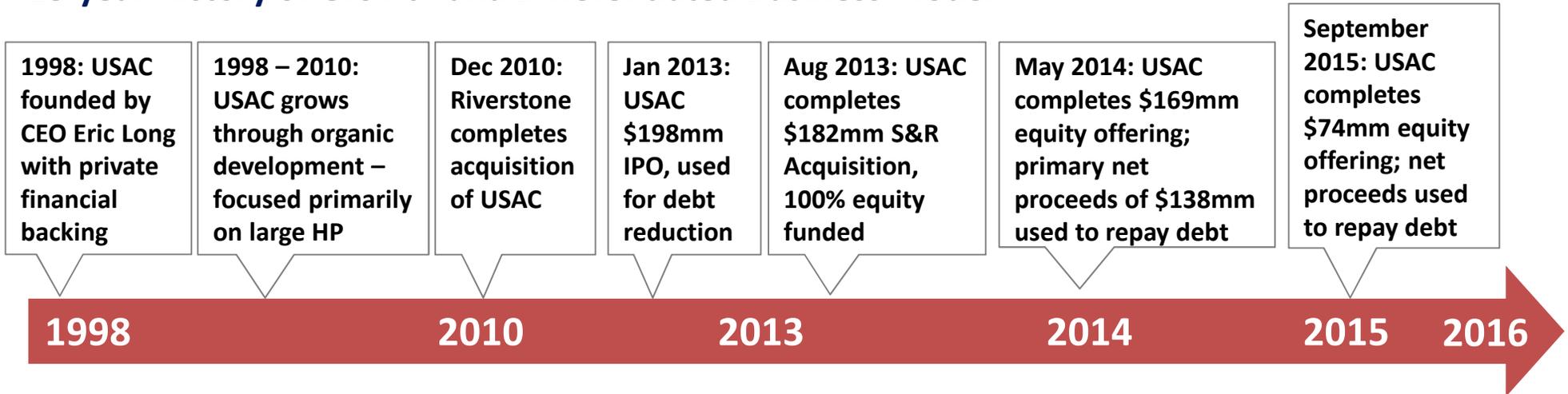
# USAC: Story of Stability and Growth

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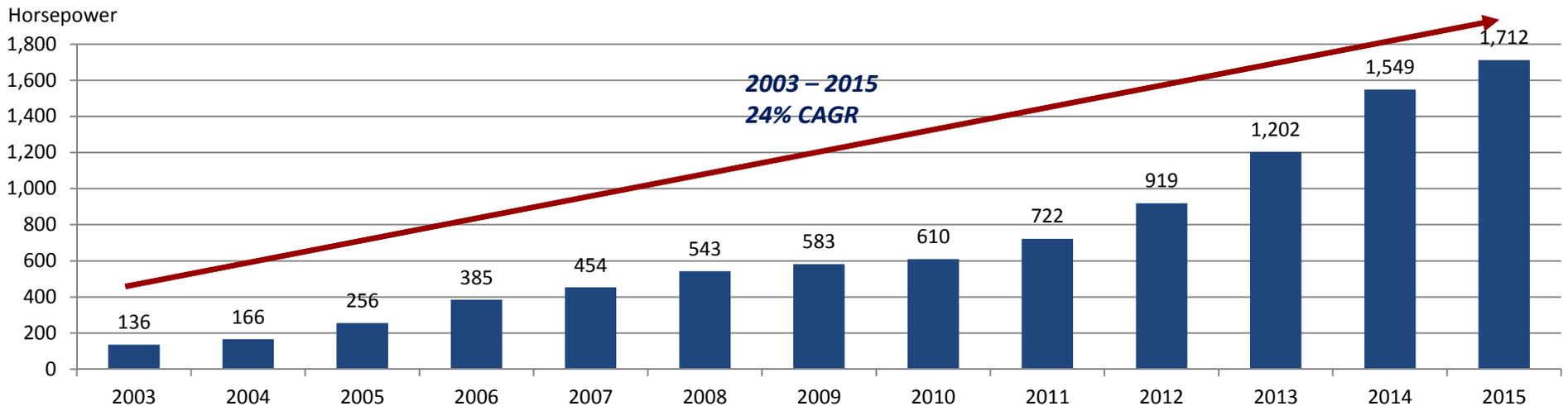


# USAC History

## 18-year History of Growth and Differentiated Business Model



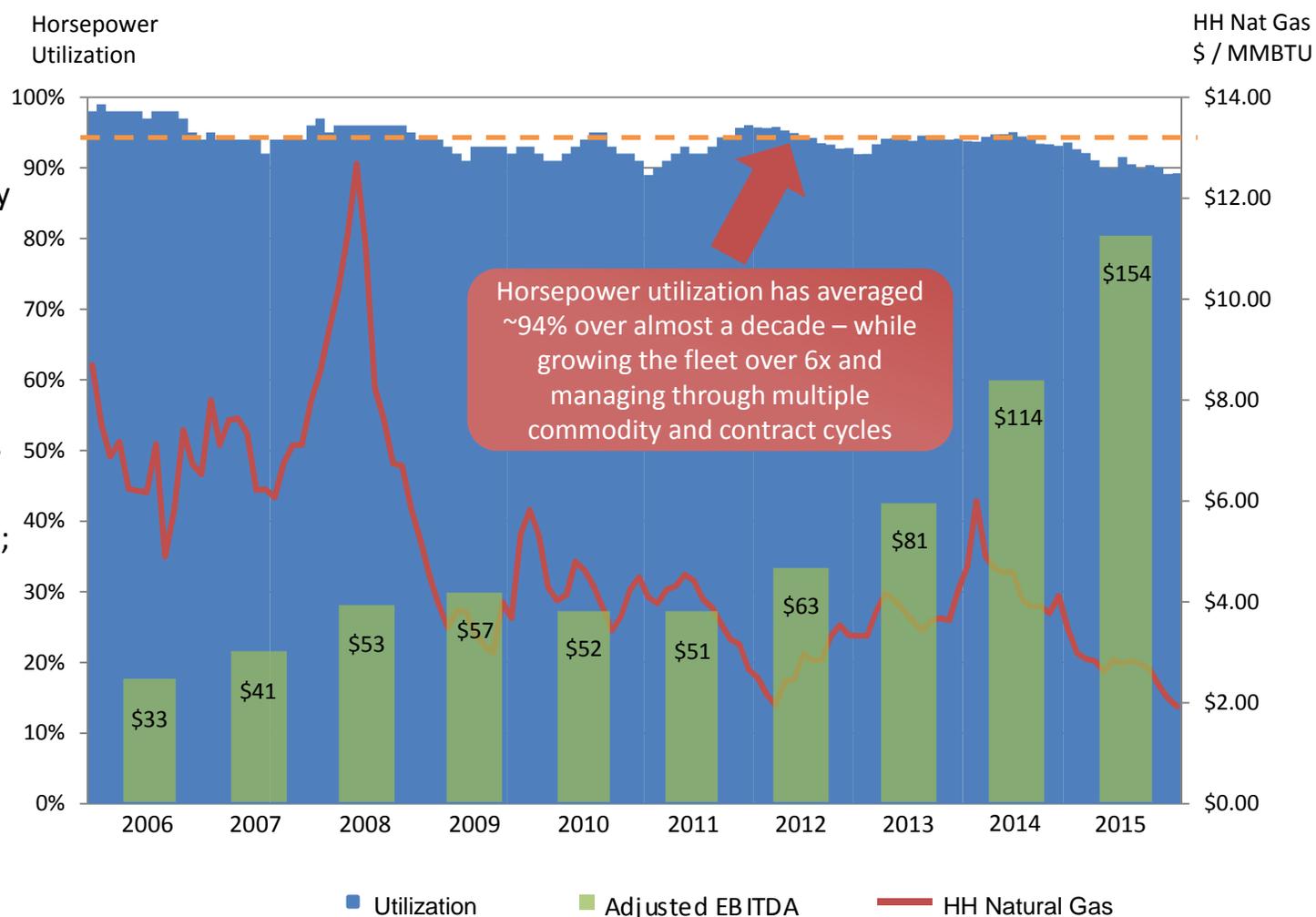
### Horsepower Growth



# Business Model Underpinned by Stability

## Stability Through Multiple Commodity Price Cycles

- Commodity price levels do not directly affect USAC's business prospects
- Rather, natural gas compression is impacted by the level of natural gas Demand and Production
- Throughout both the recent and longer-term commodity price cycle, USAC has demonstrated its ability to:
  - i) Grow the Partnership;
  - ii) Maintain high utilization; and
  - iii) Manage for the impact, if any, of commodity prices on our customers



Source: EIA and Partnership historical financials.

Note: See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information on calculation of horsepower utilization and Adjusted EBITDA.

# Nature of USA Compression's Contracts

## Compression Services Contract Profile

### Contract Service Rate Structure is 100% Fixed-Fee

- USA Compression's service contract rates are billed monthly (30 days in advance) and are 100% fixed fee (i.e. contract stipulates \$XX / month)
  - ▶ Structured similar to take-or-pay contracts commonly seen with midstream companies who operate long-haul, interstate pipelines and large-scale storage assets
- Many G&P business tout their 'fee-based' business models – however those revenue streams are determined by a fee AND gas volumes / throughput
  - ▶ USAC contracts are not tied to either volumetric throughput or any direct commodity price exposure

### Critical Nature of Contracts in Distressed Situations

- In the case of customer credit issues, we have been typically considered to be a critical vendor by both our customers and bankruptcy courts
- We also tend to get paid on an ongoing basis for our services following a customer's bankruptcy petition
  - ▶ Without compression, gas is not able to flow and therefore there are no cash flows for our customers to service debt and pay bills
  - ▶ Unlike drilling services providers, USAC is as a long-term provider of mission critical compression services under long-term fee based contracts

### Unit Level Contracts Limit Large-Scale Returns

- Each of our ~2,700 active units has its own separate and discrete contract with its own original start date and primary term
- Over 60% of our active fleet is under contract with remaining primary term
  - ▶ Little risk of large portion of our fleet being returned
  - ▶ We have historically experienced annual 'fleet churn' of roughly 7-10% of the total fleet

# Strong, Large-Cap Customer Base Able to Weather the Storm

## Diverse Customer Base Includes O&G Majors, Independent E&Ps, Large Midstream Operators and Regional Gatherers

Rank	Top Customers	Length of Relationship
1	Large Public Independent E&P	10+ years
2	Large Public Independent E&P	10+ years <sup>(1)</sup>
3	Large Public MLP	2 years
4	Pipeline Subsidiary of Utility	2 years
5	Large Private Midstream	2 years
6	Oil and Gas Major	9 years
7	Large Diversified Oil and Gas	8 years
8	Pipeline Subsidiary of Large E&P	8 years
9	Large Public Independent E&P	9 years
10	Public Independent E&P	6 years <sup>(1)</sup>

**Top 10 customers represent over 45% of total revenue and have an average market cap of ~\$28 billion and average enterprise value of ~\$35 billion<sup>(2)</sup>**

**Top 25 customers represent over 70% of total revenue and have an average credit rating of investment grade<sup>(3)</sup>**

*Note: Rankings and %'s of revenue reflect 2015 revenue.*

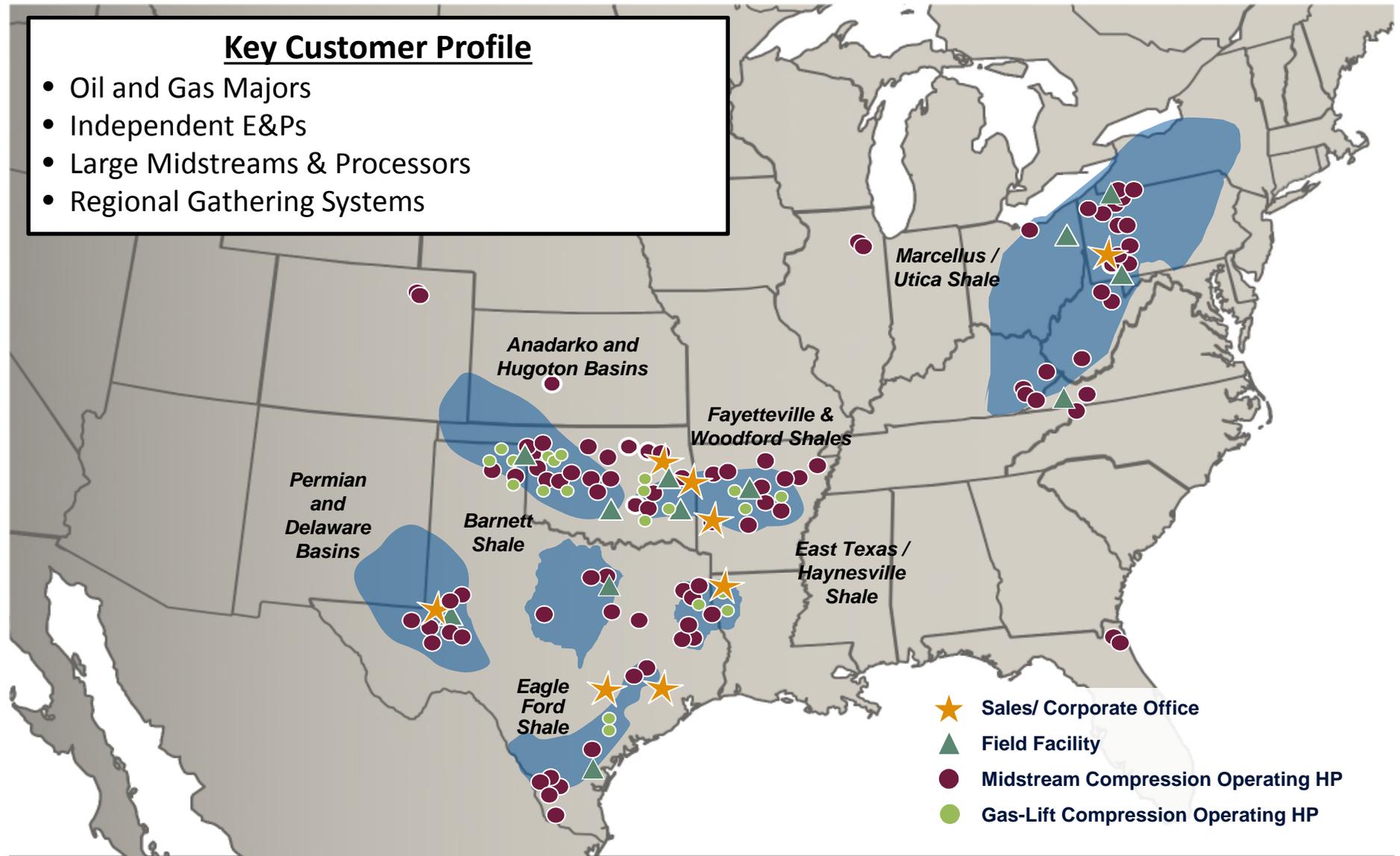
*(1) Includes prior relationship with S&R Compression, which USAC acquired in August 2013.*

*(2) Per ThomsonOne as of 2/24/16.*

*(3) Per Bloomberg and company filings, as of February 2016.*

# Geographical Presence

## Presence in Key Geographical Regions



# Fundamentals Result in Cash Flow Stability

## “Infrastructure-Nature” of USAC Assets Provide Cash Flow Stability

### *Long-lived Asset Base*

- Long asset life complements gathering systems and processing facilities served
- Compression units typically last for 40+ years, when properly maintained
- 60% of the capital cost of a unit never wears out
- Young, standardized large HP fleet (avg. age under 4 years): fuel and emissions-efficient

### *Contract Profile*

- Initial contracts for midstream applications are typically 2-5 years
- Assets tend to stay in field much longer
  - ▶ Average 24 months active in-place past original contract term
- USAC will work with customers to optimize their compression needs

### *Compression Needs Follow G&P Development*

- USAC’s services are essential for the transportation of natural gas and crude oil
  - ▶ Gas generally will not flow into and through pipeline systems without compression
- Production matters more than drilling activity
- Lagging development following G&P build-out

### *Loyal Customer Base*

- Long-standing customer base values relationships and reliability
- USAC has followed its customers to provide compression across multiple basins
- Strategically focused primarily on midstream applications where our customers remain active

USAC’s Activity Level is Not Directly Dependent on Commodity Prices

# Financial Overview and Investment Highlights

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# USAC Distributions and Leverage Since IPO

## Prudent Balance Between Distribution Growth, Coverage and Leverage

### Annualized Distributions per LP Unit

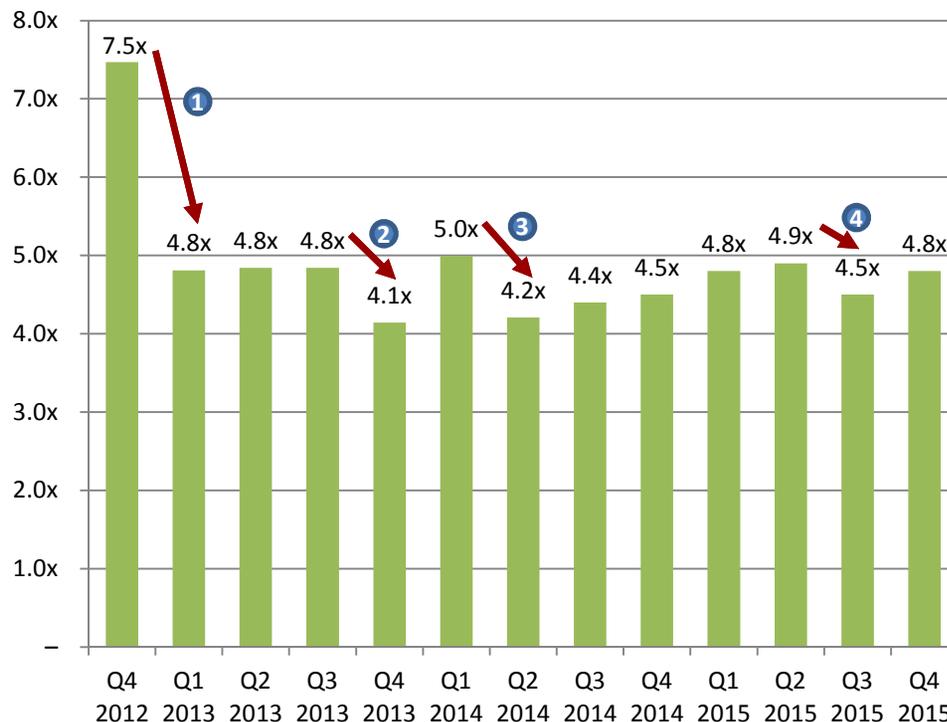


- USAC has increased the distribution to 24% above the MQD since IPO in January 2013
- DCF coverage for Q4 2015 is 0.99x and Cash Coverage Ratio <sup>(1)</sup>, as a result of USAC's Distribution Reinvestment Plan ("DRIP"), is 1.69x

### DRIP Program

- The DRIP has given all investors the option to reinvest distributions on their units into newly issued common units
- The participation by affiliates of USAC in the DRIP has allowed USAC to retain over half of its quarterly cash distributions, providing an additional cash coverage cushion for our public investors and utilizing the retained cash to fund continued organic growth

### USAC Historical Pro Forma Leverage<sup>(2)</sup>



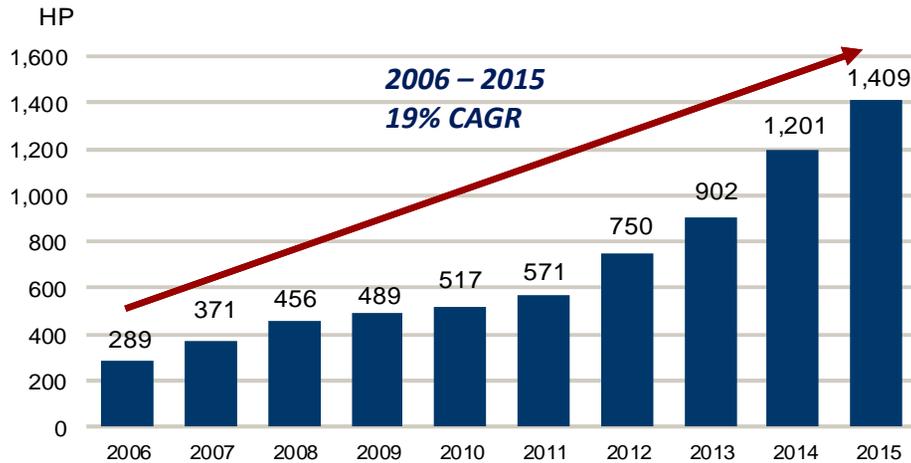
- 1) \$198mm IPO proceeds; used to repay debt
- 2) \$182mm acquisition of S&R gas lift fleet; 100% equity
- 3) \$138mm follow-on offering; proceeds used to repay debt
- 4) \$74mm follow-on offering; proceeds used to repay debt

(1) See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information on calculation of DCF coverage and Cash Coverage Ratios.

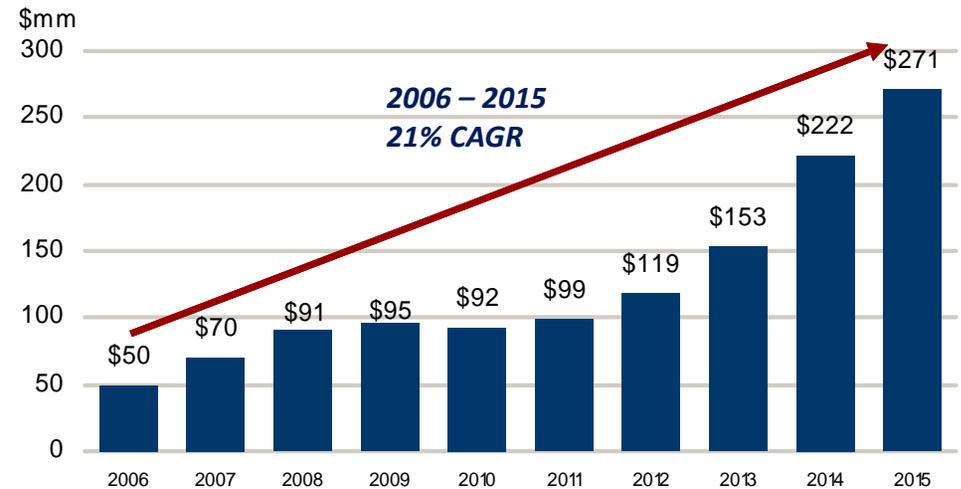
(2) Historical Pro Forma Leverage calculated as total debt divided by annualized quarterly Adjusted EBITDA for the applicable quarter, in accordance with our current Credit Agreement. Actual historical leverage may differ based on certain adjustments, and prior to Q4 2013 was calculated using LTM Adjusted EBITDA.

# Operational and Financial Performance

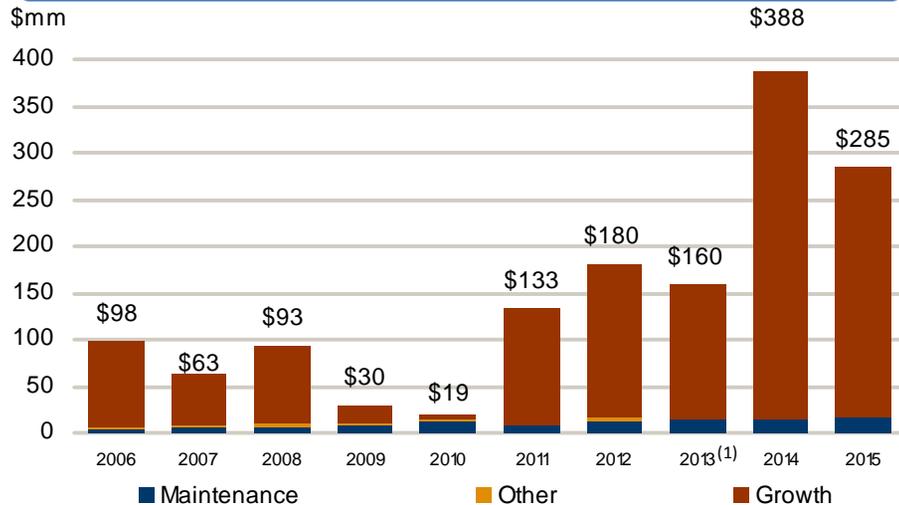
Avg. Revenue Generating HP (000s)



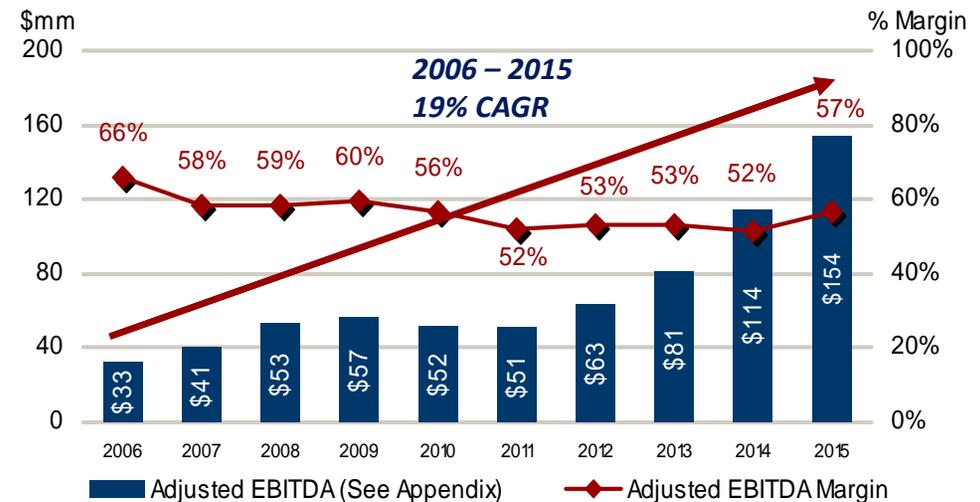
Revenue (\$MM)



Total Capex (\$MM)



Adjusted EBITDA<sup>(2)</sup> (\$MM) & Margin



(1) Does not include \$182mm acquisition of S&R Compression, financed with 7.4mm Common Units (\$178mm net of cash acquired).

(2) See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information on calculation of Adjusted EBITDA.

# USAC Investment Highlights

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## USAC's Business Prospects Driven By Positive Macro Drivers in the Midstream Industry

### Critical Midstream Infrastructure

- Continued focus on infrastructure-oriented compression applications; compression is critical to transporting hydrocarbons to end markets
- Shale gas continues to reward flexible compression providers
- Gas lift operations continue in our core areas; well economics (lifting vs. finding costs) still favorable

### Exposure to Strategic Producing Regions

- USAC owns and operates assets in prolific oil and gas shale basins benefitting from ongoing midstream build-out
- Well-positioned in previously neglected dry gas basins – able to capitalize on recent shift from “associated gas” growth to dry gas production growth
- Continued organic development through presence in areas of natural gas processing
- Gas-lift compression exposed to favorable trends / markets in crude oil production

### Stable Cash Flows with Visible Growth

- Infrastructure nature of assets results in compression units typically remaining in the field well beyond initial contract term
- Continued strong utilization history drives return on capital employed

### Strategic Customer Relationships

- Services provided to large, high-quality midstream and upstream customers
- Continued outsourcing of service providers creates strategic opportunities for USAC
- Long-standing customer relationships in all operating regions creates a significant barrier to entry

# Appendix

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# 2016 Preliminary Guidance

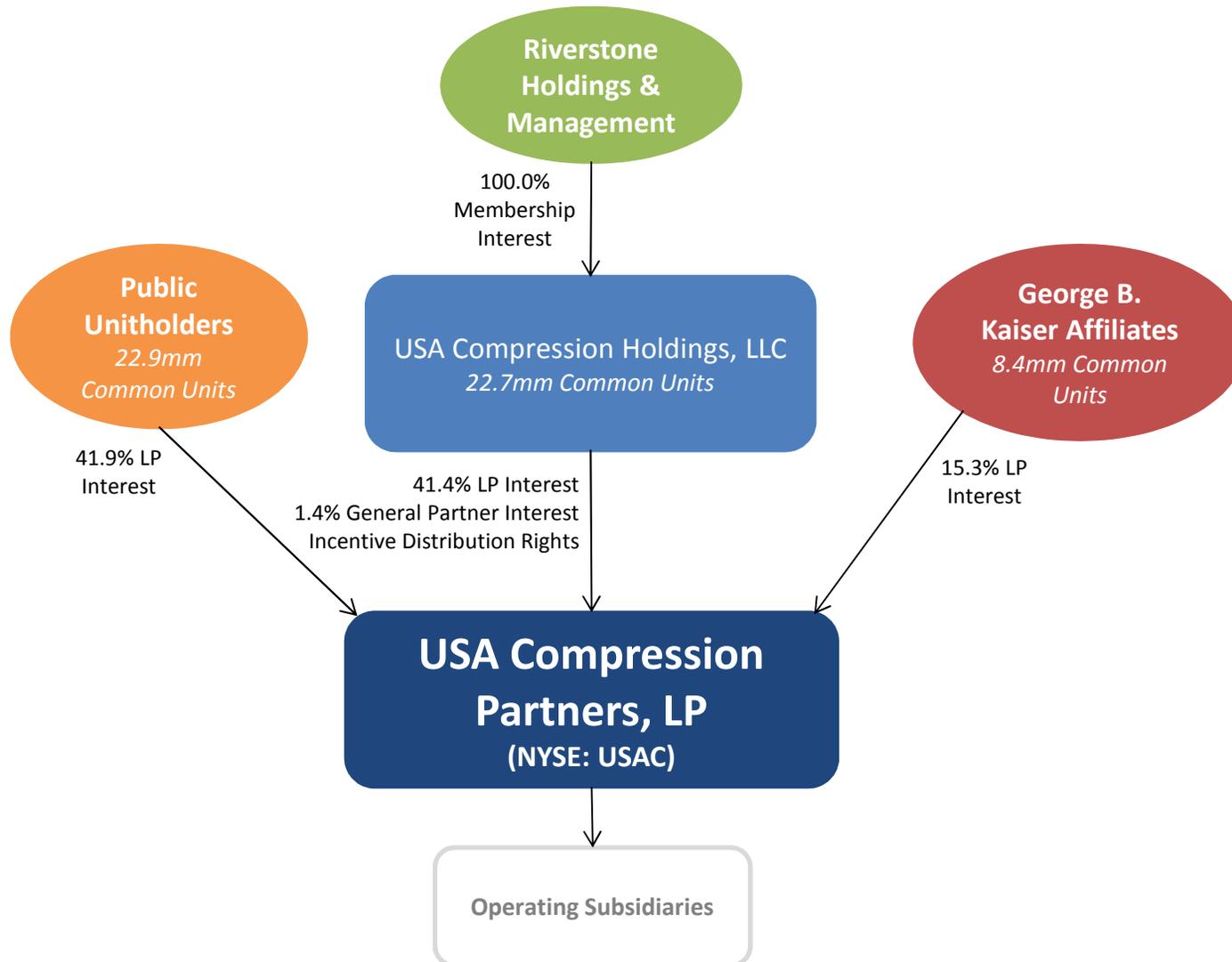
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	<b>Guidance</b>
Net income	\$20.6 million to \$35.6 million
Plus: Interest expense	\$22.4 million
Plus: Depreciation and amortization	\$90.2 million
Plus: Income tax expense	\$0.3 million
EBITDA	<u>\$133.5 million to \$148.5 million</u>
Plus: Interest income on capital lease	\$1.4 million
Plus: Unit-based compensation expense (1)	\$3.1 million
Adjusted EBITDA	<u>\$138.0 million to \$153.0 million</u>
Less: Cash interest expense	\$20.7 million
Less: Current income tax expense	\$0.3 million
Less: Maintenance capital expenditures	\$15.0 million
Distributable Cash Flow	<u><u>\$102.0 million to \$117.0 million</u></u>

(1) Based on the Partnership's unit closing price as of December 31, 2015.

# USA Compression Ownership Structure

USAC is a Pure-play Compression MLP Backed by Experienced Energy Investors



Note: As of February 15, 2016. Reflects effect of Q4 2015 DRIP.

# Non-GAAP Reconciliations

	Three Months Ended December 31,		Year Ended December 31,				
	2015	2014	2015	2014	2013	2012	2011
Net income (loss)	\$ (159,630)	\$ 8,501	\$ (154,273)	\$ 24,946	\$ 11,071	\$ 4,503	\$ 69
Interest expense, net	4,531	3,260	17,605	12,529	12,488	15,905	12,970
Depreciation and amortization	21,640	19,631	85,238	71,156	52,917	41,880	32,738
Income taxes	(219)	-	1,085	103	280	196	155
EBITDA	\$ (133,678)	\$ 31,392	\$ (50,345)	\$ 108,734	\$ 76,756	\$ 62,484	\$ 45,932
Impairment of compression equipment	2	1,102	27,274	2,266	203	-	-
Impairment of goodwill	172,189	-	172,189	-	-	-	-
Interest income on capital lease	389	439	1,631	1,274	-	-	-
Unit-based compensation expense	795	77	3,863	3,034	1,343	-	-
Equipment operating lease expense	-	-	-	-	-	-	4,053
Riverstone management fee	-	-	-	-	49	1,000	1,000
Restructuring charges	-	-	-	-	-	-	300
Transaction expenses for acquisitions	-	-	-	1,299	2,142	-	-
Loss (gain) on sale of assets and other	(1,742)	(4)	(1,040)	(2,198)	637	-	-
Adjusted EBITDA	\$ 37,955	\$ 33,024	\$ 153,572	\$ 114,409	\$ 81,130	\$ 63,484	\$ 51,285
Interest expense, net	(4,531)	(3,260)	(17,605)	(12,529)	(12,488)	(15,905)	(12,970)
Income tax expense	219	-	(1,085)	(103)	(280)	(196)	(155)
Interest income on capital lease	(389)	(439)	(1,631)	(1,274)	-	-	-
Equipment operating lease expense	-	-	-	-	-	-	(4,053)
Riverstone management fee	-	-	-	-	(49)	(1,000)	(1,000)
Restructuring charge	-	-	-	-	-	-	(300)
Transaction expenses for acquisitions	-	(18)	-	(1,299)	(2,142)	-	-
Amortization of deferred financing costs and other	416	307	1,702	1,189	1,839	(58)	(920)
Changes in operating assets and liabilities	988	1,676	(17,552)	1,498	180	(4,351)	1,895
Net cash provided by operating activities	\$ 34,658	\$ 31,290	\$ 117,401	\$ 101,891	\$ 68,190	\$ 41,974	\$ 33,782

## Non-GAAP Reconciliations (cont'd)

	Three months ended			Year ended	
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net income (loss)	\$ (159,630)	\$ 9,805	\$ 8,501	\$ (154,273)	\$ 24,946
Plus: Non-cash interest expense	416	416	307	1,702	1,224
Plus: Non-cash income tax expense	(202)	1,076	-	874	-
Plus: Depreciation and amortization	21,640	21,360	19,631	85,238	71,156
Plus: Unit-based compensation expense	795	804	77	3,863	3,034
Plus: Impairment of compression equipment	2	443	1,102	27,274	2,266
Plus: Impairment of goodwill	172,189	-	-	172,189	-
Plus: Transaction expenses for acquisitions	-	-	18	-	1,299
Plus: Loss (gain) on sale of equipment and other	(1,148)	1,324	(4)	117	(2,198)
Less: Maintenance capital expenditures	(6,021)	(2,959)	(3,357)	(16,134)	(15,800)
Distributable Cash Flow	\$ 28,041	\$ 32,269	\$ 26,275	\$ 120,850	\$ 85,927
Plus: Maintenance capital expenditures	6,021	2,959	3,357	16,134	15,800
Plus: Change in working capital	988	445	1,676	(17,552)	1,498
Less: Transaction expenses for acquisitions	-	-	(18)	-	(1,299)
Less: Other	(392)	(1,480)	-	(2,031)	(35)
Net cash provided by operating activities	\$ 34,658	\$ 34,193	\$ 31,290	\$ 117,401	\$ 101,891
Distributable Cash Flow	28,041	32,269	26,275	120,850	85,927
Cash distributions to general partner and IDRs	702	697	546	2,658	1,947
Distributable Cash Flow attributable to limited partner interest	\$ 27,339	\$ 31,572	\$ 25,729	\$ 118,192	\$ 83,980
Distributions for Distributable Cash Flow Coverage Ratio	\$ 27,618	\$ 25,290	\$ 23,131	\$ 101,266	\$ 85,098
Distributions reinvested in the DRIP	\$ 11,468	\$ 15,179	\$ 13,600	\$ 55,489	\$ 52,556
Distributions for Cash Coverage Ratio	\$ 16,150	\$ 10,111	\$ 9,531	\$ 45,777	\$ 32,542
Distributable Cash Flow Coverage Ratio	0.99	1.25	1.11	1.17	0.99
Cash Coverage Ratio	1.69	3.12	2.70	2.58	2.58

# Basis of Presentation; Explanation of Non-GAAP Financial Measures

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This presentation includes the non-GAAP financial measures of Adjusted EBITDA, Distributable Cash Flow, Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio, as well as horsepower utilization.

EBITDA, a measure not defined under U.S. generally accepted accounting principles (“GAAP”), is defined by USAC as net income (loss) before net interest expense, income taxes, and depreciation and amortization expense. Adjusted EBITDA, which also is a non-GAAP measure, is defined by USAC as EBITDA plus impairment of compression equipment expense, impairment of goodwill, interest income, unit-based compensation expense, restructuring charges, management fees, expenses under our operating lease with Caterpillar, certain transaction fees, (gain)/loss on sale of assets and transaction expenses. The Partnership’s management views Adjusted EBITDA as one of its primary management tools, to assess: (1) the financial performance of the Partnership’s assets without regard to the impact of financing methods, capital structure or historical cost basis of the Partnership’s assets; (2) the viability of capital expenditure projects and the overall rates of return on alternative investment opportunities; (3) the ability of the Partnership’s assets to generate cash sufficient to make debt payments and to make distributions; and (4) the Partnership’s operating performance as compared to those of other companies in its industry without regard to the impact of financing methods and capital structure. The Partnership believes that Adjusted EBITDA provides useful information to investors because, when viewed with GAAP results and the accompanying reconciliations, it provides a more complete understanding of the Partnership’s performance than GAAP results alone.

Distributable Cash Flow, a non-GAAP measure, is defined as net income (loss) plus non-cash interest expense, non-cash income tax expense, depreciation and amortization expense, unit-based compensation expense, impairment of compression equipment, impairment of goodwill, certain transaction fees, and (gain)/loss on sale of equipment, less maintenance capital expenditures. The definition of Distributable Cash Flow is identical to the definition of Adjusted Distributable Cash Flow previously presented. The Partnership’s management believes Distributable Cash Flow is an important measure of operating performance because it allows management, investors and others to compare basic cash flows the Partnership generates (prior to the establishment of any retained cash reserves by the Partnership’s general partner and the effect of the Partnership’s Distribution Reinvestment Plan) to the cash distributions the Partnership expects to pay its unitholders. See previous slides for Adjusted EBITDA reconciled to net income (loss) and net cash provided by operating activities, and net income (loss) reconciled to Distributable Cash Flow.

This presentation contains a forward-looking estimate of Adjusted EBITDA and Distributable Cash Flow projected to be generated by the Partnership in its 2016 fiscal year. A reconciliation of the forward-looking estimates of Adjusted EBITDA and Distributable Cash Flow to net cash provided by operating activities is not provided because the items necessary to estimate net cash provided by operating activities, in particular the change in operating assets and liabilities amounts, are not accessible or estimable at this time. The Partnership 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 EBITDA and Distributable Cash Flow should not be considered an alternative to, or more meaningful than, net income (loss), operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP as measures of operating performance and liquidity. Moreover, Adjusted EBITDA and Distributable Cash Flow as presented may not be comparable to similarly titled measures of other companies because other entities may not calculate such measures in the same manner.

The Partnership believes that external users of its financial statements benefit from having access to the same financial measures that management uses in evaluating the results of the Partnership’s business. Further, the Partnership believes that these measures are useful to investors because they are one of the bases for comparing the Partnership’s operating performance with that of other companies with similar operations.

Horsepower utilization is calculated as (i)(a) revenue generating HP plus (b) HP in the Partnership’s fleet that is under contract, but is not yet generating revenue plus (c) HP not yet in the Partnership’s fleet that is under contract, not yet generating revenue and is subject to a purchase order, divided by (ii) total available HP less idle HP that is under repair. Average utilization calculated as the average utilization for the months in the period based on utilization at the end of each month in the period.

Distributable Cash Flow Coverage Ratio, a non-GAAP measure, is defined as Distributable Cash Flow less cash distributions to the Partnership’s general partner and incentive distribution rights (“IDRs”), divided by distributions declared to limited partnership unitholders for the period. We define Cash Coverage Ratio as Distributable Cash Flow less cash distributions to the Partnership’s general partner and IDRs divided by cash distributions paid to limited partnership unitholders, after consideration of the DRIP. We believe Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio are important measures of operating performance because they allow management, investors and others to gauge our ability to pay cash distributions to limited partner unitholders using the cash flows we generate. Our Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio as presented may not be comparable to similarly titled measures of other companies.