



TARGA

Targa Resources Corp. Investor Update

**TRC Closes TRP Acquisition and
Issues 9.5% Series A Preferred**

February 18, 2016

Forward Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding the expected benefits of the Series A Preferred Stock Private Placement to Targa and their stockholders, the expected future growth, dividends, distributions of Targa, and plans and objectives of management for future operations. All statements, other than statements of historical facts, included in this communication that address activities, events or developments that Targa expects, believes or anticipates will or may occur in the future, are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside the control of Targa, which could cause results to differ materially from those expected by management of Targa. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including a decline in the price and market demand for natural gas, natural gas liquids and crude oil, the timing and success of business development efforts; and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in Targa's filings with the SEC, including the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Targa does not undertake an obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Targa Resources Corp. Closes Acquisition of TRP

- ◆ On February 17th, Targa Resources Corp. (“Targa” or “TRC”) closed its acquisition of all of the outstanding common units of Targa Resources Partners LP (“TRP”) not already owned by Targa
 - ◆ All stock-for-unit transaction at a ratio of 0.62 Targa common shares per common unit of TRP

Benefits of TRC’s Acquisition of TRP

Improved
Coverage and
Credit Profile

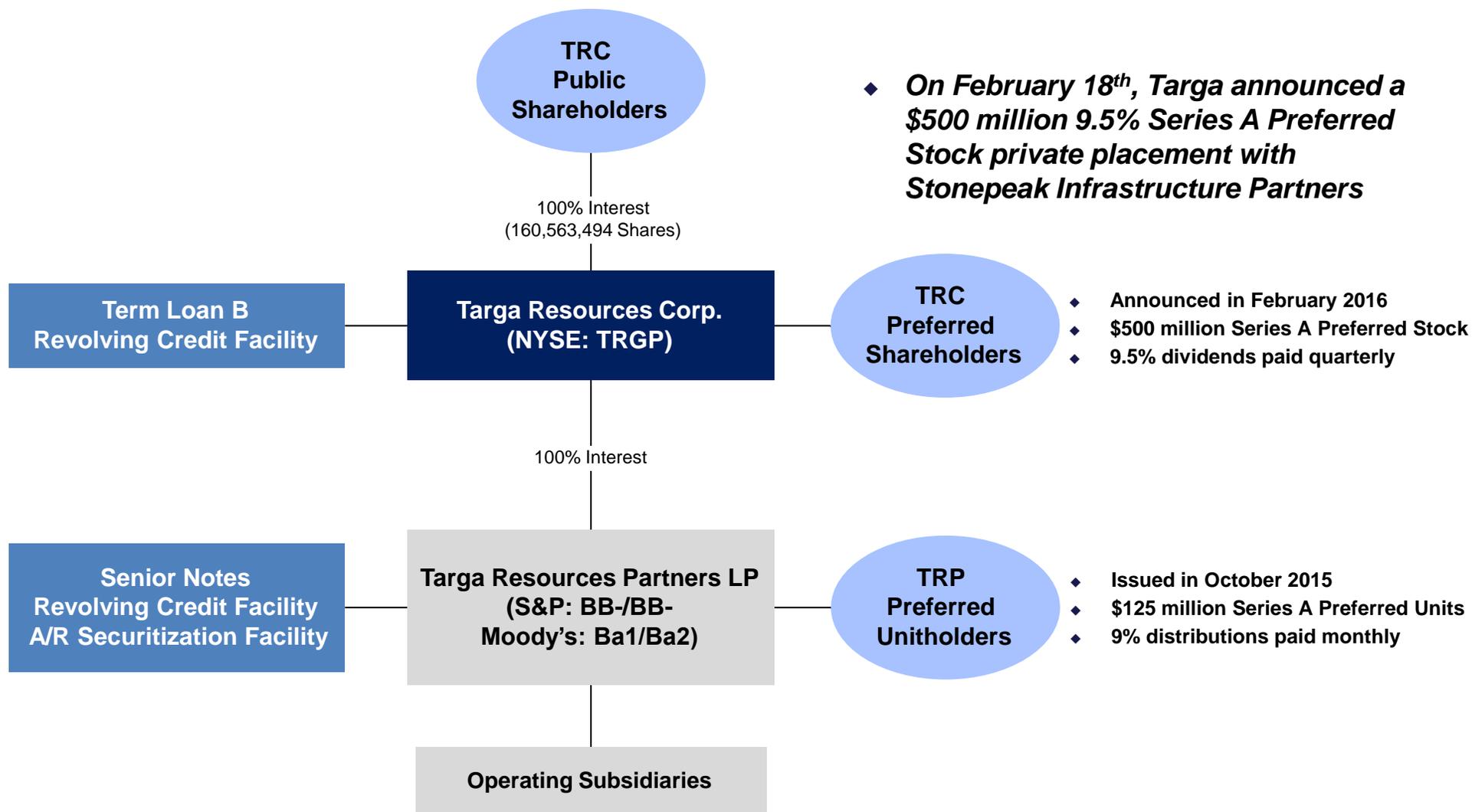
Simplified
Structure

Improved
Cost of Capital

Stronger
Near-Term and Long-Term
Outlook

Targa is better positioned to execute on attractive, high return projects that may result from the current industry environment to drive long-term value creation for our investors

Targa's New Public Structure



Since October 2015, Targa has raised over \$600 million in preferred equity at a lower all in cost of capital than public common equity

Attractive Financing for Targa

Preferred equity with detachable warrants is a flexible structure for Targa, and provides investors with an attractive return profile

Structure

- ◆ Perpetual preferred convertible in year 12 with warrants
- ◆ Redeemable after 5 years at Targa's option
- ◆ No forced or mandatory redemption feature
- ◆ Full equity treatment under compliance leverage ratio calculation
- ◆ Warrant structure provides investor upside with reduced dilution to Targa

Cost of Capital

- ◆ Cost of capital significantly lower than current cost of public common equity issuance
- ◆ Cost of capital lower than other alternatives considered by Targa
 - ◆ Results in minimal near term dilution and less dilutive in common share price recovery scenarios compared to evaluated alternatives

Leverage and Financial Position

- ◆ Pro forma compliance leverage ratio at TRP of 3.6x versus YE 2015 compliance leverage ratio of 3.9x
 - ◆ In-line with target compliance leverage ratio of 3.0x – 4.0x
 - ◆ Additional capacity versus 5.5x compliance covenant at TRP
- ◆ YE 2015 pro forma liquidity of \$2.2 billion
 - ◆ Provides financial flexibility and additional cushion
 - ◆ Plenty of cushion to fund remaining committed capital expenditures

Leverage and Financial Position

◆ On February 17th, Targa closed its acquisition of TRP – pro forma:

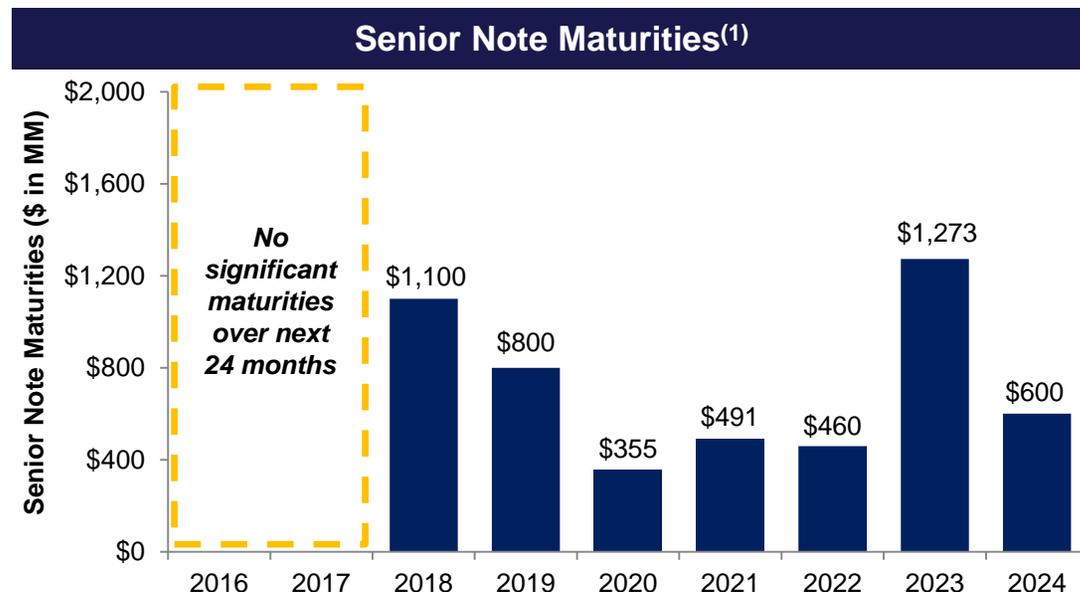
- ◆ TRP continues as a reporting entity, and all existing debt remains outstanding
 - ❖ TRP's \$1.6 billion revolver remains outstanding
 - ❖ TRP's Series A Preferred Units remain outstanding
 - ❖ TRC's \$670 million revolver remains outstanding

◆ **TRP 5.5x leverage compliance covenant remains in place**

- ◆ Targa is **not** subject to a compliance covenant for consolidated leverage

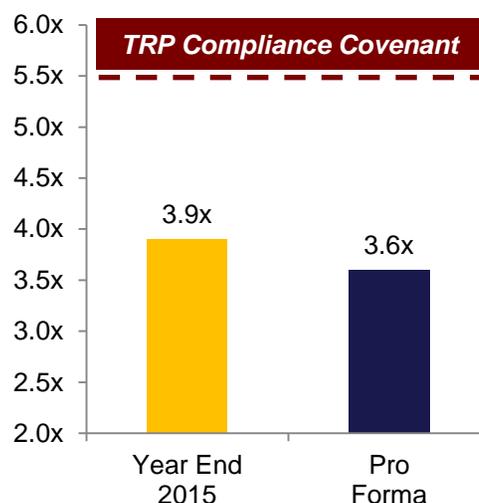
◆ On February 18th, Targa announced a \$500 million 9.5% private placement of Series A Preferred Stock

- ◆ Pro forma, TRP compliance leverage ratio reduced from 3.9x to 3.6x
- ◆ Pro forma, Targa liquidity increased from \$1.7 billion to \$2.2 billion

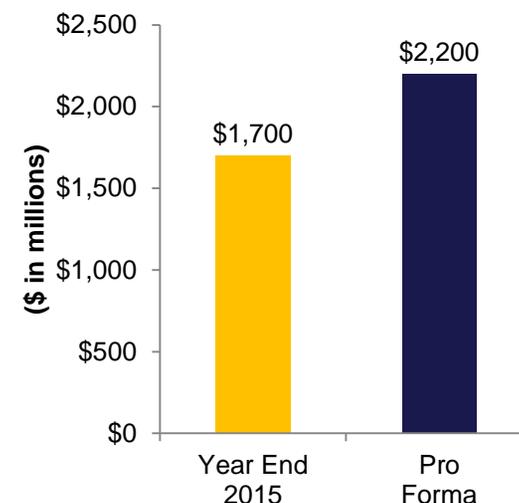


Pro Forma Leverage and Liquidity

TRP Compliance Leverage

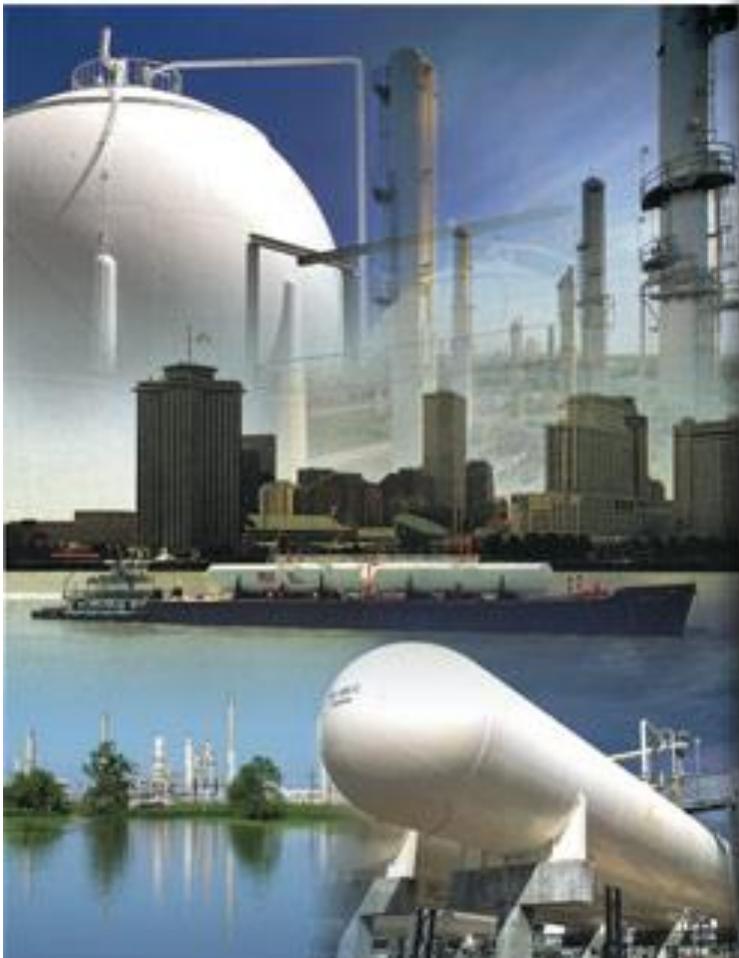


Targa Liquidity



Summary of Key Terms

Issuer	<ul style="list-style-type: none"> ◆ Targa Resources Corp. (“Targa” or “TRC”) (NYSE:TRGP)
Purchasers	<ul style="list-style-type: none"> ◆ Stonepeak Infrastructure Partners (“Stonepeak”)
Investment Amount	<ul style="list-style-type: none"> ◆ \$500 million
Securities	<ul style="list-style-type: none"> ◆ 500,000 shares of 9.5% Series A Preferred Stock (the “Preferred Stock”) ◆ 7,020,000 warrants with a strike price of \$18.88 per common share ◆ 3,385,000 warrants with a strike price of \$25.11 per common share
Dividends	<ul style="list-style-type: none"> ◆ 9.5% payable quarterly (\$47.5 million annually) ◆ PIK: For 2 years, Targa can elect to pay in preferred stock and warrants
Use of Proceeds	<ul style="list-style-type: none"> ◆ To repay indebtedness and for general corporate purposes
Other Key Terms	<ul style="list-style-type: none"> ◆ Purchasers cannot short/hedge for two years after Closing ◆ Redemption: Targa can redeem the Preferred Stock at its option in the 6th year at 110 and at 105 thereafter ◆ Conversion: After 12 years, Stonepeak and, under certain conditions, Targa, can redeem into Targa common stock ◆ Warrants: Seven year term; net settled in cash or shares ◆ Governance: Stonepeak has the right to name an observer to Targa’s Board of Directors
Closing	<ul style="list-style-type: none"> ◆ Scheduled for mid-March



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