

UNIVERSAL COMPRESSION HOLDINGS INC

Form 8-K

May 30, 2007

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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): May 29, 2007

UNIVERSAL COMPRESSION HOLDINGS, INC.
UNIVERSAL COMPRESSION, INC.
(Exact name of registrants as specified in their charters)

Delaware	001-15843	13-3989167
Texas	333-48279	74-1282680
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4444 Brittmoore Road	77041
Houston, Texas	(Zip Code)
(Address of principal executive offices)	

(713) 335-7000

Registrant's telephone number, including area code

N/A

(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

Contribution, Conveyance and Assumption Agreement

On May 29, 2007, Universal Compression, Inc. (Universal) entered into a Contribution, Conveyance and Assumption Agreement (the Contribution Agreement) with UCO Compression 2005 LLC (UCO 2005), UCI Leasing Holding GP LLC, UCI Leasing Holding LP LLC, UCI Compressor Holding, L.P. (Compressor Holding LP), UCO GP, LLC (GP LLC), UCI GP LP LLC, UCO General Partner, LP (GP), UCI MLP LP LLC (MLP LP LLC), UCLP OLP GP LLC (OLP GP), UC Operating Partnership, L.P. (OLP), UCLP Leasing GP LLC, UCLP Leasing, L.P. (Leasing LP) and Universal Compression Partners, L.P. (MLP). The Contribution Agreement provides for, among others, the following transactions:

1. A series of conveyances, contributions and distributions of specified compression equipment and related compression services customer contracts owned by Universal, UCO 2005 and Compressor Holding LP to various parties to the Contribution Agreement and ultimately to OLP and Leasing LP;
2. MLP s issuance of \$70.0 million of common units representing limited partner interests in MLP to MLP LP LLC;
3. MLP s issuance of \$2.9 million of general partner units in MLP in consideration of the continuation of GP s 2.0% general partner interest in MLP; and
4. OLP s assumption and retirement of \$159.6 million of Universal s debt.

These transactions, which are subject to standard closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act), are expected to close in July 2007. In addition, Universal has the right to terminate the Contribution Agreement if a governmental authority (1) issues a second request with respect to its review of the transactions under the HSR Act or (2) indicates that Universal or certain of its subsidiaries may be required to accept any condition or requirement of any regulatory approval that is or could reasonably be determined to be adverse to them, including any adverse effect on Universal Compression Holdings, Inc. s (UCH) proposed merger with Hanover Compressor Company, which is expected to close in the third quarter of 2007.

An additional closing condition requires UCH and Universal to amend their existing omnibus agreement (the Original Omnibus Agreement) with GP LLC, GP, MLP, OLP GP and OLP regarding several relationships between UCH and MLP, which agreement was previously reported on the Current Report on Form 8-K of UCH and Universal filed on October 26, 2006 and the description of which is hereby incorporated by reference. The amendment to the Original Omnibus Agreement, among other things, will increase the cap on selling, general and administrative costs allocable from Universal to MLP based on such costs incurred by Universal on behalf of MLP from \$2.5 million per quarter to \$4.75 million per quarter and increase the cap on operating costs from \$16.95 per horsepower per quarter to \$18.00 per horsepower per quarter. These caps will terminate on December 31, 2008, as previously agreed.

The foregoing summary is qualified in its entirety by reference to the Contribution Agreement, a copy of which is filed as Exhibit 10.1 to this Form 8-K and is incorporated in this Item 1.01 by reference.

Relationships

Each of the parties to the Contribution Agreement is a direct or indirect subsidiary of UCH. As a result, certain individuals, including officers and directors of UCH, Universal and GP LLC, serve as officers and/or directors of more than one of such entities. Also, UCH and Universal, through their indirect ownership of GP, the general partner of MLP, hold a 2% general partner interest and incentive distribution rights in MLP.

Item 7.01. Regulation FD Disclosure.

On May 29, 2007, UCH announced that MLP had agreed to acquire assets pursuant to the Contribution Agreement. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

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The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Forward-Looking Statements

Statements about the consummation of any transaction and all other statements other than historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 UCH's and Universal's control, which could cause actual results to differ materially from such statements. Forward-looking information includes, but is not limited to, statements regarding the ability of UCH and Universal to complete the proposed transaction, the expected timing of the closing of the transaction; MLP's expected means of financing the transaction and the expected timing of the closing of UCH's proposed merger with Hanover Compressor Company. While UCH and Universal believe that the assumptions concerning future events are reasonable, they caution that there are inherent difficulties in predicting certain important factors that could impact the future performance or results of their business. Among the factors that could cause results to differ materially from those indicated by forward-looking statements are the results of the review of the proposed transaction by regulatory agencies and the failure to satisfy various other conditions to the closing of the transaction and changes in equity and debt markets impacting the ability of MLP to finance the transaction in the manner contemplated.

These forward-looking statements are also affected by the risk factors, forward-looking statements and challenges and uncertainties described in UCH's and Universal's Annual Report on Form 10-K for the year ended December 31, 2006, as amended by Amendment No. 1 thereto, and those set forth from time to time in UCH's and Universal's filings with the Securities and Exchange Commission (SEC), which are available through the website www.universalcompression.com. Except as required by law, UCH and Universal expressly disclaim any intention or obligation to revise or update any forward-looking statements whether as a result of new information, future events, or otherwise.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

Exhibit Number	Description
2.1	Contribution Conveyance and Assumption Agreement, dated May 29, 2007, by and among Universal Compression, Inc., UCO Compression 2005 LLC, UCI Leasing Holding GP LLC, UCI Leasing Holding LP LLC, UCI Compressor Holding, L.P., UCO GP, LLC, UCI GP LP LLC, UCO General Partner, LP, UCI MLP LP LLC, UCLP OLP GP LLC, UC Operating Partnership, L.P., UCLP Leasing GP LLC, UCLP Leasing, L.P. and Universal Compression Partners, L.P.*
99.1	Press release of Universal Compression Holdings, Inc. dated May 29, 2007.

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrants undertake to furnish supplementally copies of any of the omitted schedules or exhibits upon request by the U.S. Securities and Exchange Commission.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

**UNIVERSAL COMPRESSION
HOLDINGS, INC.**

UNIVERSAL COMPRESSION, INC.
(Registrants)

Date: May 29, 2007

By: /s/ J. MICHAEL ANDERSON

J. Michael Anderson
*Senior Vice President and
Chief Financial Officer*

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