



**TARGA**

**Targa Resources Corp.  
to Acquire  
Targa Resources Partners LP**  
*Positioning Targa for Continued Long-Term Success*

November 3, 2015

# 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 proposed transaction to Targa Resources Corp. (“TRC”) and Targa Resources Partners LP (“TRP”) and their stockholders and unitholders, respectively, the anticipated completion of the proposed transaction or the timing thereof, the expected future growth, dividends, distributions of the combined company, and plans and objectives of management for future operations. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that TRC or TRP 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 TRC and TRP, which could cause results to differ materially from those expected by management of TRC and TRP. 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 TRC’s and TRP’s filings with the Securities and Exchange Commission (the “SEC”), including the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Neither TRC nor TRP undertakes an obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.**

# Additional Information

## Additional Information and Where to Find It

In connection with the proposed transaction, TRC will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of TRP and TRC and a prospectus of TRC (the “joint proxy statement/prospectus”). In connection with the proposed transaction, TRC plans to mail the definitive joint proxy statement/prospectus to its shareholders, and TRP plans to mail the definitive joint proxy statement/prospectus to its unitholders.

INVESTORS, SHAREHOLDERS AND UNITHOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT TRC AND TRP, AS WELL AS THE PROPOSED TRANSACTION AND RELATED MATTERS.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval.

A free copy of the joint proxy statement/prospectus and other filings containing information about TRC and TRP may be obtained at the SEC’s Internet site at [www.sec.gov](http://www.sec.gov). In addition, the documents filed with the SEC by TRC and TRP may be obtained free of charge by directing such request to: Targa Resources, Attention: Investor Relations, 1000 Louisiana, Suite 4300, Houston, Texas 77002 or emailing [jkneale@targaresources.com](mailto:jkneale@targaresources.com) or calling (713) 584-1133. These documents may also be obtained for free from TRC’s and TRP’s investor relations website at [www.targaresources.com](http://www.targaresources.com).

## Participants in Solicitation Relating to the Merger

TRC and TRP and their respective directors, executive officers and other members of their management and employees may be deemed to be participants in the solicitation of proxies from the TRC shareholders or TRP unitholders in respect of the proposed transaction that will be described in the joint proxy statement/prospectus. Information regarding TRC’s directors and executive officers is contained in TRC’s definitive proxy statement dated March 26, 2015, which has been filed with the SEC. Information regarding directors and executive officers of TRP’s general partner is contained in TRP’s Annual Report on Form 10-K for the year ended December 31, 2014, which has been filed with the SEC.

A more complete description will be available in the registration statement and the joint proxy statement/prospectus.

# Transaction Overview

- ◆ **Targa Resources Corp. (NYSE: TRGP; “TRC” or the “Company”)** has executed a definitive agreement to acquire all of the outstanding common units of Targa Resources Partners LP (NYSE: NGLS; “TRP” or the “Partnership”) not already owned by TRC
- ◆ **TRP common unitholders will receive 0.62 of a TRC share for each TRP common unit**
  - ◆ 100% of consideration to TRP common unitholders in the form of TRC shares
  - ◆ Implies 18% premium to TRP 10-trading day volume-weighted average price and 18% premium to 11/2/2015 close
  - ◆ No additional financing requirements
- ◆ **All existing debt remains at TRP and Series A preferred units at TRP remain outstanding**
  - ◆ No change of control triggered across the capital structure
  - ◆ Taxable transaction to TRP common unitholders<sup>(1)</sup> with step-up to TRC
  - ◆ TRP’s incentive distribution rights will be eliminated
- ◆ **Transaction is expected to close in Q1 2016, subject to customary closing conditions**
  - ◆ Terms of the transaction have been approved by the TRP Conflicts Committee and the TRP and TRC Boards of Directors
  - ◆ Requires approvals from TRP common unitholders and TRC shareholders

*Transaction expected to provide both immediate and long-term benefits to Targa’s investors*

# Positioning Targa for Continued Long-Term Success

## Improved Coverage and Credit Profile

- ◆ Expected cumulative incremental coverage of over \$400 million through 2018<sup>(1)</sup>
- ◆ Increased coverage supports dividend growth outlook, while reducing external financing needs
- ◆ Expected dividend coverage greater than 1.05x through 2018<sup>(1)</sup>
- ◆ Reduces leverage and expected to improve metrics over time

## Simplified Structure

- ◆ C-Corp structure with \$9 billion pro forma market capitalization should attract broader universe of investors
- ◆ Deeper pool of capital available to finance growth
- ◆ One public entity structure with simplified governance

## Improved Cost of Capital

- ◆ Elimination of IDRs provides immediate cost of capital improvement
- ◆ Lower cost of equity improves competitive position for expansion and acquisition opportunities
- ◆ Tax attributes of combination lowers TRC's cash taxes

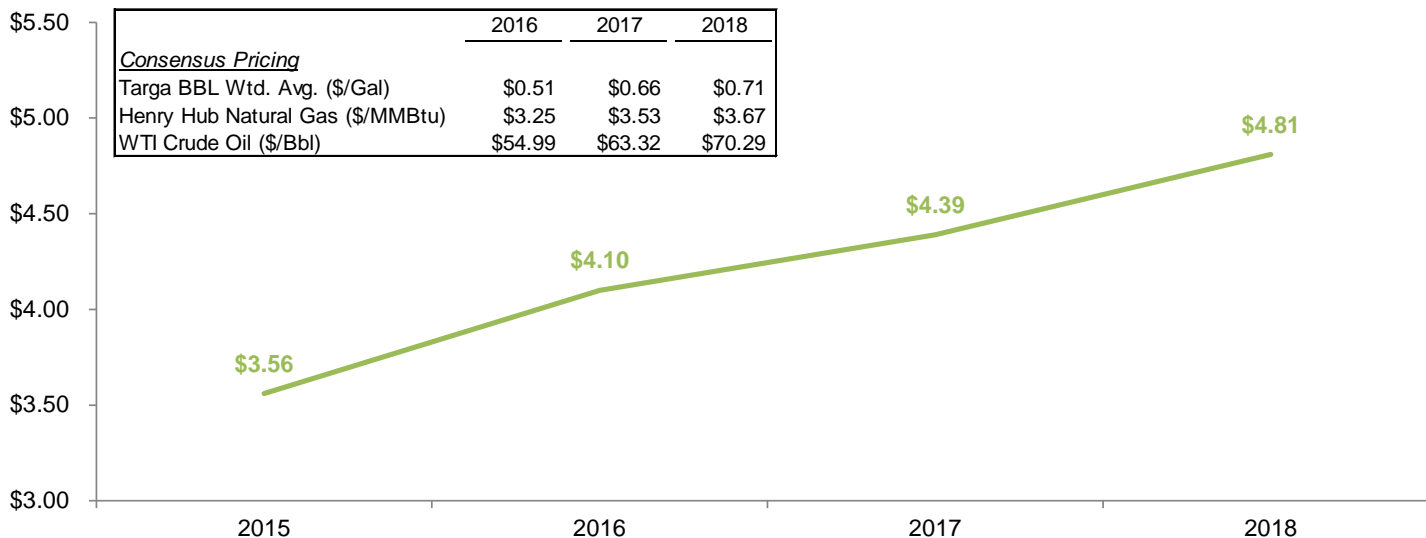
## Stronger Long-Term Growth Outlook

- ◆ Immediately accretive to TRC shareholders
- ◆ Transaction allows Targa to continue to invest in high-return growth projects
- ◆ Better positioned for “lower for longer” environment in downside cases
- ◆ Enhanced upside potential in price recovery cases

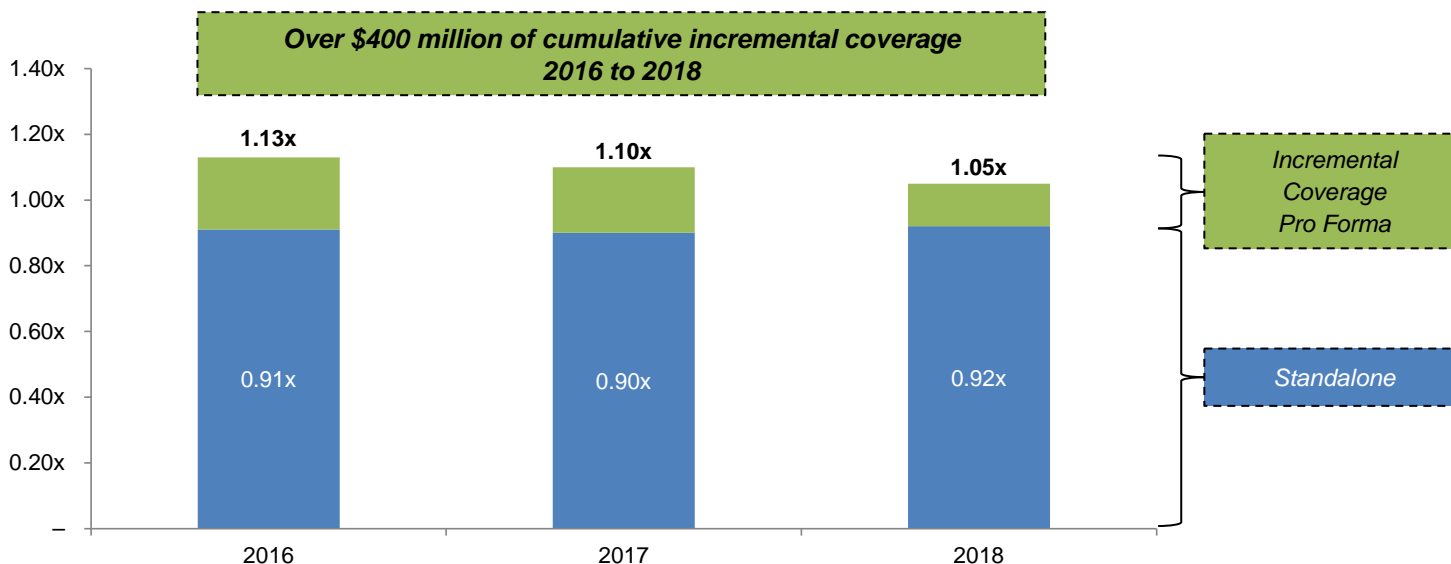


# Improved Dividend Growth and Coverage

## TRC Pro Forma Dividends per Share – Consensus Pricing<sup>(1)</sup>



## Coverage – Consensus Pricing<sup>(1)</sup>



### Pro Forma:

- ◆ Strong pro forma dividend growth compared to current flat TRP distribution outlook
  - ◆ 15% expected dividend growth in 2016
  - ◆ Over 10% estimated dividend CAGR from 2015 to 2018
- ◆ ~0.2x average improvement in pro forma coverage
- ◆ Stronger coverage improves capital access and supports dividend growth outlook

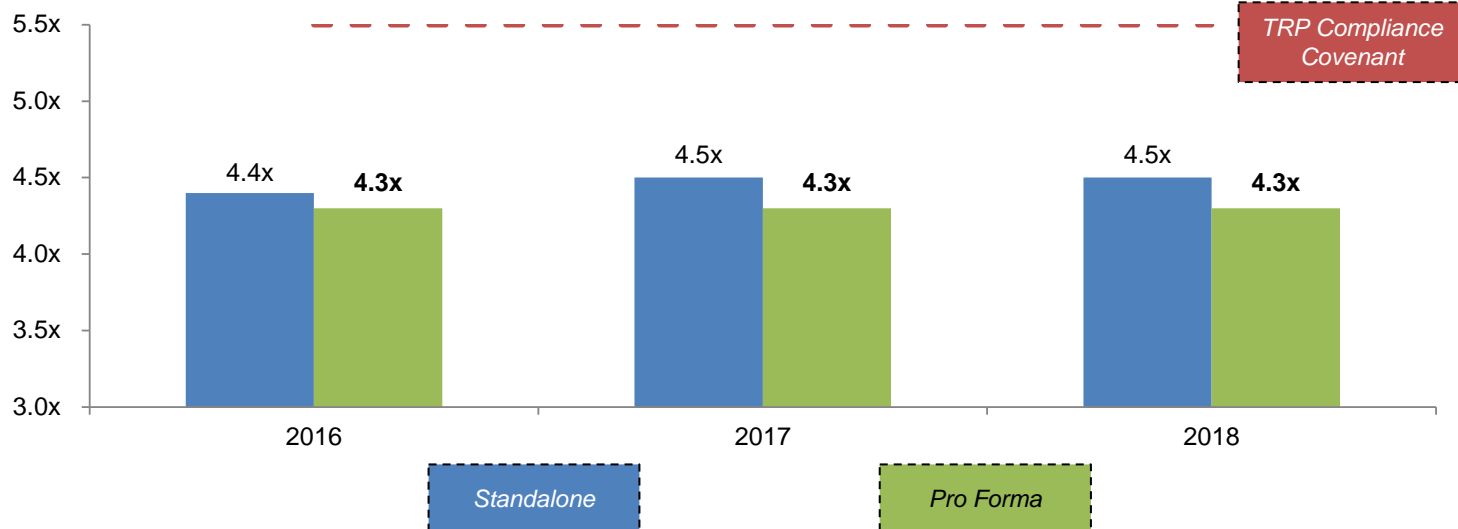
### TRP Standalone:

- ◆ EBITDA growth offset by lower hedge settlements, IDR giveback roll-off and growing interest expense from coverage shortfall
- ◆ Results in relatively flat coverage at \$3.30 distribution per unit



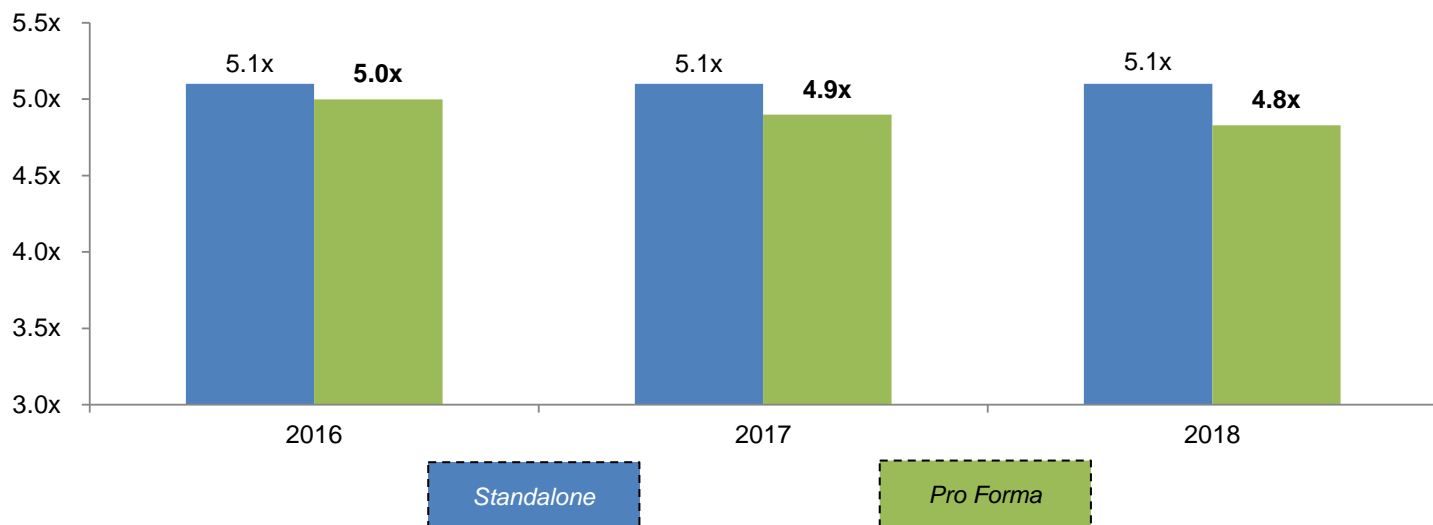
# Improved Credit Profile

## TRP Compliance Leverage – Consensus Pricing<sup>(1)</sup>



- ◆ TRP's existing debt remains outstanding
- ◆ TRP will continue as a reporting entity
- ◆ TRP will continue to have flexibility under its leverage compliance covenant (remains 5.5x)
- ◆ TRP leverage profile improves over time through increased retained cash flow

## Consolidated Leverage – Consensus Pricing<sup>(1)</sup>



- ◆ Targa is not subject to a compliance covenant for consolidated leverage
- ◆ Targa enterprise leverage improves as well

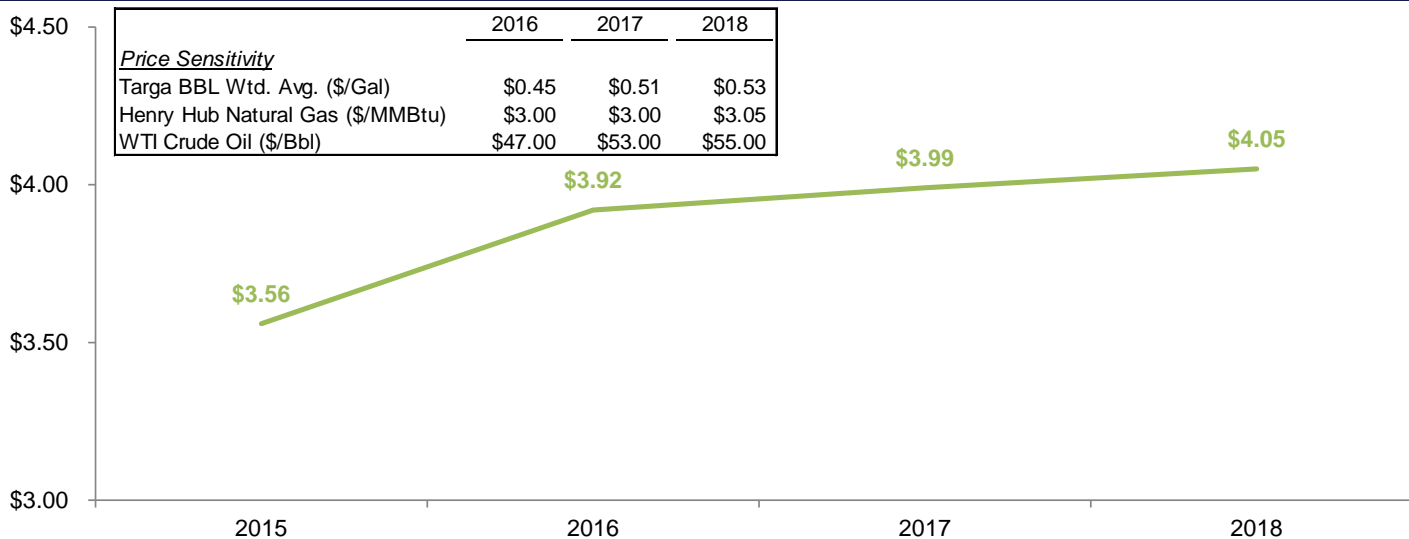


**TARGA**

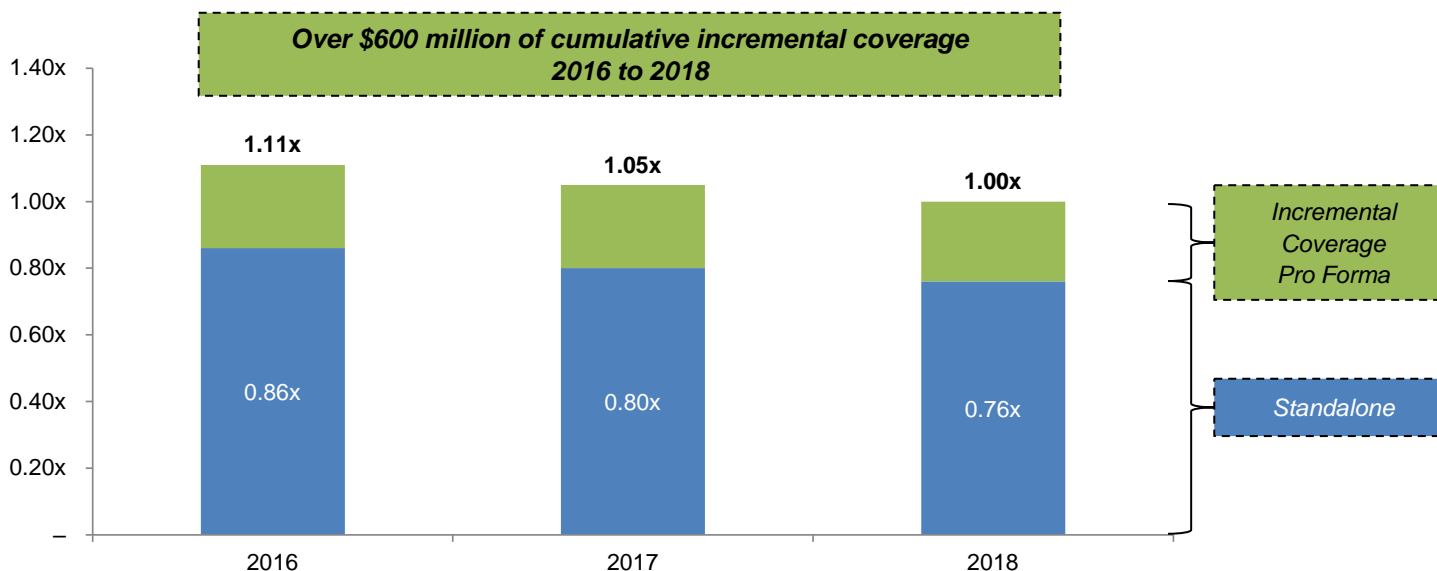
(1) Consistent with scenarios shown to Targa's respective Boards to be provided in proxy materials. See Appendix for prices and other assumptions

# Better Positioned in Lower Commodity Price Environments

## TRC Pro Forma Dividends per Share – Price Sensitivity<sup>(1)</sup>



## Coverage – Price Sensitivity<sup>(1)</sup>



### Pro Forma:

- ◆ Dividend growth with positive coverage even in lower price scenario
  - ◆ ~10% expected dividend growth in 2016
  - ◆ Modest growth thereafter
- ◆ Pro forma coverage improves ~0.2x on average
- ◆ Increased retained cash flow improves leverage

### TRP Standalone:

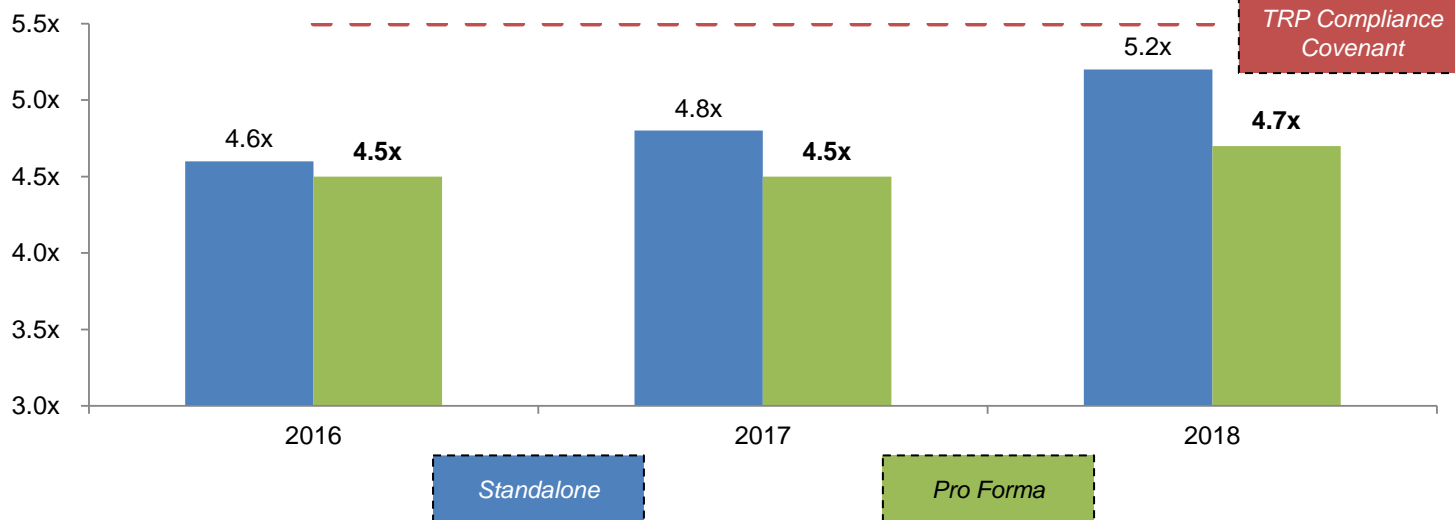
- ◆ Flat EBITDA profile offset by IDR giveback roll-off and growing interest expense from coverage shortfall
- ◆ Results in declining coverage at \$3.30 distribution per unit





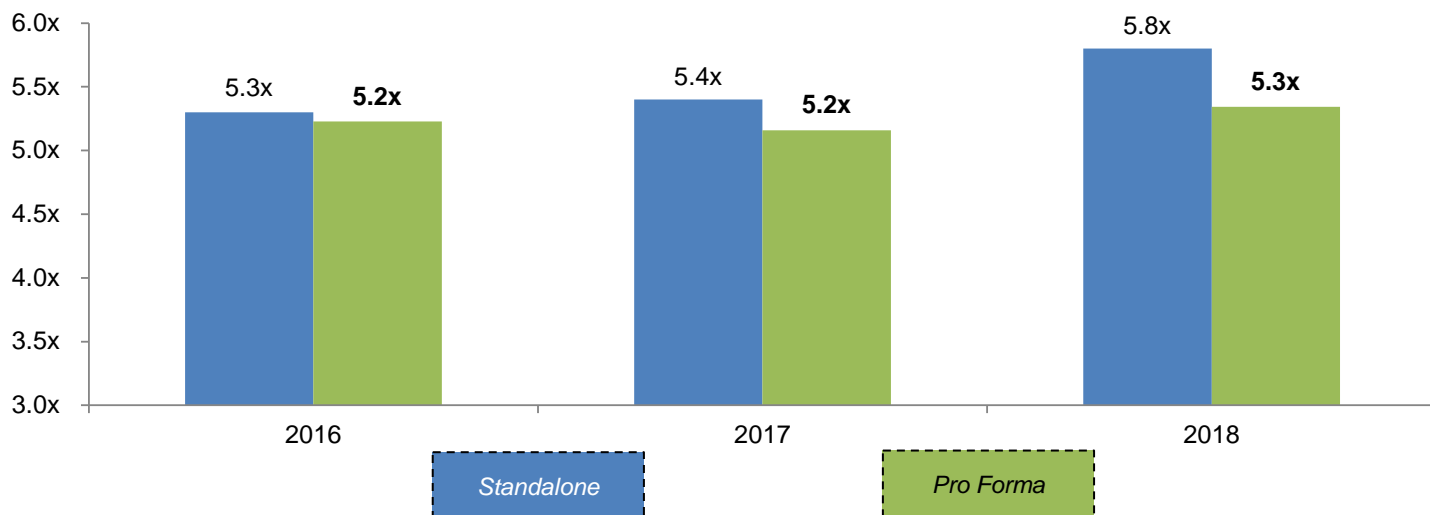
# Better Positioned in Lower Commodity Price Environments

## TRP Compliance Leverage – Price Sensitivity<sup>(1)</sup>



- ◆ TRP's existing debt remains outstanding
- ◆ TRP will continue as a reporting entity
- ◆ TRP will continue to have flexibility under its leverage compliance covenant (remains 5.5x)
- ◆ TRP leverage profile improves over time through increased retained cash flow

## Consolidated Leverage – Price Sensitivity<sup>(1)</sup>



- ◆ Targa is not subject to a compliance covenant for consolidated leverage
- ◆ Targa enterprise leverage improves as well

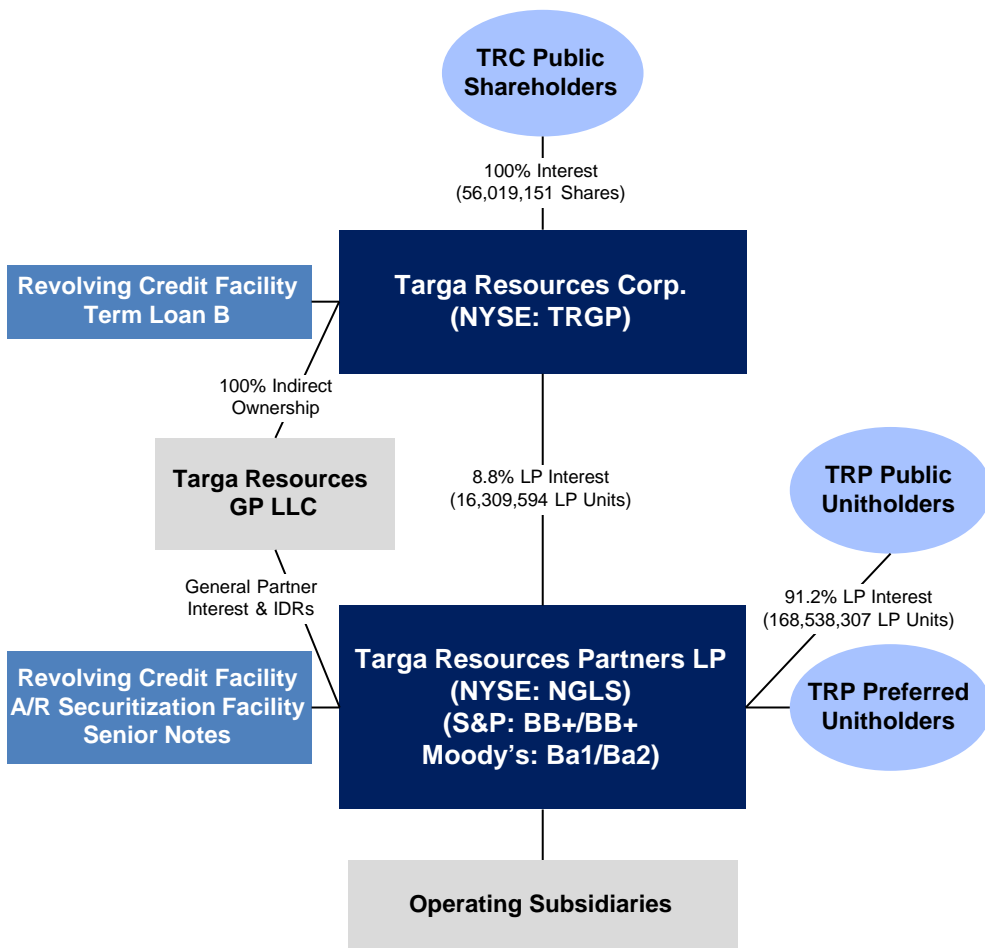


**TARGA**

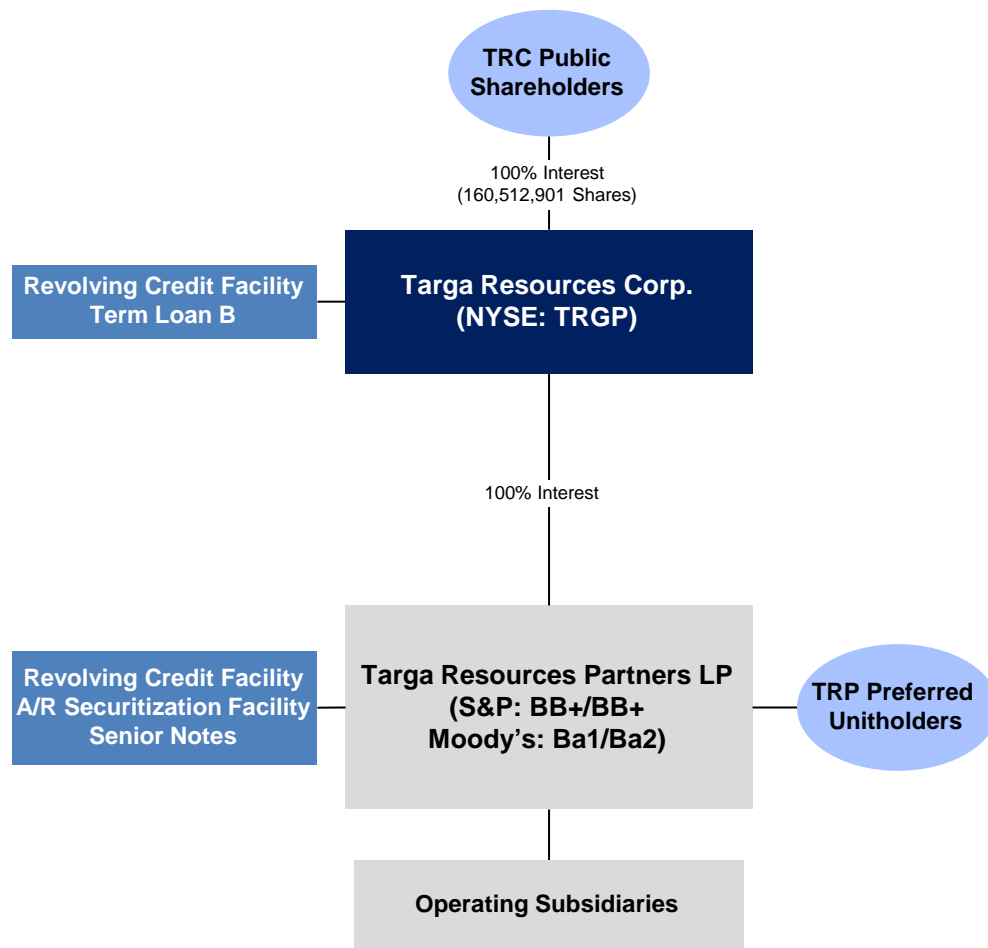
(1) Consistent with scenarios shown to Targa's respective Boards to be provided in proxy materials. See Appendix for prices and other assumptions

# Simplified Public Structure

## Current Public Structure



## Pro Forma Public Structure

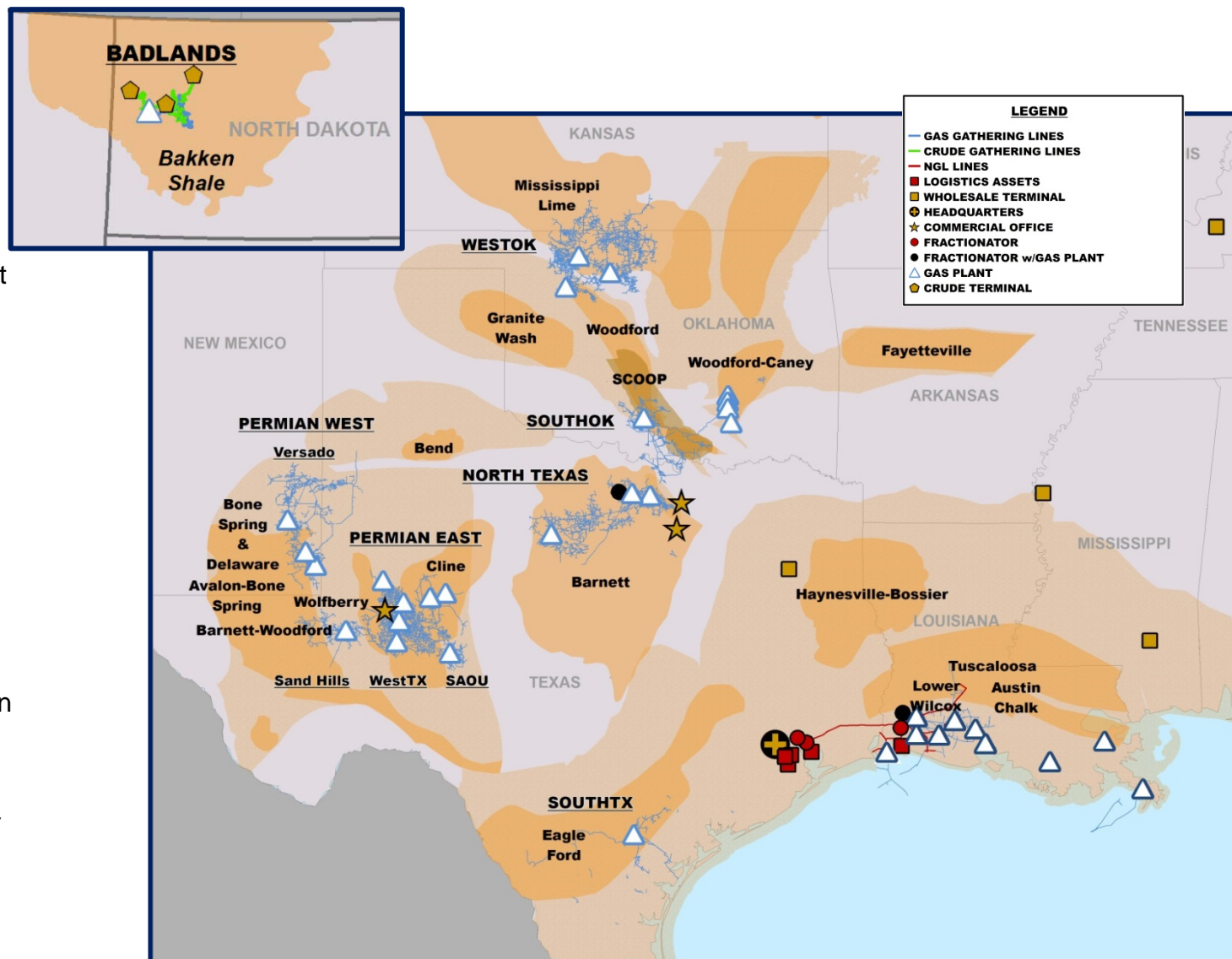


**TRC pro forma market capitalization of \$9 billion –  
Attracts broader universe of investors and accesses deeper pool of capital**

# Future Growth – Projects in Progress and Under Development

## Pro Forma Targa Well Positioned to Capitalize on Opportunity-Rich Environment

- ◆ 2016 growth capex of approximately \$600 million, including the following:
  - ◆ CBF Train 5
  - ◆ 200 MMcf/d Buffalo Plant in WestTX
  - ◆ 200 MMcf/d La Salle County Plant in SouthTX
  - ◆ Additional G&P expansions in Versado and Badlands
  
- ◆ **Stronger Targa enterprise positioned to capitalize on additional high-return opportunities beyond 2016**
  - ◆ Diversified footprint continues to generate attractive opportunities in current commodity environment
  - ◆ Improved access to capital and cost of capital translates to higher growth



# Pro Forma 2016 Guidance

	Standalone	Pro Forma
TRP Distribution Growth (FY2016 vs FY2015) – Consensus Pricing	0%	–
TRC Dividend Growth (FY2016 vs FY2015) – Consensus Pricing	15%	15%
TRP Distribution Growth (FY2016 vs FY2015) – Price Sensitivity	0%	–
TRC Dividend Growth (FY2016 vs FY2015) – Price Sensitivity	No Guidance Provided	~10%
TRP Distribution / Dividend Coverage	0.90x to 0.95x	1.1x to 1.2x
Compliance Leverage Ratio	Mid 4x	Mid 4x
Growth Capex	\$600 million	\$600 million
TRC Effective Cash Tax Rate	0% to 5%	0%



# Summary Transaction Timeline

- ◆ **Initial S-4 filing expected in November 2015**
- ◆ **Expect TRP unitholder and TRC shareholder meetings in Q1 2016**
- ◆ **Expect closing in Q1 2016**
- ◆ **Subject to customary closing conditions**



**TARGA**

## Appendix

# Summary Assumptions

## ◆ Consensus Pricing:

	2016	2017	2018
<i>Commodity Price Deck</i>			
Targa BBL Wtd. Avg. (\$/Gal) <sup>(1)</sup>	\$0.51	\$0.66	\$0.71
Henry Hub Natural Gas (\$/MMBtu)	\$3.25	\$3.53	\$3.67
WTI Crude Oil (\$/Bbl)	\$54.99	\$63.32	\$70.29
<i>Growth Capex (\$ in Millions)</i>			
Growth Capex	\$554.5	\$600.0	\$600.0

## ◆ Price Sensitivity:

	2016	2017	2018
<i>Commodity Price Deck</i>			
Targa BBL Wtd. Avg. (\$/Gal) <sup>(1)</sup>	\$0.45	\$0.51	\$0.53
Henry Hub Natural Gas (\$/MMBtu)	\$3.00	\$3.00	\$3.05
WTI Crude Oil (\$/Bbl)	\$47.00	\$53.00	\$55.00
<i>Growth Capex (\$ in Millions)</i>			
Growth Capex	\$554.5	\$399.6	\$224.5





**1000 Louisiana**

**Suite 4300**

**Houston, TX 77002**

**Phone: (713) 584-1000**

**Email: [InvestorRelations@targaresources.com](mailto:InvestorRelations@targaresources.com)**

**Website: [www.targaresources.com](http://www.targaresources.com)**