UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): **March 5, 2018**

USA Compression Partners, LP
(Exact name of registrant as specified in its charter)

Delaware	**1-35779**	**75-2771546**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

100 Congress Avenue **Suite 450** **Austin, TX**	**78701**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(512) 473-2662**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. x

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Item 7.01. Regulation FD Disclosure.

On March 5, 2018, USA Compression Partners, LP (the "Partnership") announced its intent, subject to market conditions, to offer, with its wholly-owned subsidiary USA Compression Finance Corp., a Delaware corporation, $725 million in aggregate principal amount of senior unsecured notes due 2026 (the "Notes") in a private placement to eligible purchasers. In connection with the Notes offering, the Partnership is providing the following information to prospective investors in a preliminary offering memorandum dated March 5, 2018: (i) the audited combined financial statements and related notes of CDM Resource Management LLC, a Delaware limited liability company, and CDM Environmental & Technical Services LLC, a Delaware limited liability

company (collectively, “CDM”), as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, which is furnished as Exhibit 99.1 to this Current Report on Form 8-K, (ii) unaudited pro forma condensed consolidated financial information of the Partnership as of and for the year ended December 31, 2017, which is furnished as Exhibit 99.2 to this Current Report on Form 8-K, and (iii) certain other information, which is furnished as Exhibit 99.3 to this Current Report on Form 8-K. The Partnership intends to use the net proceeds from the offering of the Notes to fund a portion of the cash purchase price of its pending CDM Acquisition. The CDM Acquisition is expected to close on April 2, 2018, subject to customary closing conditions.

The information in this Item 7.01, including Exhibits 99.1, 99.2 and 99.3, of this Current Report on Form 8-K is being “furnished” and shall not be deemed to be “filed” by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

This Current Report on Form 8-K includes “forward-looking statements” within the meaning of federal securities laws. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Partnership’s control. All statements, other than historical facts included in this Current Report on Form 8-K, are forward-looking statements. All forward-looking statements speak only as of the date of this Current Report on Form 8-K. Although the Partnership believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements.

Item 8.01 Other Information.

On March 5, 2018, the Partnership issued a press release, a copy of which is attached hereto as Exhibit 99.4 and incorporated herein by reference, announcing the offering of the Notes.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which the offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state. The Notes will not initially be registered under the Securities Act or any state securities law and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the Securities Act and applicable state securities laws.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Audited combined financial statements and related notes of CDM Resource Management LLC, a Delaware limited liability company, and CDM Environmental & Technical Services LLC, a Delaware limited liability company, as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015.
99.2	Unaudited pro forma condensed consolidated financial information of the Partnership as of and for the year ended December 31, 2017.
99.3	Certain information being provided to potential investors in the Notes offering.
99.4	Press release dated March 5, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

USA COMPRESSION PARTNERS, LP

By: USA Compression GP, LLC,
its general partner

Date: March 5, 2018

By: /s/ Christopher W. Porter
Name: Christopher W. Porter
Title: Vice President, General Counsel and Secretary

Exhibit 99.1

CDM Compression Business

Combined Financial Statements
With Report of Independent Certified Public Accountants Thereon

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CDM Compression Business Combined Financial Statements

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Report of independent certified public accountants

Board of Directors
Energy Transfer Partners, L.L.C.

We have audited the accompanying combined financial statements of CDM Compression Business (as defined in Note 1), which comprise the combined balance sheets as of December 31, 2017 and 2016, and the related combined statements of operations, member's equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of CDM Compression Business as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the

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period ended December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Dallas, Texas
February 28, 2018

CDM Compression Business

Combined balance sheets
(in thousands)

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,013	$ 14,181
Trade accounts receivable, net of allowance of $780 and $4,878	32,696	40,076
Related party receivables	45	219
Materials and supplies, net of allowance of $1,114 and $899	33,221	32,523
Other current assets	4,209	640
Total current assets	74,184	87,639
Property, plant and equipment	1,882,795	1,735,247
Less accumulated depreciation	(689,874)	(557,847)
	1,192,921	1,177,400
Other non-current assets	205	214
Intangible assets, net of accumulated amortization of $130,944 and $110,424	198,215	218,735
Goodwill	253,428	476,428
Total assets	$ 1,718,953	$ 1,960,416
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities:		
Trade accounts payable	$ 1,383	$ 829
Related party payables	1,977	—
Deferred revenue	2,220	1,835
Other current liabilities	41,513	22,551
Total current liabilities	47,093	25,215
Deferred taxes	3,791	1,990
Other non-current liabilities	3,199	3,988
Commitments and contingencies		
Member's equity	1,664,870	1,929,223
Total liabilities and member's equity	$ 1,718,953	$ 1,960,416

See accompanying notes to combined financial statements.

CDM Compression Business
Combined statements of operations
(in thousands)

	Historical Year ended December 31, 2017	2016	2015
Revenues:			
Contract compression and treating revenues	$ 248,890	$ 238,687	$ 281,589
Installation services revenues	10,541	8,377	27,686
Related party revenues	17,240	16,873	15,200
Total revenues	276,671	263,937	324,475
Operating costs and expenses:			
Costs of revenues for compression and treating services	23,605	21,842	25,530
Cost of revenues for installation services	7,477	5,426	23,828
Operation and maintenance	94,122	85,630	89,943
Goodwill impairment	223,000	—	—
General and administrative	24,944	22,739	33,961
(Gain) Loss on asset sales, net	(367)	120	(603)
Depreciation and amortization	166,558	155,134	148,930
Total operating costs and expenses	539,339	290,891	321,589
Operating (loss) income	(262,668)	(26,954)	2,886
Other expense, net	(223)	(153)	(140)
(Loss) income before income tax expense (benefit)	(262,891)	(27,107)	2,746
Income tax expense (benefit)	1,843	(163)	(1,445)
Net (loss) income	$ (264,734)	$ (26,944)	$ 4,191

See accompanying notes to combined financial statements.

CDM Compression Business
Combined statements of member's equity
(in thousands)

Member's

	equity
Balance at December 31, 2014	$ 1,930,817
Net income	4,191
Contributions from member, net	107,988
Balance at December 31, 2015	2,042,996
Net loss	(26,944)
Distributions to member, net	(86,829)
Balance at December 31, 2016	1,929,223
Net loss	(264,734)
Contributions from member, net	381
Balance at December 31, 2017	$ 1,664,870

See accompanying notes to combined financial statements.

CDM Compression Business
Combined Cash Flow Statements
(in thousands)

	Year ended December 31,		
	2017	2016	2015
OPERATING ACTIVITIES:			
Net (loss) income	$ (264,734)	$ (26,944)	$ 4,191
Reconciliation of net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	166,558	155,134	148,930
Bad debt (reversal) expense	(1,777)	(593)	4,841
(Gain) loss on asset sales, net	(367)	120	(603)
Deferred income taxes	1,801	(155)	(1,461)
Goodwill impairment	223,000	—	—
Non-cash unit based compensation expense	4,048	3,539	3,972
Changes in operating assets and liabilities:			
Trade accounts receivable and related party receivables	9,331	25,578	14,595
Other current assets and materials and supplies	(4,266)	(682)	(4,093)
Trade accounts payable and related party payables	2,531	(2,291)	(60,667)
Other current liabilities and deferred revenues	613	(23,299)	50,003
Other non-current assets and liabilities, net	(782)	(344)	4,616
Net cash flows provided by operating activities	135,956	130,063	164,324
INVESTING ACTIVITIES:			
Capital expenditures	(157,292)	(61,575)	(267,147)
Proceeds from asset sales	14,834	24,808	17,342
Net cash flows used in investing activities	(142,458)	(36,767)	(249,805)
FINANCING ACTIVITIES:			
Drafts payable	—	—	(509)
(Distributions to) contributions from member, net	(3,666)	(90,367)	97,242
Net cash flows (used in) provided by financing activities	(3,666)	(90,367)	96,733
(Decrease) increase in cash and cash equivalents	(10,168)	2,929	11,252
Cash and cash equivalents, beginning of period	14,181	11,252	—
Cash and cash equivalents, end of period	$ 4,013	$ 14,181	$ 11,252
Supplemental cash flow information:			
Non-cash capital expenditures	$ 27,759	$ 9,024	$ 11,715
Non-cash contributions from member	4,047	$ 3,538	$ 10,746

See accompanying notes to combined financial statements.

CDM Compression Business
Notes to combined financial statements
(Tabular dollar amounts are in thousands)

1. Organization and basis of presentation

Organization. These combined financial statements and related notes represent the natural gas contract compression and treating operations of CDM Resource Management LLC, a Delaware limited liability company formed in 2007 as a wholly-owned subsidiary of Regency Energy Partners LP (“Regency”), and CDM Environmental & Technical Services LLC, a Delaware limited liability company formed in 2016 as a wholly-owned subsidiary of ETC Compression, LLC (“ETC Compression”). Both Regency and ETC Compression are wholly-owned subsidiaries of Energy Transfer Partners L.P. (“ETP”). CDM Resource Management LLC and CDM Environmental & Technical Services LLC are referred to collectively herein as the “CDM Compression Business” or the “Company”.

The Company owns and operates a fleet of compressors used to provide turn-key natural gas compression services for customer specific systems. The Company also owns and operates a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas

cooling, and dehydration.

The Company's services can be divided into contract compression services and treating services. The natural gas contract compression services include designing, sourcing, owning, installing, operating, servicing, repairing and maintaining compressors and related equipment for which the Company guarantees its customers 98% mechanical availability for land installations and 96% mechanical availability for over-water installations. The Company focuses on meeting the complex requirements of field-wide compression applications, as opposed to targeting the compression needs of individual wells within a field. These field-wide applications include compression for natural gas gathering and natural gas processing. The Company believes that it improves the stability of cash flows by focusing on field-wide compression applications because such applications generally involve long-term installations of multiple large horsepower compression units. The Company has operations located in Texas, Oklahoma, Louisiana, Arkansas, Pennsylvania, New Mexico, Colorado, Ohio, and West Virginia. The treating business owns and operates a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas cooling, dehydration and BTU management to natural gas producers and midstream pipeline companies and operations are primarily located in Texas, Louisiana and Arkansas.

Basis of presentation. The accompanying audited combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Certain expenses incurred by ETP are only indirectly attributable to the Company. As a result, certain assumptions and estimates are made in order to allocate a reasonable share of such expenses to the Company, so that the accompanying financial statements reflect substantially all costs of doing business. The allocations and related estimates and assumptions are described more fully in Note 3.

ETP allocated various corporate overhead expenses to the Company based on a percentage of assets, net income, or adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"). These allocations are not necessarily indicative of the cost that the Company would have incurred had it operated as an independent stand-alone entity. The Company has also relied upon ETP and its affiliates as a participant in ETP's credit facility. As a result, the historical financial statements may not fully reflect or be necessarily indicative of what the Company's financial position, results of operations and cash flows would have been or will be in the future.

A material amount of the Company's revenues are derived from related party transactions, as described more fully in Note 3. While these related party transactions are conducted in the ordinary course of business, the economics and profitability of these transactions may not be indicative of amounts that would normally be received had these transactions been executed with non-affiliated entities.

2. Summary of significant accounting policies

Use of estimates. These financial statements have been prepared in conformity with GAAP, which includes the use of estimates and assumptions by management that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities that exist at the date of the financial statements. Although these estimates are based on management's available knowledge of current and expected future events, actual results could be different from those estimates.

Cash and cash equivalents. Cash and cash equivalents include temporary cash investments with original maturities of three months or less. The Company participates in a centralized cash management function which ETP manages. Balances payable to or due from ETP generated under this arrangement are reflected as equity on the books and records of the Company. As of December 31, 2017 and 2016, the Company held cash in amounts greater than federally insured limits.

Materials and supplies. Materials and supplies are mainly comprised of spare parts including compressor and engine parts, and lube oil, and are valued at the lower of average cost or market.

Property, plant and equipment. Property, plant and equipment is recorded at the actual cost of construction. Gains or losses on sales or retirements of assets are included in operating income unless the disposition is treated as discontinued operations. The costs of maintenance and repairs, which are not significant improvements, are expensed when incurred. Expenditures to extend the useful lives of the assets are capitalized.

Property, plant and equipment consist of the following:

	December 31,	
	2017	2016
Compression equipment (6 - 30 years)	$ 1,606,065	$ 1,511,974
Treaters and buildings (5 - 20 years)	148,738	135,316
Other (3 - 20 years)	69,753	56,625
Construction in process	58,239	31,332
Property, plant and equipment	1,882,795	1,735,247
Less accumulated depreciation	(689,874)	(557,847)
Property, plant and equipment, net	$ 1,192,921	$ 1,177,400

Depreciation expense related to property, plant and equipment was $146.0 million, $134.6 million, and $128.4 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Intangible assets. As of December 31, 2017, intangible assets consisted of trade names and customer relations, and are amortized on a straight line basis over their estimated useful lives, which is the period over which the assets are expected to contribute directly or indirectly to the Company's future cash flows. The estimated useful lives range from 8 to 30 years.

The Company assesses long-lived assets, including property, plant and equipment and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparing the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amounts exceed the fair value of the assets. The Company did not record any impairment in 2017, 2016 or 2015.

Goodwill. Goodwill is not amortized, but is tested for impairment annually during the fourth quarter, or more frequently if impairment indicators arise that suggest the carrying value of goodwill may not be recovered. The entire Company has been determined to be a single reporting unit. The Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a basis for determining whether further impairment testing is necessary. Impairment is indicated when the carrying amount of a reporting unit exceeds its fair value. At the time it is determined that an impairment has occurred, the carrying value of the goodwill is written down to its fair value.

In order to determine fair value, management makes certain estimates and assumptions, including, among other things, changes in general economic conditions in regions in which the assets are located, the availability and prices of natural gas, management’s ability to negotiate favorable sales agreements, the risks that natural gas exploration and production activities will not occur or be successful, dependence on certain significant customers and producers of natural gas, and competition from other companies. While management believes it has made reasonable assumptions to calculate the fair value, if future results are not consistent with estimates, we could be exposed to future impairment losses that could be material to the Company’s results of operations.

For 2015 and 2016, the Company did not record any goodwill impairment based on the qualitative assessment utilized in the annual goodwill impairment test.

For 2017, the Company performed a quantitative assessment for its annual goodwill impairment test and determined its fair value using a weighted combination of the discounted cash flow method and the guideline company method. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, operating margins, weighted average costs of capital and future market conditions, among others. The Company believes the estimates and assumptions used in the impairment assessment are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated. Under the discounted cash flow method, the Company determined fair value based on estimated future cash flows including estimates for capital expenditures, discounted to present value using the risk-adjusted industry rate, which reflects the overall level of inherent risk of the Company. Cash flow projections are derived from one year budgeted amounts and five year operating forecasts plus an estimate of later period cash flows, all of which are developed by management. Subsequent period cash flows are developed using growth rates that management believes are reasonably likely to occur. Under the guideline company method, the Company determined its estimated fair value by applying valuation multiples of comparable publicly-traded companies to the projected EBITDA of the Company and then averaging that estimate with similar historical calculations using a three year average. In addition, the Company estimated a reasonable control premium representing the incremental value that accrues to the majority owner from the opportunity to dictate the strategic and operational actions of the business. Additionally, the Company has considered the presence and probability of subsequent events on market transactions in estimating the fair value of the Company.

One key assumption for the measurement of goodwill impairment is management’s estimate of future cash flows and EBITDA. These estimates are based on the annual budget for the upcoming year and forecasted amounts for multiple subsequent years. The annual budget process is typically completed near the annual goodwill impairment testing date, and management uses the most recent information for the annual impairment tests. The forecast is also subjected to a comprehensive update annually in conjunction with the annual budget process and is revised periodically to reflect new information and/or revised expectations.

Based on the completion of the annual goodwill impairment testing as described above, the Company recorded a $223.0 million impairment for the year ended December 31, 2017.

Subsequent to the $223.0 million impairment in 2017, the Company’s goodwill balance is $253.4 million. Upon the announcement in January 2018 of the contribution transaction discussed in Note 9, management considered whether the fair value implied by the contribution transaction potentially indicated a further impairment of the Company’s goodwill; management concluded that no further impairment was indicated. However, the Company’s remaining goodwill balance could be subject to further impairment as a result of one or more events in future periods, including (i) changes in any of the assumptions discussed above, (ii) changes in the contribution transaction prior to closing, or (iii) changes within the combined entity subsequent to the closing of the contribution transaction.

Revenue recognition. The Company earns revenue from contract compression and treating services. An allowance for doubtful accounts is determined based on historical write-off experience and specific identification of unrecoverable amounts.

Revenues from natural gas contract compression and treating services are recognized under either a fixed fee contract or a throughput contract. Services under fixed fee contracts are billed and revenue is recorded monthly as the services are provided. Services under throughput contracts are billed based upon a rate per thousand cubic feet (“Mcf”) applied to the volume of natural gas compressed as determined by gas flow meter readings.

Installation services revenue and expense consist of certain expenses incurred by the Company while contracting with third-party vendors during the installation of a compression unit, and the Company subsequently bills the customers for the cost of the installation as costs are incurred and recognizes revenue on a percentage of completion basis. Accordingly, the amount of these expenses are reflected both as a revenue and as an expense in the Company’s statements of operations in accordance with FASB Accounting Standards Codification (“FASB ASC”) 605, “*Revenue Recognition*.” The excess of amounts billed over revenue recognized is recorded as deferred revenue.

Income taxes. The Company is generally not subject to income taxes, except as discussed below. The Company is subject to the gross margins tax enacted by the state of Texas. The Company follows the guidance for uncertainties in income taxes where a liability for an unrecognized tax benefit is recorded for a tax position that does not meet the “more likely than not” criteria. The Company has not recorded any uncertain tax positions meeting the more likely than not criteria as of December 31, 2017, 2016 and 2015. The Company recognized current state income tax expense of $42.1 thousand and $15.4 thousand for the

years ended December 31, 2017 and 2015 and current state income tax benefit of $7.4 thousand for the year ended December 31, 2016. The Company recognized deferred state income tax benefit $155.2 thousand and $1.5 million for the years ended December 31, 2016 and 2015, respectively, and a deferred state income tax expense of $1.8 million for the year ended December 31, 2017.

Equity based compensation. The Company accounts for equity-based compensation by recognizing the grant-date fair value of awards into expense as they are earned, using an estimated forfeiture rate. The forfeiture rate assumption is reviewed annually to determine whether any adjustments to expense are required. Equity-based compensation reflected in these combined financial statements reflects the fair value of unit awards granted by ETP to management of the CDM Compression Business, as described in Note 8.

Fair value measures. The Company measures the fair value of financial assets and liabilities, as well as non-financial assets and liabilities using a three-tiered fair value hierarchy. This hierarchy prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

- Level 1—unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2—inputs that are observable in the marketplace other than those classified as Level 1; and
- Level 3—inputs that are unobservable in the marketplace and significant to the valuation.

The Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

As of December 31, 2017 and 2016, the Company did not have financial instruments whose fair value was determined using available market information and valuation methodologies. The carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximates fair value due to their short-term maturities.

Recent accounting pronouncements.

ASU 2017-04

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles-Goodwill and other (Topic 350), *Simplifying the test for goodwill impairment*. ("ASU 2017-04"). The amendments in this update remove the second step of the two-step test currently required by Topic 350. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. This ASU is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company expects that adoption of this standard will change the approach for testing goodwill for impairment; however, this standard requires prospective application and therefore will only impact periods subsequent to adoption. The Company adopted this ASU for its annual goodwill impairment test in the fourth quarter of 2017.

ASU 2014-09

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which clarifies the principles for recognizing revenue based on the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company expects to adopt ASU 2014-09 in the first quarter of 2018 and will apply the cumulative catchup transition method, which requires recognition, upon the date of initial application, of the cumulative effect of the retrospective application of the standard.

The Company is continuing the process of evaluating its revenue contracts to determine the potential impact of adopting the new standard. At this point in the evaluation process, the Company has determined that the timing and/or amount of revenue that it recognizes on certain contracts may be impacted by the adoption of the new standard; however, the Company does not believe any impact would be material to the combined financial statements.

The Company continues to assess the impact of the disclosure requirements under the new standard and is evaluating the manner in which it will disaggregate revenue into categories that show how economic factors affect the nature, timing and uncertainty of revenue and cash flows generated from contracts with customers. In addition, the Company is in the process of implementing appropriate changes to its business processes, systems and controls to support

recognition and disclosure under the new standard. The Company continues to monitor additional authoritative or interpretive guidance related to the new standard as it becomes available, as well as comparing its conclusions on specific interpretative issues to other peers in its industry, to the extent that such information is available to the Company.

ASU 2016-02

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which establishes the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact that adopting this new standard will have on the combined financial statements and related disclosures.

3. Related party transactions

In the ordinary course of business, the Company conducts business with various affiliated entities of ETP including Regency Intrastate Gas, LP ("RIGS"), Edwards Lime Gathering LLC ("ELG"), SEC Energy Products & Services, L.P. ("SEC") and certain wholly-owned subsidiaries of ETP. As of December 31, 2017 and 2016, details of the Company's related party receivables and payables were as follows:

	December 31,	
	2017	2016
Related party receivables:		
RIGS	$ 15	$ 219
ELG	30	—
Total related party receivables	$ 45	$ 219
Related party payables:		
SEC	$ 1,977	$ —
Total related party payables	$ 1,977	$ —

Accounts receivable and payable that relate to revenues and expenses between the Company and ETP have been reclassified to member's equity as there is no expectation that these amounts will be settled in cash.

Cost allocation. Expenses of employees whose work directly impacts the assets of the Company are charged directly to the Company and recorded as part of operation and maintenance and general and administrative expenses, as applicable. In addition, ETP has allocated certain overhead costs associated with general and administrative services, including salaries and benefits, facilities, insurance, information services, human resources and other support departments to the Company. Where costs incurred on the Company's behalf cannot be determined by specific identification, the costs are primarily allocated to the Company based on an average percentage of fixed assets, net income and adjusted EBITDA. The Company believes these allocations are a reasonable reflection of the utilization of services provided. However, the allocations may not fully reflect the expenses that would have been incurred had the Company been a stand-alone company during the periods presented. During

the years ended December 31, 2017, 2016, and 2015, ETP allocated general and administrative expenses of $3.6 million, $4.7 million, and $5.1 million, respectively, to the Company.

4. Concentration risk

The following table provides information about the extent of reliance on major customers and suppliers. No external customer amounted to 10% or more of revenue transactions for the years ended December 31, 2017, 2016, or 2015. Total cost of sales from transactions with an external supplier amounting to 10% or more of cost of sales are disclosed below:

	Year ended December 31,		
	2017	2016	2015
Supplier:			
Supplier A	$ —	$ —	$ 8,215
Supplier B	$ 3,678	$ —	$ —

5. Intangible assets

Activity related to intangible assets, net consisted of the following:

	Customer relations	Trade names	Total
Balance, December 31, 2015	$ 192,040	$ 47,214	$ 239,254
Amortization expense	(17,244)	(3,275)	(20,519)
Balance, December 31, 2016	174,796	43,939	218,735
Amortization expense	(17,245)	(3,275)	(20,520)
Balance, December 31, 2017	$ 157,551	$ 40,664	$ 198,215

The average remaining amortization periods for customer relations and trade names are 9 and 12 years, respectively. The expected amortization of the intangible assets for each of the five succeeding years is $20.5 million.

6. Commitments and contingencies

Environmental. The Company's operations are subject to federal, state and local laws and rules and regulations regarding water quality, hazardous and solid waste management, air quality control and other environmental matters. These laws, rules and regulations require the Company to conduct its operations in a specified manner and to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals. Failure to comply with applicable environmental laws, rules and regulations may expose the Company to significant fines, penalties and/or interruptions in operations. The Company's environmental policies and procedures are designed to achieve compliance with such applicable laws and regulations. These evolving laws and regulations and claims for damages to property, employees, other persons and the environment resulting from current or past operations may result in significant expenditures and liabilities in the future.

Leases. The Company maintains both capital leases, primarily related to office space, and operating leases primarily related to certain equipment leased by the Company. For the capital leases, the Company held $7.6 million and $7.6 million, in property, plant and equipment as of December 31, 2017 and 2016, respectively, representing the present value of the future minimum lease payments to be made during the term of the lease determined at the inception of the

lease. The Company recorded $1.2 million and $1.0 million as of December 31, 2017 and 2016, respectively, as the current portion of the lease obligation, which is included in other current liabilities, and $3.2 million and $4.0 million as of December 31, 2017 and 2016, respectively, as the long-term portion of the lease obligation, included in other non-current liabilities on the balance sheet.

The following table is a schedule of future minimum lease payments for office space and certain equipment leased by the Company that had initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2017:

Years ending December 31:		
2018	$	3,438
2019		2,235
2020		963
2021		559
2022		566
Thereafter		1,008
Total minimum lease payments	$	8,769

Total rent expense for operating leases, including those leases with terms of less than one year, was $3.6 million, $4.0 million and $3.8 million for the years ended December 31, 2017, 2016, and 2015, respectively.

Sales tax audit. The Company has historically claimed the manufacturing exemption from sales tax in Texas, as is common in the industry. The exemption is based on the fact that the Company's natural gas compression equipment is used in the process of treating natural gas for ultimate use and sale. In a recent audit by the Texas Comptroller's office, the Comptroller has challenged the applicability of the manufacturing exemption to the Company. The period being audited is from August 2006 to August 2007, and liability for that period is potentially covered by an indemnity obligation from the Company's prior owners. The Company may also have liability for periods since 2008, and prospectively, if the Comptroller's challenge is ultimately successful. An audit of the 2008 period has commenced. In April 2013, an independent audit review agreed with the Comptroller's position. While the Company continues to disagree with this position and intends to seek redetermination and other relief, the Company is unable to predict the final outcome of this matter.

In addition to the matters discussed above, the Company is involved in legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding matters arising in the ordinary course of business, none of which are believed to be potentially material to the Company at this time.

7. Benefits

ETP provides medical, dental, and other healthcare benefits to employees. The total amount incurred by ETP for the benefit of employees of the Company for the years ended December 31, 2017, 2016, and 2015, was $7.4 million, $5.8 million and $4.9 million, respectively, which was allocated to the Company and recorded in operation and maintenance and general and administrative expenses, as appropriate. ETP also provides a matching contribution to its employees' 401(k) accounts. The total amount of matching contributions incurred for the benefit of employees of the Company for the years ended December 31, 2017, 2016, and 2015 was $3.0 million, $2.7 million and $2.7 million, respectively, which was allocated to the Company and recorded in operation and maintenance and general and administrative expenses as appropriate. ETP also provides a 3% profit sharing contribution to employee 401(k) accounts for all employees with base compensation below a specified threshold. The contribution is in addition to the 401(k) matching contribution and employees become vested in the profit sharing contribution based on years of service.

8. Equity-based compensation

ETP has long-term incentive plans for its employees, officers and directors, which provide for various types of awards, including options to purchase ETP common units, restricted units, phantom units, distribution equivalent rights ("DERs"), ETP common unit appreciation rights, and other unit-based awards. ETP has granted restricted unit awards to employees that vest over a specified time period, typically a five-year service vesting requirement, with vesting based on continued employment as of each applicable vesting date. Upon vesting, ETP common units are issued. These unit awards entitle the recipients of the unit awards to receive, with respect to each ETP common unit subject to such award that has not either vested or been forfeited, a cash payment equal to each cash distribution per ETP common unit made by ETP on its common units promptly following each such distribution by ETP to its unitholders. All unit based compensation awards are treated as equity within these financial statements.

Employees of the Company have been granted awards under these long-term incentive plans, and therefore the Company has recognized unit-based compensation expense of $4.0 million, $3.5 million, and $4.0 million, recorded in general and administrative expense in the statements of operations of the Company for the years ended December 31, 2017, 2016, and 2015, respectively.

The unit and per-unit amounts disclosed in the remainder of this note reflect amounts related to ETP. These amounts have been retrospectively adjusted to reflect a 1.5 to one unit-for-unit exchange related to the merger of Energy Transfer Partners, L.P. and Sunoco Logistics Partners L.P. in April 2017.

The restricted units granted are valued at the market price as of the date issued. The weighted average fair value of the units granted during the years ended December 31, 2017, 2016, and 2015 was $18.75, $24.25 and $28.48, respectively. These awards are service condition (time-based) grants that generally vest 60% at the end of the third year of service and 40% at the end of the fifth year of service. ETP recognizes compensation expense on a straight-line

basis over the requisite service period for the restricted unit grants. Distributions on the restricted units will be paid concurrent with ETP's distribution for its common units.

	Number of phantom units	Weighted average fair value

Outstanding, December 31, 2016	429,535	$ 29.34
Granted	2,500	$ 18.75
Vested	(95,499)	$ 36.94
Forfeited	(11,614)	$ 27.41
Outstanding, December 31, 2017	$ 324,922	$ 27.10

The Company expects to recognize $4.5 million of unit-based compensation expense related to non-vested phantom units over a period of 1.2 years.

9. Subsequent events

USA compression transactions. In January 2018, USA Compression Partners, LP ("USAC"), ETP and Energy Transfer Equity, L.P. ("ETE") announced they have entered into an agreement, providing for the contribution of the Company to USAC for $1.225 billion in cash, approximately 19.2 million USAC common units, and approximately 6.4 million USAC Class B units.

In addition to this contribution, USA Compression Holdings, LLC and ETE announced that they have entered into a purchase agreement whereby ETE will acquire the ownership interests in USAC's general partner and approximately 12.5 million USAC common units for $250 million in cash.

These transactions are expected to close in the first half of 2018, subject to certain closing conditions.

For the outstanding restricted unit awards granted to the Company's employees, the vesting of the award is not automatically accelerated upon the closing of the contribution transaction with USAC. The contribution agreement provides for replacement awards to be issued by USAC for certain of the outstanding awards, and such replacement awards may impact the amount of compensation expense to be recognized by the Company in future periods. For any other awards, any modifications to the vesting terms of those awards, prior to or upon closing, would be accounted for an award modification; accordingly, additional compensation expense may be recognized prior to or upon closing.

Subsequent events have been evaluated through February 28, 2018, the date the financial statements were available to be issued.

Unaudited pro forma condensed consolidated financial information of USA Compression Partners, LP

Introduction

The following unaudited pro forma condensed consolidated financial statements have been prepared to reflect (1) the acquisition by ETE of the ownership interests in the Partnership's general partner and 12,466,912 of the Partnership's common units from USA Compression Holdings, (2) the contribution by ETP of CDM to the Partnership, (3) the cancellation of the IDRs in the Partnership and conversion of the general partner interest in the Partnership into a non-economic general partner interest and (4) the issuance of the notes and other transactions relating to the closing of the Transactions, as described more fully below.

The following unaudited pro forma condensed consolidated financial statements are based on the historical financial statements of the Partnership and CDM. The unaudited pro forma condensed consolidated balance sheet as of December 31, 2017 is presented as if the Transactions had occurred on December 31, 2017. The unaudited pro forma condensed consolidated statement of operations is presented as if the Transactions occurred on January 1, 2017.

The pro forma adjustments, which were prepared applying the rules established by the Securities and Exchange Commission in Article 11 of Regulation S-X, except for the impact of items excluded from pro forma adjustments as described below, have been applied to the unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with (i) the audited historical consolidated financial statements and related notes thereto of the Partnership, included elsewhere in this offering memorandum, (ii) the audited historical combined financial statements of CDM and related notes thereto, included elsewhere in this offering memorandum, and (iii) "Summary historical and pro forma financial and operating data of the Partnership," "Summary historical financial and operating data of CDM," "Capitalization," "Selected historical financial and operating data of the Partnership," "Selected historical financial and operating data of CDM," "Management's discussion and analysis of financial condition and results of operations of the Partnership" and "Management's discussion and analysis of financial condition and results of operations of CDM." The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position that would have been obtained or the financial results that would have occurred if the Transactions had been consummated on the dates indicated, nor are they necessarily indicative of the financial position or results of operations of the Partnership in the future. The pro forma adjustments, as described in the notes to the unaudited pro forma condensed consolidated financial statements, are based upon currently available information and certain assumptions that the Partnership's management believes are reasonable. The actual adjustments will differ from the pro forma adjustments, and the differences may be material. The adjustments reflected herein are limited to amounts that are directly attributable to the Transactions, factually supportable, and with respect to the pro forma condensed consolidated statement of operations, are expected to have a continuing impact.

Common control accounting

In connection with the closing of the GP Purchase, ETE will acquire control of the general partner of the Partnership and will thereafter continue to control CDM. As a result, the Partnership intends to account for the CDM Acquisition as a combination of entities under common control.

As a combination of entities under common control, the Partnership will record the CDM assets and liabilities at historical cost. Thus, the difference between consideration paid for the CDM Acquisition and CDM's historical cost (net book value) at the closing date will be recorded to partners' capital. The unaudited pro forma condensed consolidated financial statements reflects the CDM assets and liabilities at historical values.

Push-down accounting

ETE will record the Partnership's assets acquired and liabilities assumed at fair value in accordance with the Accounting Standards Codification Topic 805, "Business Combinations" ("ASC 805"). The Partnership's assets and liabilities will be recorded at their fair values measured as of the date the GP Purchase is consummated by application of "push-down" accounting. The fair values of the assets and liabilities of the Partnership will be reflected in the Partnership's consolidated financial statements. The residual between the fair value of partners' capital and the fair value of identifiable assets and liabilities will be recorded as goodwill.

As of the date of this offering memorandum, the total consideration paid for the CDM Acquisition cannot be determined, because the equity portion of the consideration will be valued at the closing date. A sensitivity of changes in unit prices is described in notes (f) and (g) to these pro forma condensed consolidated financial statements.

Additionally, as of the date of this offering memorandum, the Partnership cannot finalize the estimates of the fair values of the Partnership's assets and liabilities to be pushed-down to the Partnership. As such, the unaudited pro forma condensed consolidated financial statements do not include any push-down adjustments. The application of the push-down adjustments could change the value of the Partnership's assets, such as inventory, property and equipment, intangible assets and goodwill and its liabilities, such as deferred revenue. An increase, for example, to property and equipment or intangible assets, would increase the book value and increase the pro forma depreciation and amortization, resulting in a decrease in pro forma net income. Such changes could be material.

However, the Partnership does not expect the application of push-down adjustments to result in a material decrease to pro forma Adjusted EBITDA. An increase in the value of property and equipment and intangible assets would increase depreciation and amortization expense but these expenses are excluded from the Adjusted EBITDA calculation. Additionally, a change in inventory or deferred revenue would be considered a non-cash adjustment and also excluded from the Adjusted EBITDA calculation.

Predecessor for accounting purposes

As of the date of this offering memorandum, management has preliminarily concluded that the Partnership will be the predecessor for accounting purposes for periods prior to the date on which the CDM Acquisition is consummated. However, management may ultimately conclude, or may be required to conclude, that CDM is the appropriate accounting predecessor

and account for the CDM Acquisition as a “reverse acquisition”. If management changes its conclusion after the closing of the CDM Acquisition and accounts for the CDM Acquisition as a “reverse acquisition,” the Partnership would report CDM’s financial results for periods prior to the closing as the Partnership’s financial results. The Partnership does not expect that accounting for the CDM Acquisition as a reverse acquisition would result in any material changes to the unaudited pro forma condensed consolidated financial statements for the following reasons: (i) ETE would still be treated as controlling the Partnership as of the closing of the Transactions, which is similar to the accounting for combinations of entities under common control and (ii) with ETE controlling the Partnership, CDM would be considered the accounting acquirer and its assets and liabilities would remain at net book value and the Partnership’s assets and liabilities would be recorded at fair value in accordance with ASC 805, similar to the accounting for combinations of entities under common control.

Accounting policy conformity and other considerations

The Partnership also has not identified the adjustments necessary, if any, to conform the CDM accounting policies to those of the Partnership.

The actual adjustments to the Partnership’s consolidated financial statements upon the closing of the Transactions will depend on a number of factors, including the completion of the valuation studies, the availability of additional information and the Partnership’s net assets on the closing date of the Transactions and any necessary conforming accounting changes for the CDM business.

The unaudited pro forma condensed consolidated financial statements do not give effect to any anticipated cost savings or other synergy benefits expected to result from the CDM Acquisition. In addition, the unaudited pro forma condensed consolidated statement of operations does not give effect to the impact of one-time non-recurring costs or gains relating to the Transactions or any costs or charges that we expect to incur in connection with the consolidation of the operations of the Partnership and CDM and the realization of the anticipated cost synergies, which costs and charges may be material.

USA Compression Partners, LP
Pro forma condensed consolidated balance sheet
As of December 31, 2017
(unaudited, in thousands)

	USA Compression Partners, LP historical	CDM historical	Pro forma adjustments		USA Compression Partners, LP pro forma combined with CDM
Assets					
Current assets:					
Cash and cash equivalents	$ 47	$ 4,013	$ —	(a)	$ 4,060
Accounts receivable, net:					
Trade, net	32,063	32,696	—		64,759
Other	8,500	—	—		8,500
Related party receivables	—	45	—		45
Inventory, net	33,444	33,221	—		66,665
Prepaid expenses and other assets	2,835	4,209	—		7,044
Total current assets	76,889	74,184	—		151,073
Property and equipment, net	1,292,476	1,192,921	—		2,485,397
Installment receivable	10,635	—	—		10,635
Identifiable intangible assets, net	71,680	198,215	—		269,895
Goodwill	35,866	253,428	—		289,294
Other assets	4,541	205	18,663	(b)	23,409
Total assets	$ 1,492,087	$ 1,718,953	$ 18,663		$ 3,229,703
Liabilities and Partners’ Capital					
Current liabilities:					
Accounts payable	$ 20,020	$ 1,383	$ —		$ 21,403
Related party payables	—	1,977	—		1,977
Accrued liabilities	26,263	41,513	(4,895)	(c)	62,881
Deferred revenue	27,488	2,220	—		29,708
Total current liabilities	73,771	47,093	(4,895)		115,969
Long-term debt	782,902	—	780,948	(d)	1,563,850
Other liabilities	1,561	6,990	—		8,551
Total liabilities	858,234	54,083	776,053		1,688,370
Redeemable preferred units	—	—	472,000	(e)	472,000
Partners’ capital:					
Limited partner interest:					
Common units	626,922	—	320,655	(f)	947,577
Class B unitholders	—	—	113,756	(g)	113,756
General partner interest	6,931	—	(6,931)	(h)	—
Warrants	—	—	8,000	(i)	8,000
Member’s equity	—	1,664,870	(1,664,870)	(f)	—
Total partners’ capital	633,853	1,664,870	(1,229,390)		1,069,333

Total liabilities, preferred units and partners' capital	$ 1,492,087	$ 1,718,953	$ 18,663	$ 3,229,703

USA Compression Partners, LP
Pro forma condensed consolidated statement of operations
Year ended December 31, 2017
(unaudited, in thousands)

	USA Compression Partners, LP historical	CDM historical	Pro forma adjustments (m)		USA Compression Partners, LP pro forma combined with CDM
Revenues:					
Contract operations	$ 264,315	$ 248,890	$ —		$ 513,205
Parts and service	15,907	10,541	—		26,448
Related party revenues	—	17,240	—		17,240
Total revenues	280,222	276,671	—		556,893
Costs and expenses:					
Cost of operations, exclusive of depreciation and amortization	92,591	125,204	—		217,795
Selling, general and administrative	47,483	24,944	(1,406)	(j)	71,021
Depreciation and amortization	98,603	166,558	—		265,161
Loss (gain) on sale of assets	(507)	(367)	—		(874)
Impairment of goodwill	—	223,000	—		223,000
Impairment of compression equipment	4,972	—	—		4,972
Total costs and expenses	243,142	539,339	(1,406)		781,075
Operating income (loss)	37,080	(262,668)	1,406		(224,182)
Other income (expense):					
Interest expense, net	(25,129)	—	(57,601)	(k)	(82,730)
Other	27	(223)	—		(196)
Total other expense	(25,102)	(223)	(57,601)		(82,926)
Net income (loss) before income tax expense	11,978	(262,891)	(56,195)		(307,108)
Income tax expense	538	1,843	—		2,381
Net income (loss)	$ 11,440	$ (264,734)	$ (56,195)		$ (309,489)
Net income (loss) allocated to:					
General partner's interest in net income	$ 1,493		$ (1,493)		$ —
Preferred unit distributions	$ —		$ (48,750)	(l)	$ (48,750)
Limited partners' interest in net income (loss):					
Common units	$ 9,947		$ (368,186)		$ (358,239)

USA Compression Partners, LP
Notes to pro forma condensed consolidated financial information
(unaudited)

Note 1: Description of the transactions

<u>CDM Acquisition</u>

On January 15, 2018, the Partnership entered into the Contribution Agreement pursuant to which, among other things, ETP will contribute to the Partnership, and the Partnership will acquire from ETP, all of the issued and outstanding membership interests of CDM.

The unaudited pro forma condensed consolidated financial statements presented herein reflect the estimated purchase price of $1.7 billion for the CDM Acquisition, comprised of $1.225 billion in cash, 19,191,351 common units representing limited partner interests in the Partnership and 6,397,965 of Class B units representing limited partner interests in the Partnership. Class B units do not receive quarterly distributions until and upon conversion, approximately one year after the quarter during which the CDM Acquisition is consummated.

<u>Financing for the CDM Acquisition</u>

To finance a portion of the cash purchase price for the CDM Acquisition, the Partnership expects to issue $725.0 million of notes offered hereby. Upon the issuance of the notes, the Partnership will begin to recognize the related interest expense, even though the CDM Acquisition may not have closed.

Funds for a portion of the cash purchase price for the CDM Acquisition will be provided through the issuance and sale by the Partnership in a private placement $500 million in the aggregate of (i) newly authorized and established Series A Perpetual Preferred Units representing limited partner interests in the Partnership and (ii) warrants to purchase common units pursuant to a Series A Preferred Unit and Warrant Purchase Agreement entered into with certain investment funds managed or sub-advised by EIG and other investment vehicles unaffiliated with EIG. The Partnership will issue 500,000 Preferred Units with a face value of $1,000 per Preferred Unit and issue two tranches of Warrants to the preferred unitholders, which will include Warrants to purchase 5,000,000 common units with a strike price of $17.03 per unit and 10,000,000 common units with a strike price of $19.59 per unit. The Warrants may be exercised by the holders thereof at any time beginning on the one year anniversary of the closing date and before the tenth anniversary of the closing date.

GP Purchase

On January 15, 2018, and in connection with the execution of the Contribution Agreement, the GP Purchasers entered into the GP Purchase Agreement pursuant to which the GP Purchasers will acquire from USAC Compression Holdings (i) all of the outstanding limited liability company interests in the Partnership's general partner and (ii) 12,466,912 common units for cash consideration paid by the GP Purchasers to USAC Compression Holdings equal to $250 million.

Restructuring

On January 15, 2018, and in connection with the execution of the Contribution Agreement, the Partnership entered into the Equity Restructuring Agreement pursuant to which, among other things, the Partnership, its general partner and ETE have agreed to cancel the Partnership's IDRs and convert the General Partner Interest (as defined in the Equity Restructuring Agreement) into a non-economic general partner interest, in exchange for the Partnership's issuance of 8,000,000 common units to its general partner, effective at the Closing.

ABL Facility

The Partnership has received commitments on a best-efforts basis for and intends to enter into an amendment and restatement of the ABL Facility to, among other things, (a) increase the commitments under the ABL Facility to $1.6 billion from $1.1 billion, (b) extend the maturity thereof and (c) make certain changes to the covenants under the ABL Facility. The advance rates in respect of the borrowing base under the ABL Facility are expected to remain unchanged. The commitments to the amendment and restatement of the ABL Facility are conditioned on customary closing conditions, and there is no assurance that such conditions will be met.

The Partnership expects to borrow $70.4 million under the ABL Facility to fund estimated fees and expenses related to the Transactions. As part of the $70.4 million, $18.7 million is estimated to be incurred for expenses relating to the expected upsizing of our ABL Facility to $1.6 billion from $1.1 billion.

The table below summarizes the expected sources and uses of funds in connection with the Transactions:

Sources of funds			Uses of funds		
				(in millions)	
Net proceeds from this offering	$	710.5	Cash portion of purchase price for CDM Acquisition(1)	$	1,225.0
Net proceeds from Private Placement		480.0	Estimated fees and expenses(2)		17.3
Borrowings under the ABL Facility		51.8			
Total	**$**	**1,242.3**	**Total**	**$**	**1,242.3**

(1) The total consideration for the CDM Acquisition consists of (i) $1,225.0 million of cash, (ii) 19,191,351 common units and (iii) 6,397,965 Class B units. See "Summary—Recent developments."

(2) Consists of fees and expenses associated with the Transactions, including commitment fees and other financing costs. An increase in actual fees and expenses will result in a corresponding increase in cash required to fund the Transactions.

Note 2: Adjustments to the unaudited pro forma condensed consolidated balance sheet

a. The pro forma adjustments to cash consists of the net effect of the following (in thousands):

Issuance of notes, net	$	710,500
Borrowings under the ABL Facility		70,448
Proceeds from issuance of Preferred Units, net		480,000
Cash portion of purchase price for CDM Acquisition		(1,225,000)
Estimated fees relating to upsize of the ABL Facility		(18,663)
Estimated transaction expenses		(17,285)
	$	—

The pro forma adjustment to cash includes the effect of (i) the issuance of a $725.0 million aggregate principal amount of notes, net of $14.5 million of estimated debt issuance costs, which will be amortized over the life of the notes, (ii) the issuance of $500.0 million of Preferred Units, net of $20.0 million of issuance costs, and (iii) $70.4 million of borrowings under the ABL Facility, $18.7 million of which constitutes debt issuance costs relating to the expected upsizing of the ABL Facility and is expected to be capitalized and amortized over the life of the amended ABL Facility and $17.3 million of estimated cash transaction expenses that would be incurred if the CDM Acquisition took place as of December 31, 2017. No original issue discount is assumed in the pro forma financial statements.

In addition, the pro forma adjustment to cash reflects the use of net proceeds from the notes and Preferred Units and the borrowings under the ABL Facility to fund the $1.225 billion cash portion of the purchase price for the CDM Acquisition and the estimated cash transaction expenses.

b. Reflects capitalized debt issuance costs of $18.7 million related to the expected upsizing of our ABL Facility.

c. Reflects a $4.9 million reduction in unit-based compensation liability due to the immediate vesting of outstanding time and performance based phantom units granted to certain employees as a result of the change in control of the General Partner due to the GP Purchase.

d. Reflects the debt expected to be incurred to finance the CDM Acquisition and fees and expenses related to the Transactions, consisting of (i) $710.5 million aggregate principal amount of notes, net of related debt issuance costs, and (ii) $70.4 million of borrowings under our ABL facility.

e. Reflects $472.0 million of Preferred Units, reduced by an estimated Warrant value of $8.0 million shown in Partners' Capital as noted in (i) below and by estimated issuance costs.

f. The pro forma adjustment to common units is comprised of:

Common units issued for the CDM Acquisition (i):	$	341,222
Common units issued for the IDR/GP Restructuring (ii):		142,240
Vesting of employee units (iii):		4,895
Reduction in partners' capital (iv):		(150,417)
Transaction expenses (v):		(17,285)
Total:	$	320,655

(i) 19,191,351 common units issued to finance a portion of the CDM Acquisition;

(ii) 8,000,000 common units issued in exchange for the cancellation of the IDRs and conversion of the general partner interest into a non-economic general partner interest;

(iii) the immediate vesting of outstanding time and performance based phantom units granted to certain employees based on the change in control of the General Partner due to the GP Purchase;

(iv) reflects the reduction in partners' capital by (1) the difference between (x) the amount of general partner interest being converted into non-economic interest and (y) the amount of common units issued in exchange therefor (and for the cancellation of the IDRs) and (2) the difference between (x) CDM member's equity at $1.66 billion and (y) the total estimated consideration to be paid for the CDM Acquisition of $1.68 billion; and

(v) transaction expenses.

The common units are valued at $17.78 per unit, based on the closing price of common units on the New York Stock Exchange on February 28, 2018. A 10% increase in the February 28, 2018 closing price of common units will increase the purchase price acquisition for the units noted in (i) and (ii) above by $34.1 million and $14.2 million, respectively.

g. Reflects 6,397,965 of Class B units representing limited partner interests in the Partnership issued to finance a portion of the CDM Acquisition valued at $17.78 per unit, based on the closing price of common units on the New York Stock Exchange on February 28, 2018. Class B units do not receive quarterly distributions until and upon conversion, approximately one year after the quarter during which the CDM Acquisition is consummated. A 10% increase in the February 28, 2018 closing price of common units will increase the purchase price acquisition for these Class B units by $11.4 million.

h. Reflects the conversion of the general partner interest into a non-economic general partner interest in connection with the Equity Restructuring.

i. Reflects an estimated value of $8.0 million for Warrants to purchase 5,000,000 common units with a strike price of $17.03 per unit and 10,000,000 common units with a strike price of $19.59 per unit issued in connection with the issuance of Preferred Units to finance a portion of the CDM Acquisition.

Note 3: Adjustments to the unaudited pro forma condensed consolidated statement of operations

j. Reflects adjustment to remove historical direct and incremental transaction expenses related to the CDM Acquisition.

k. Reflects the estimated interest expense associated with the debt expected to be incurred to fund the CDM Acquisition and the fees and expenses related to the Transactions. To the extent the actual interest rates are higher than estimated, additional interest expense will be incurred and such expense could be material. A 0.125% increase in the interest rate associated with the notes and the ABL Facility would increase interest expense $2.0 million for the year ended December 31, 2017.

(in thousands)		**Incremental interest expense**
Cash interest(1)	$	52,056
Amortization of debt issuance costs		5,545
Total incremental interest expense	$	57,601

(1) Cash interest expense was calculated using a 4.86% weighted average interest rate.

l. Reflects $48.8 million of distributions for Preferred Units for the year ended December 31, 2017. The Preferred Units have a face value of $1,000 per Preferred Unit and accrue distributions at a rate of 9.75% per annum, which dividend rate may increase if the weighted average all-in-yield on the notes exceeds a specified rate. The distributions are payable quarterly.

m. One time adjustments that are not included in the pro forma condensed consolidated statement of operations include transaction-related expenses totaling $22.2 million. These transaction expenses include: (i) $4.9 million for non-cash unit-based compensation expenses for the change in control of the General Partner which results in immediate vesting of outstanding time and performance based phantom units granted to certain employees and (ii) $17.3 million of legal, accounting and other fees related to the Transactions.

Summary historical financial and operating data of CDM

In the table below, we have presented summary historical financial and operating data of CDM for the periods and as of the dates presented. The summary historical financial data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 has been derived from the audited combined financial statements of CDM, included elsewhere in this offering memorandum. The audited combined financial statements of CDM do not reflect the impact of the Transactions. The summary historical data presented below is not indicative of the results to be expected for any future period.

The following information should be read together with "Unaudited pro forma condensed consolidated financial information," "Selected historical financial and operating data of CDM," "Management's discussion and analysis of financial condition and results of operations of CDM" and the audited combined financial statements of CDM included elsewhere in this offering memorandum.

	Historical Year ended December 31,		
	2017	2016	2015
	(in thousands)		
Statement of operations data:			
Revenues:			
Contract compression and treating revenues	$ 248,890	$ 238,687	$ 281,589
Installation services revenues	10,541	8,377	27,686
Related party revenues	17,240	16,873	15,200
Total revenues	276,671	263,937	324,475
Operating costs and expenses:			
Costs of revenues for compression and treating services	23,605	21,842	25,530
Cost of revenues for installation services	7,477	5,426	23,828
Operation and maintenance	94,122	85,630	89,943
Goodwill impairment	223,000	—	—
General and administrative	24,944	22,739	33,961
(Gain) loss on asset sales, net	(367)	120	(603)
Depreciation and amortization	166,558	155,134	148,930
Total operating costs and expenses	539,339	290,891	321,589
Operating (loss) income	(262,668)	(26,954)	2,886
Other expense, net	(223)	(153)	(140)
(Loss) income before income tax expense (benefit)	(262,891)	(27,107)	2,746
Income tax expense (benefit)	1,843	(163)	(1,445)
Net (loss) income	$ (264,734)	$ (26,944)	$ 4,191
Statement of cash flows data:			
Cash flows provided by (used in):			
Operating activities	$ 135,956	$ 130,063	$ 164,324
Investing activities	$ (142,458)	$ (36,767)	$ (249,805)
Financing activities	$ (3,666)	$ (90,367)	$ 96,733
Balance sheet data (at period end):			
Working capital(1)	$ 27,091	$ 62,424	
Total assets	$ 1,718,953	$ 1,960,416	
Total debt	$ —	$ —	
Operating data:			
Fleet horsepower (at period end)(2)	1,667,492	1,591,181	
Total available horsepower (at period end)(3)	1,558,802	1,268,137	
Revenue generating horsepower (at period end)(4)	1,395,328	1,227,899	
Average revenue generating horsepower(5)	1,293,864	1,203,487	
Average revenue per revenue generating horsepower per month(6)	$ 16.03	$ 15.61	
Revenue generating compression units (at period end)	2,076	1,777	
Average horsepower per revenue generating compression unit(7)	672	691	
Horsepower utilization(8):			
At period end	93.5%	79.7%	
Average for the period(9)	86.9%	78.7%	
Other financial data:			
Adjusted EBITDA(10)	$ 130,348	$ 131,686	
Capital expenditures	$ 175,508	$ 59,234	

(1) Working capital is defined as current assets minus current liabilities.

(2) Fleet horsepower is horsepower for compression units that have been delivered to CDM (and excludes units on order). As of December 31, 2017, CDM had 57,338 horsepower on order for delivery during 2018.

(3) Total available horsepower is revenue generating horsepower under contract for which CDM is billing a customer, horsepower in CDM's fleet that is under contract but is not yet generating revenue, horsepower not yet in CDM's fleet that is under contract but not yet generating revenue and that is subject to a purchase order, and idle horsepower. Total available horsepower excludes new horsepower on order for which CDM does not have a compression services contract.

(4) Revenue generating horsepower is total horsepower that CDM owns and operates for external customers. It does not include horsepower under contract that is not generating revenue or idle horsepower.

(5) Calculated as the average of the month-end revenue generating horsepower for each of the months in the period.

(6) Calculated as the average of the result of dividing the contractual monthly rate for all units at the end of each month in the period by the sum of the revenue generating horsepower at the end of each month in the period.

(7) Calculated as the average of the month-end revenue generating horsepower per revenue generating compression unit for each of the months in the period.
(8) Horsepower utilization is calculated as (i) the sum of (a) revenue generating horsepower, (b) horsepower in CDM's fleet that is under contract but is not yet generating revenue, and (c) horsepower not yet in CDM's fleet that is under contract, not yet generating revenue and that is subject to a purchase order, divided by (ii) total available horsepower less idle horsepower that is under repair.
(9) Calculated as the average utilization for the months in the period based on utilization at the end of each month in the period.
(10) Adjusted EBITDA is a non-GAAP financial measure. CDM defines Adjusted EBITDA as net income (loss) before depreciation and amortization expense, and income tax expense, plus impairment of goodwill, unit-based compensation expense, loss (gain) on disposition of assets and other expenses. See "—Summary historical and pro forma financial and operating data of the Partnership—Non-GAAP financial measures." The following table reconciles Adjusted EBITDA to net income (loss) and net cash provided by operating activities, its most directly comparable GAAP financial measures, for each of the periods presented:

	Historical	
	Year ended December 31,	
	2017	2016
	(in thousands)	
Net income (loss)	$ (264,734)	$ (26,944)
Depreciation and amortization	166,558	155,134
Income tax expense	1,843	(163)
EBITDA	**$ (96,933)**	**$ 128,027**
Impairment of goodwill	223,000	—
Unit-based compensation expense	4,048	3,539
Loss (gain) on disposition of assets and other	(367)	120
Adjusted EBITDA	**$ 130,348**	**$ 131,686**
Income tax expense	(1,843)	163
Other	24	(748)
Changes in operating assets and liabilities	7,427	(1,038)
Net cash provided by operating activities	**$ 135,956**	**$ 130,063**

Management's discussion and analysis of financial condition and results of operations of CDM

The following discussion and analysis of CDM's financial condition and results of operations should be read in conjunction with CDM's audited financial statements, the notes thereto, and the other financial information appearing elsewhere in this offering memorandum. The following discussion includes forward-looking statements that involve certain risks and uncertainties. See "Cautionary statement regarding forward-looking statements" and "Risk factors" in this offering memorandum.

Overview

CDM owns and operates one of the largest domestic fleets of compressors used to provide natural gas contract compression services. CDM provides services in a number of shale plays throughout the U.S., including the Permian Basin, Haynesville, Barnett, Granite Wash, Mississippi Lime, Niobrara, Fayetteville, Marcellus, Utica, Eagle Ford, Austin Chalk and Tuscaloosa Marine. Like USA Compression, CDM's business model involves providing its services in order to help efficiently and effectively solve its customers' needs, including responsibility for the ongoing operation, service and repair of its compression packages. CDM's treating services business owns and operates a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas cooling, dehydration and BTU management to natural gas producers and midstream pipeline companies. As of December 31, 2017, CDM had approximately 1.7 million horsepower in its fleet, approximately 87.5% of which was comprised of large horsepower units, which CDM also defines as 400 horsepower per unit or greater, and had a utilization rate of 93.5%.

CDM's contract structure is similar to USA Compression's, typically with initial terms ranging from one to five years and providing for a fixed monthly service fee. CDM does not take title to any natural gas or crude oil in connection with its services and, accordingly, has no direct revenue exposure to fluctuating commodity prices. CDM's assets and operations are all located and conducted in the United States.

Operating highlights

The following table summarizes certain horsepower and horsepower utilization percentages of CDM for the periods presented.

Operating data:	Year ended December 31, 2017	2016	Percent change
Fleet horsepower (at period end)(1)	1,667,492	1,591,181	4.8%
Total available horsepower (at period end)(2)	1,558,802	1,268,137	22.9%
Revenue generating horsepower (at period end)(3)	1,395,328	1,227,899	13.6%
Average revenue generating horsepower(4)	1,293,864	1,203,487	7.5%

Average revenue per revenue generating horsepower per month(5)	$ 16.03	$ 15.61	2.7%
Revenue generating compression units (at period end)	2,076	1,777	16.8%
Average horsepower per revenue generating compression unit(6)	672	691	(2.7)%
Horsepower utilization(7):			
At period end	93.5%	79.7%	17.3%
Average for the period(8)	86.9%	78.7%	10.4%

(1) Fleet horsepower is horsepower for compression units that have been delivered to CDM (and excludes units on order). As of December 31, 2017, CDM had 57,338 horsepower on order for delivery during 2018.
(2) Total available horsepower is revenue generating horsepower under contract for which CDM is billing a customer, horsepower in CDM's fleet that is under contract but is not yet generating revenue, horsepower not yet in CDM's fleet that is under contract but not yet generating revenue and that is subject to a purchase order, and idle horsepower. Total available horsepower excludes new horsepower on order for which CDM does not have a compression services contract.
(3) Revenue generating horsepower is total horsepower that CDM owns and operates for external customers. It does not include horsepower under contract that is not generating revenue or idle horsepower.
(4) Calculated as the average of the month-end revenue generating horsepower for each of the months in the period.
(5) Calculated as the average of the result of dividing the contractual monthly rate for all units at the end of each month in the period by the sum of the revenue generating horsepower at the end of each month in the period.
(6) Calculated as the average of the month-end revenue generating horsepower per revenue generating compression unit for each of the months in the period.
(7) Horsepower utilization is calculated as (i) the sum of (a) revenue generating horsepower, (b) horsepower in CDM's fleet that is under contract but is not yet generating revenue, and (c) horsepower not yet in CDM's fleet that is under contract, not yet generating revenue and that is subject to a purchase order, divided by (ii) total available horsepower less idle horsepower that is under repair.
(8) Calculated as the average utilization for the months in the period based on utilization at the end of each month in the period.

The 4.8% increase in fleet horsepower as of December 31, 2017 compared to the fleet horsepower as of December 31, 2016 was attributable to new compression units added to our fleet to meet the expected demand by new and current customers for compression services. The 13.6% increase in revenue generating horsepower as of December 31, 2017 compared to December 31, 2016 was primarily due to increased customer demand in the Permian, Niobrara and Mid-continent Regions. The 2.7% decrease in average horsepower per revenue generating compression unit as of December 31, 2017 compared to December 31, 2016 was primarily due to the redeployment of smaller horsepower units that were previously idle. The 2.7% increase in average revenue per revenue generating horsepower per month for the year ended December 31, 2017 compared to December 31, 2016 was primarily due to our deployment of smaller horsepower units, which typically generate higher rates than larger horsepower compression units.

Average horsepower utilization increased to 86.9% during the year ended December 31, 2017 compared to 78.7% during the year ended December 31, 2016. The 10.4% increase in average horsepower utilization was primarily attributable to increased customer demand due to increased operating activity in the oil and gas industry. The fluctuation in utilization components also describes the changes in period end horsepower utilization as of December 31, 2017 compared to December 31, 2016.

Average horsepower utilization based on revenue generating horsepower and fleet horsepower increased to 81.1% during the year ended December 31, 2017 compared to 76.5% during the year ended December 31, 2016. The 6.0% increase was primarily attributable to increased customer demand in the Permian, Niobrara and Mid-continent Regions. The overall decrease in idle horsepower is the result of increased customer demand as a result increased operating activity in the oil and gas industry. These factors also describe the variances in period end horsepower utilization based on revenue generating horsepower and fleet horsepower between the year ended December 31, 2017 and the year ended December 31, 2016.

Financial results of operations

Year ended December 31, 2017 compared to the year ended December 31, 2016

The following table summarizes CDM's results of operations for the periods presented (dollars in thousands):

	Year ended December 31,		Percent change
	2017	2016	
Revenues:			
Contract compression and treating revenues	$ 248,890	$ 238,687	4.3%
Installation services revenues	10,541	8,377	25.8%
Related party revenues	17,240	16,873	2.2%
Total revenues	276,671	263,937	4.8%
Operating costs and expenses:			
Costs of revenues for compression and treating services	23,605	21,842	8.1%
Cost of revenues for installation services	7,477	5,426	37.8%
Operation and maintenance	94,122	85,630	9.9%
Goodwill impairment	223,000	—	*%
General and administrative	24,944	22,739	9.7%
(Gain) loss on asset sales, net	(367)	120	(405.8)%
Depreciation and amortization	166,558	155,134	7.4%
Total operating costs and expenses	539,339	290,891	85.4%
Operating (loss) income	(262,668)	(26,954)	874.5%
Other expense, net	(223)	(153)	45.8%
(Loss) income before income tax expense (benefit)	(262,891)	(27,107)	869.8%
Income tax expense (benefit)	1,843	(163)	1230.7%
Net loss	)	)	%

$ (264,734	$ (26,944	882.5

* Not meaningful.

Contract compression and treating revenues. During 2017, CDM experienced a year-to-year increase in demand for its compression services driven by increased operating activity in natural gas and crude oil production, resulting in a $10.2 million, or 4.3%, increase in CDM's contract

compression and treating revenues. The increase was primarily attributable to increased customer demand in the Permian, Niobrara and Mid-Continent regions.

Installation services revenues. The $2.2 million, or 25.8%, increase in installation services revenues was primarily attributable to the construction of additional amine plants.

Related party revenues. Related party revenues were earned through related party transactions in the ordinary course of business and at arms' length with various affiliated entities of ETP, including Regency Intrastate Gas, LP, Edwards Lime Gathering LLC and certain wholly-owned subsidiaries of ETP. The $0.4 million, or 2.2%, increase in related party revenues was primarily attributable to additional compression service demand from such affiliates.

Costs of revenues for compression and treating services. The $1.8 million, or 8.1%, increase in cost of revenues for compression and treating services was primarily attributable to horsepower growth of approximately 160,000.

Cost of revenues for installation services. The $2.1 million, or 37.8%, increase in cost of revenues for installation services was primarily attributable to the construction of additional amine plants.

Operation and maintenance. The $8.5 million, or 9.9%, increase in operation and maintenance expenses was primarily attributable to an increase in revenue generating horsepower and treating equipment, an increase in labor rates and an increase in the amount of overtime for employees.

Goodwill impairment. The $223.0 million goodwill impairment charge during the year ended December 31, 2017 was a result of CDM's annual goodwill impairment test, for which CDM determined its fair value using a weighted combination of the discounted cash flow method and the guideline company method. CDM did not record a goodwill impairment charge during the year ended December 31, 2016.

General and administrative. The $2.2 million, or 9.7%, increase in general and administrative expenses for the year ended December 31, 2017 was primarily attributable to an increase in salaries, health care, and unit-based compensation expenses driven by increased headcount and higher health insurance claims. ETP has allocated certain overhead costs associated with general and administrative services, including salaries and benefits, facilities, insurance, information services, human resources and other support departments to CDM. Where costs incurred on CDM's behalf cannot be determined by specific identification, the costs are primarily allocated to CDM based on an average percentage of fixed assets, gross margin, capital, employee costs, and headcount. CDM believes these allocations are a reasonable reflection of the utilization of services provided. However, the allocations may not fully reflect the expenses that would have been incurred had CDM been a stand-alone company during the periods presented. During the years ended December 31, 2017, 2016, and 2015, ETP allocated general and administrative expenses of $3.6 million, $4.7 million, and $5.1 million, respectively, to CDM.

(Gain) loss on asset sales, net. During the year ended December 31, 2017, the $0.4 million gain was primarily attributable to the sale of select compression equipment with a sales price greater than book value. During the year ended December 31, 2016, the $0.1 million loss was primarily attributable the sale of select compression equipment with a sales price less than book value.

Depreciation and amortization expense. The $11.4 million, or 7.4%, increase in depreciation and amortization was primarily related to increased make ready cost with a useful life of 2 years as a result of increased utilization.

Income tax expense (benefit). The $2.0 million increase in income tax expense is primarily related to an increase in the deferred tax expense booked for the Texas Franchise tax accrual.

Cash flows

The following table summarizes CDM's sources and uses of cash for the years ended December 31, 2017 and 2016 (in thousands):

	Year ended December 31,	
	2017	2016
Net cash provided by operating activities	$ 135,956	$ 130,063
Net cash used in investing activities	$ (142,458)	$ (36,767)
Net cash used in financing activities	$ (3,666)	$ (90,367)

Net cash provided by operating activities. The $5.9 million increase in net cash provided by operating activities for the year ended December 31, 2017 was due primarily to net horsepower growth and an increase in treating utilization in 2017.

Net cash used in investing activities. Net cash used in investing activities related primarily to capital expenditures, including net horsepower growth, partially offset by proceeds from asset sales. For the years ended December 31, 2017 and 2016, total capital expenditures were $157.3 million and $61.6 million, respectively, and proceeds from asset sales were $14.3 million and $23.1 million, respectively.

Net cash used in financing activities. For the years ended December 31, 2017 and 2016, net cash used in financing activities reflected the payment of cash distributions to members of $3.7 million and $90.4 million, respectively.

Total contractual cash obligations

The following table summarizes CDM's total contractual cash obligations as of December 31, 2017:

Contractual obligations	Total	1 year	2 - 3 years	4 - 5 years	More than 5 years
	Payments due by period (in thousands)				
Long-term debt	$ —	$ —	$ —	$ —	$ —
Equipment/capital purchases(1)	19,844	19,844	—	—	—
Operating and capital lease obligations(2)	8,769	3,438	3,198	1,125	1,008
Total contractual cash obligations	$ 28,613	$ 23,282	$ 3,198	$ 1,125	$ 1,008

(1) Represents commitments for new compression units that are being fabricated and ancillary equipment.
(2) Represents commitments for future minimum lease payments on non-cancelable leases.

Off-balance sheet arrangements

CDM has not entered into any transactions, agreements or other contractual arrangements that would result in off-balance sheet liabilities.

Critical accounting policies and estimates

See Note 2 to CDM's audited combined financial statements included elsewhere in this offering memorandum for information regarding CDM's critical accounting policies and estimates.

Business of CDM

Overview

CDM owns and operates one of the largest domestic fleets of compressors used to provide natural gas contract compression services. CDM provides services in a number of shale plays throughout the U.S., including the Permian Basin, Haynesville, Barnett, Granite Wash, Mississippi Lime, Niobrara, Fayetteville, Marcellus, Utica, Eagle Ford, Austin Chalk and Tuscaloosa Marine. Like USA Compression, CDM's business model involves providing its services in order to help efficiently and effectively solve its customers' needs, including responsibility for the ongoing operation, service and repair of its compression packages. CDM's treating services business owns and operates a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas cooling, dehydration and BTU management to natural gas producers and midstream pipeline companies. As of December 31, 2017, CDM had approximately 1.7 million horsepower in its fleet, approximately 87.5% of which was comprised of large horsepower units, which CDM also defines as 400 horsepower per unit or greater, and had a utilization rate of 93.5%.

CDM's contract structure is similar to USA Compression's, typically with initial terms ranging from one to five years and providing for a fixed monthly service fee. CDM does not take title to any natural gas or crude oil in connection with its services and, accordingly, has no direct revenue exposure to fluctuating commodity prices. CDM's assets and operations are all located and conducted in the United States.

CDM's operations

CDM's compression fleet

The fleet of compression units that CDM owns and uses to provide compression services consists of specially engineered compression units that utilize standardized components, principally engines manufactured by Caterpillar, Inc. and compressor frames and cylinders manufactured by Ariel Corporation. CDM's units can be rapidly and cost effectively modified for specific customer applications. The average age of CDM's compression units was approximately seven years. CDM's modern, standardized compression unit fleet is powered primarily by the Caterpillar 3400, 3500 and 3600 engine classes, which typically range from 401 to 4,735 horsepower per unit. These larger horsepower units, which CDM defines as 400 horsepower per unit or greater, represented approximately 87.5% of CDM's total fleet horsepower (including compression units on order) as of December 31, 2017. In addition, a portion of CDM's fleet consists of smaller horsepower units ranging from 30 horsepower to 399 horsepower that are primarily used in gas lift applications. CDM believes the young age and overall composition of its compressor fleet result in fewer mechanical failures, lower fuel usage, and reduced environmental emissions.

The following table provides a summary of CDM's compression units by horsepower as of December 31, 2017:

Unit horsepower	Fleet horsepower	Number of units	Horsepower on order(1)	Number of units on	Total horsepower	Number of units	Percent of total	Percent of total units

				order			horsepower	
Small horsepower								
<400	207,773	1,597	593	4	208,366	1,601	12.5%	57.1%
Large horsepower								
>400 and <1,000	262,160	443	4,430	9	266,590	452	15.9%	16.1%
>1,000	1,145,730	732	52,315	19	1,198,045	751	71.6%	26.8%
Total	1,615,663	2,772	57,338	32	1,673,001	2,804	100.0%	100.0%

(1) As of December 31, 2017, CDM had 57,338 horsepower on order for delivery during 2018.

The following table sets forth certain information regarding CDM's compression fleet as of the dates and for the periods indicated:

	Year ended December 31,		Percent
Operating data:	**2017**	**2016**	**change**
Fleet horsepower (at period end)(1)	1,667,492	1,591,181	4.8%
Total available horsepower (at period end)(2)	1,558,802	1,268,137	22.9%
Revenue generating horsepower (at period end)(3)	1,395,328	1,227,899	13.6%
Average revenue generating horsepower(4)	1,293,864	1,203,487	7.5%
Average revenue per revenue generating horsepower per month(5)	$ 16.03	$ 15.61	2.7%
Revenue generating compression units (at period end)	2,076	1,777	16.8%
Average horsepower per revenue generating compression unit(6)	672	691	(2.7)%
Horsepower utilization(7):			
At period end	93.5%	79.7%	17.3%
Average for the period(8)	86.9%	78.7%	10.4%

(1) Fleet horsepower is horsepower for compression units that have been delivered to CDM (and excludes units on order). As of December 31, 2017, CDM had 57,338 horsepower on order for delivery during 2018.

(2) Total available horsepower is revenue generating horsepower under contract for which CDM is billing a customer, horsepower in CDM's fleet that is under contract but is not yet generating revenue, horsepower not yet in CDM's fleet that is under contract but not yet generating revenue and that is subject to a purchase order, and idle horsepower. Total available horsepower excludes new horsepower on order for which CDM does not have a compression services contract.

(3) Revenue generating horsepower is total horsepower that CDM owns and operates for external customers. It does not include horsepower under contract that is not generating revenue or idle horsepower.

(4) Calculated as the average of the month-end revenue generating horsepower for each of the months in the period.

(5) Calculated as the average of the result of dividing the contractual monthly rate for all units at the end of each month in the period by the sum of the revenue generating horsepower at the end of each month in the period.

(6) Calculated as the average of the month-end revenue generating horsepower per revenue generating compression unit for each of the months in the period.

(7) Horsepower utilization is calculated as (i) the sum of (a) revenue generating horsepower, (b) horsepower in CDM's fleet that is under contract but is not yet generating revenue, and (c) horsepower not yet in CDM's fleet that is under contract, not yet generating revenue and that is subject to a purchase order, divided by (ii) total available horsepower less idle horsepower that is under repair.

(8) Calculated as the average utilization for the months in the period based on utilization at the end of each month in the period.

As described in "Business of the Partnership—Our operations—Our compression fleet," USA Compression utilizes proprietary field service automation capabilities that allow service

technicians to electronically record and track operating, technical, environmental and commercial information at the discrete unit level. We intend to evaluate the ability to implement these capabilities across the CDM fleet after closing of the CDM Acquisition.

Generally, we expect each compression unit to undergo a major overhaul between service deployment cycles. The timing of these major overhauls depends on multiple factors, including run time and operating conditions. A major overhaul involves the periodic rebuilding of the unit to materially extend its economic useful life or to enhance the unit's ability to fulfill broader or more diversified compression applications. Because CDM's compression fleet is comprised of units of varying horsepower that have been placed into service with staggered initial on-line dates, we expect the major overhaul of CDM's units to be similar to our current fleet. This will allow us to continue to schedule overhauls in a way to avoid excessive annual maintenance capital expenditures and minimize the revenue impact of down-time.

General compression service contract terms

CDM generally enters into a new contract with respect to each distinct application for which it will provide contract compression services. CDM's compression contracts typically have an initial term between one and five years, after which the contract continues on a month-to-month basis until renewal or cancellation. Almost half of CDM's compression services were provided on a month-to-month basis as of December 31, 2017. CDM's customers generally pay a fixed monthly fee, or, in rare cases, a fee based on the volume of natural gas actually compressed. CDM is not responsible for performance during acts of *force majeure*. CDM is generally responsible for the costs and expenses associated with operation and maintenance of its compression equipment, such as providing necessary lubricants, although certain fees and expenses are the responsibility of the customers under the terms of their contracts. For example, all

fuel gas is provided by CDM's customers without cost to CDM, and in many cases customers are required to provide all water and electricity. CDM also is reimbursed by its customers for certain ancillary expenses such as trucking, crane and installation labor costs, depending on the terms agreed to in a particular contract.

Customers

CDM's customers consist of companies in the energy industry, including major integrated oil companies, public and private independent exploration and production companies and midstream companies. CDM's ten largest customers accounted for approximately 40% and 39% of CDM's revenue for the years ended December 31, 2017 and 2016, respectively.

Suppliers and service providers

The principal manufacturers of components for CDM's natural gas compression equipment include Caterpillar, Inc. for engines, Air-X-Changers for coolers, and Ariel Corporation, for compressor frames and cylinders. CDM also relies primarily on Alegacy Equipment, LLC and Standard Equipment Corp. currently to package and assemble its compression units. Although CDM relies primarily on these suppliers, it believes alternative sources for natural gas compression equipment are generally available if needed. However, relying on alternative sources may increase CDM's costs and change the standardized nature of its fleet. CDM has not experienced any material supply problems to date. Although lead-times for new Caterpillar engines and new Ariel compressor frames have in the past been in excess of one year due to

increased demand and supply allocations imposed on equipment packagers and end-users, currently lead-times for such engines and frames are approximately one year or shorter.

Competition

CDM is subject to similar competitive issues as those of USA Compression. See "Business of the Partnership—Our operations—Competition."

Seasonality

CDM's results of operations have not historically reflected any material seasonality, and CDM does not currently have reason to believe seasonal fluctuations will have a material impact in the foreseeable future.

Insurance

Following the closing of the CDM Acquisition, CDM will be insured under our insurance policies. See "Business of the Partnership—Our operations—Insurance."

Environmental and safety regulations

CDM is subject to similar environmental and safety regulations as we are. See "Business of the Partnership—Our operations—Environmental and safety regulations."

Properties

CDM does not currently own or lease any material facilities or properties for storage or maintenance of its compression units.

Employees

As of December 31, 2017, CDM had 611 full-time employees. None of CDM's employees are subject to collective bargaining agreements. CDM considers its employee relations to be good.

Legal proceedings

From time to time, CDM may be involved in various claims and litigation arising in the ordinary course of business. ETP has agreed to indemnify us for all of CDM's pre-closing legal proceedings.

Exhibit 99.4

News Release
USA Compression Partners, LP
100 Congress Avenue, Suite 450
Austin, Texas 78701

USA Compression Partners, LP Announces Launch of $725 Million Offering of Senior Notes

AUSTIN, Texas, March 5, 2018—USA Compression Partners, LP (NYSE: USAC) (the "Partnership") today announced that, subject to market conditions, it intends to offer, with its wholly-owned subsidiary, USA Compression Finance Corp., $725 million in aggregate principal amount of senior unsecured notes due 2026 in a private placement to eligible purchasers.

The Partnership intends to use the net proceeds of this offering, together with the net proceeds from a private placement of preferred units of the Partnership and borrowings under its asset-based revolving credit facility, to fund the cash purchase price of its previously announced acquisition of all of the issued and outstanding membership interests in CDM Resource Management LLC and CDM Environmental & Technical Services LLC from Energy Transfer Partners, L.P. for aggregate consideration of approximately $1.7 billion consisting of units representing limited partner interests in the Partnership and an amount in cash equal to $1.225 billion, subject to certain adjustments (the "CDM Acquisition").

The notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any other jurisdiction. Unless they are registered, the notes may be offered only in transactions that are exempt from registration under the Securities Act and applicable state securities laws. The notes will be offered only to qualified institutional buyers under Rule 144A under the Securities Act and to non-U.S. persons outside the United States under Regulation S of the Securities Act. The notes will not be listed on any securities exchange or automated quotation system.

This press release does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The offering may be made only by means of an offering memorandum.

FORWARD-LOOKING STATEMENTS

Statements in this press release may be forward-looking statements as defined under federal law, including those related to the Partnership's potential securities offering and the CDM Acquisition. 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. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this press release. Known material factors that could cause the Partnership's actual results to differ materially from the results contemplated by such forward-looking statements are described in the Partnership's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which was filed with the Securities and Exchange Commission on February 13, 2018. You should also understand that it is not possible to predict or identify all such factors and you should not consider these factors to be a complete statement of all potential risks and uncertainties.

Source: USA Compression Partners, LP

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