Targa Resources

Investor Presentation

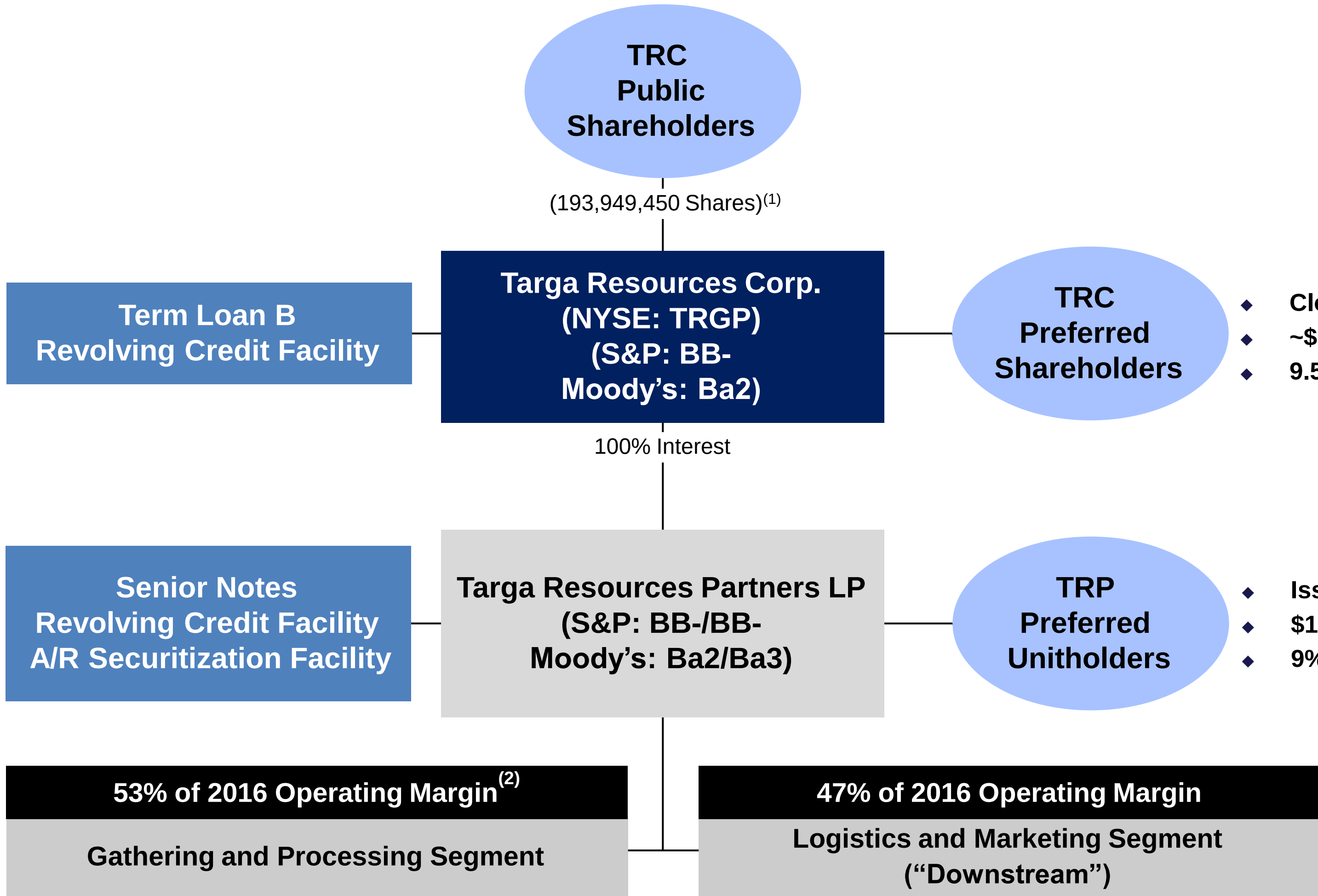
Fourth Quarter 2016

February 15, 2017

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. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that Targa Resources Corp. (NYSE: TRGP; "Targa", "TRC" or the "Company") 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 Company's control, which could cause results to differ materially from those expected by management of Targa Resources Corp. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including declines in the production of natural gas or in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts, the credit risk of customers and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and other reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Targa's Corporate Structure



TRC Preferred Shareholders:

- Closed in March 2016
- ~$1 billion Series A Preferred Stock
- 9.5% dividend paid quarterly

TRP Preferred Unitholders:

- Issued in October 2015
- $125 million Series A Preferred Units
- 9% distribution paid monthly

(1) Represents outstanding shares of our common stock beneficially owned and outstanding as of February 13, 2017
(2) Includes the effects of commodity derivative hedging activities

Strong Asset Base Poised for Growth

A Strong Footprint in Active Basins

- Premier Permian Basin footprint across Midland Basin, Central Basin Platform and Delaware Basin, augmented by the acquisition announced on January 23, 2017
- Midcontinent position well exposed to SCOOP play and STACK play
- Dedicated acreage across the most attractive counties exposed to Bakken activity
- Enhanced Eagle Ford presence through attractive JV

And a Leading Position at Mont Belvieu

- Premier fractionation ownership position in NGL market hub at Mont Belvieu
- Most flexible LPG export facility on the US Gulf Coast, with approximately 2/3 of our capacity contracted at attractive rates each year through 2022 with fee-based, take-or-pay contracts
- Positions not easily replicated
- Additional NGL volumes will flow to Mont Belvieu from increased E&P activity

Drive Targa's Long-Term Growth

- Disciplined balance sheet management means Targa is well positioned across any environment
- Continued G&P expansions as E&P activity increases
- Adding fractionation over time to support NGL supply increases, "when" not "if"
- Hedge percentages decreasing beyond 2017, will help capture tailwinds in a rising commodity price environment

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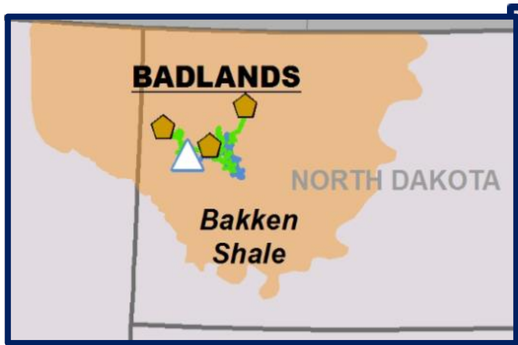
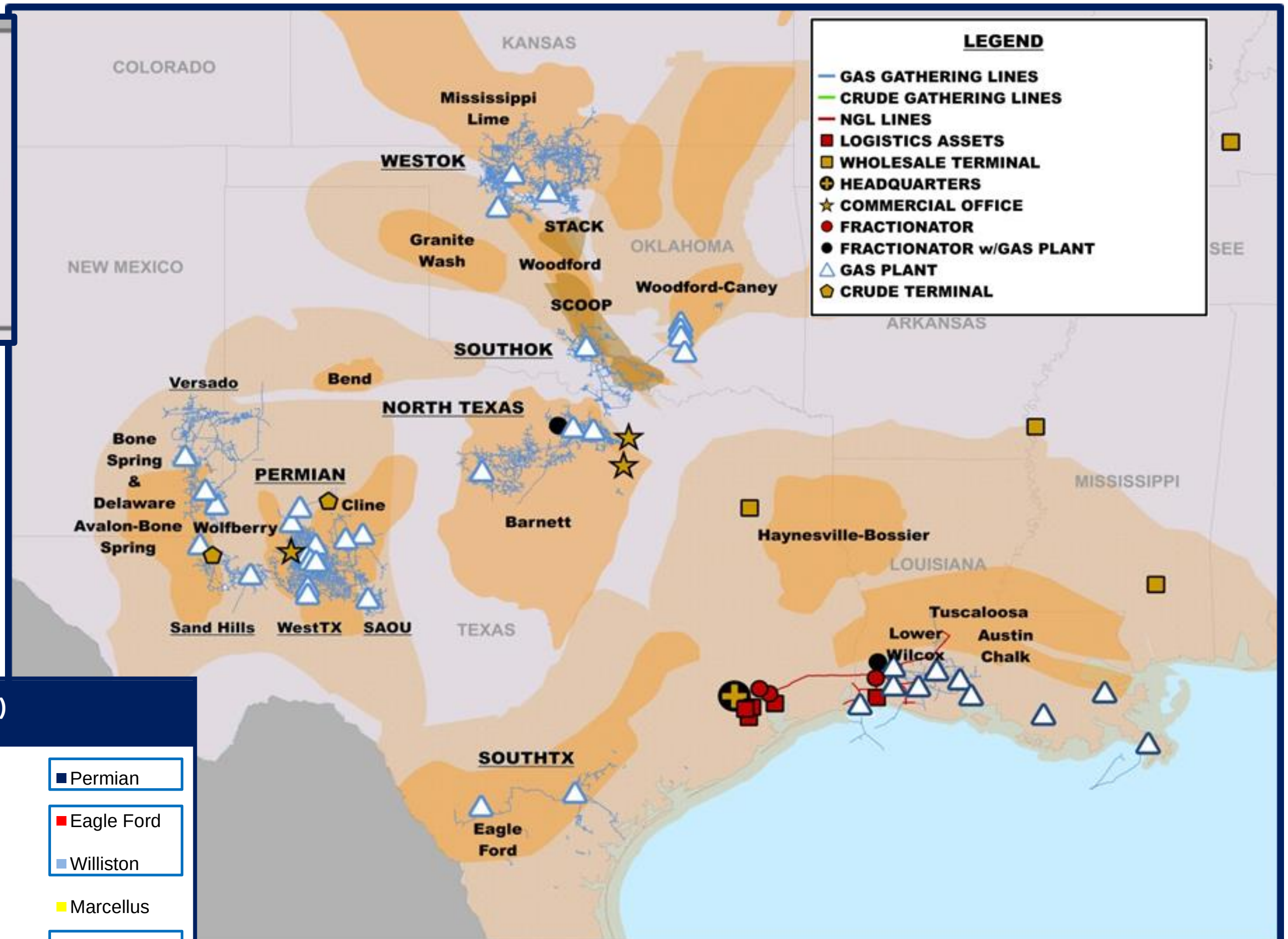
(1) Acquisition expected to close in Q1 2017 subject to customary regulatory approvals and other closing conditions

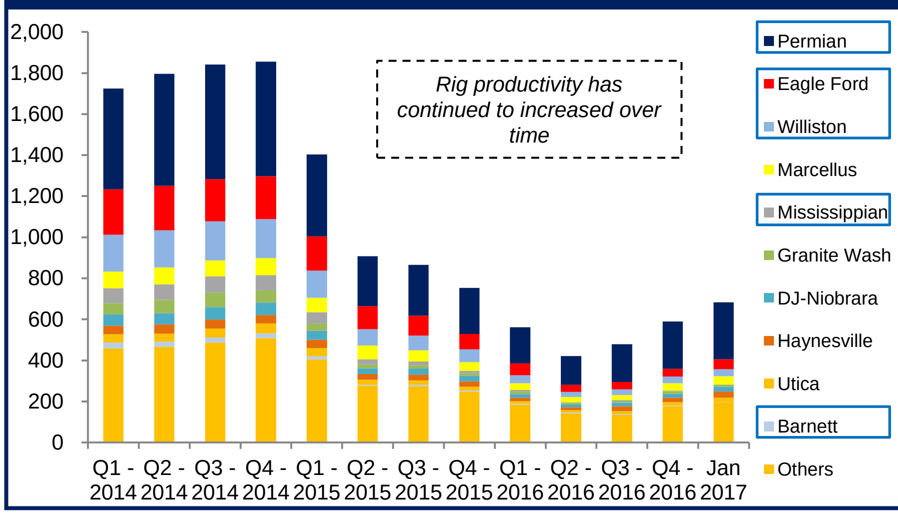
Attractive Asset Footprint





- **Targa's assets are positioned in some of the best basins in the US, with exposure to the Permian, STACK, SCOOP, Bakken and Eagle Ford**
- **Diversified customer base across all businesses**

U.S. Land Rig Count by Basin(1)



Asset Highlights

- ~8.7 Bcf/d gross processing capacity(2)
- 44 natural gas processing plants(3)
- ~ 28,600 miles of natural gas, NGL and crude oil pipelines
- Gross NGL production of ~329 MBbls/d in 2016
- 3 crude and refined products terminals (2.5 MMBbls of storage)
- Over 670 MBbl/d gross fractionation capacity
- 7.0 MMBbl/month or more capacity LPG export terminal

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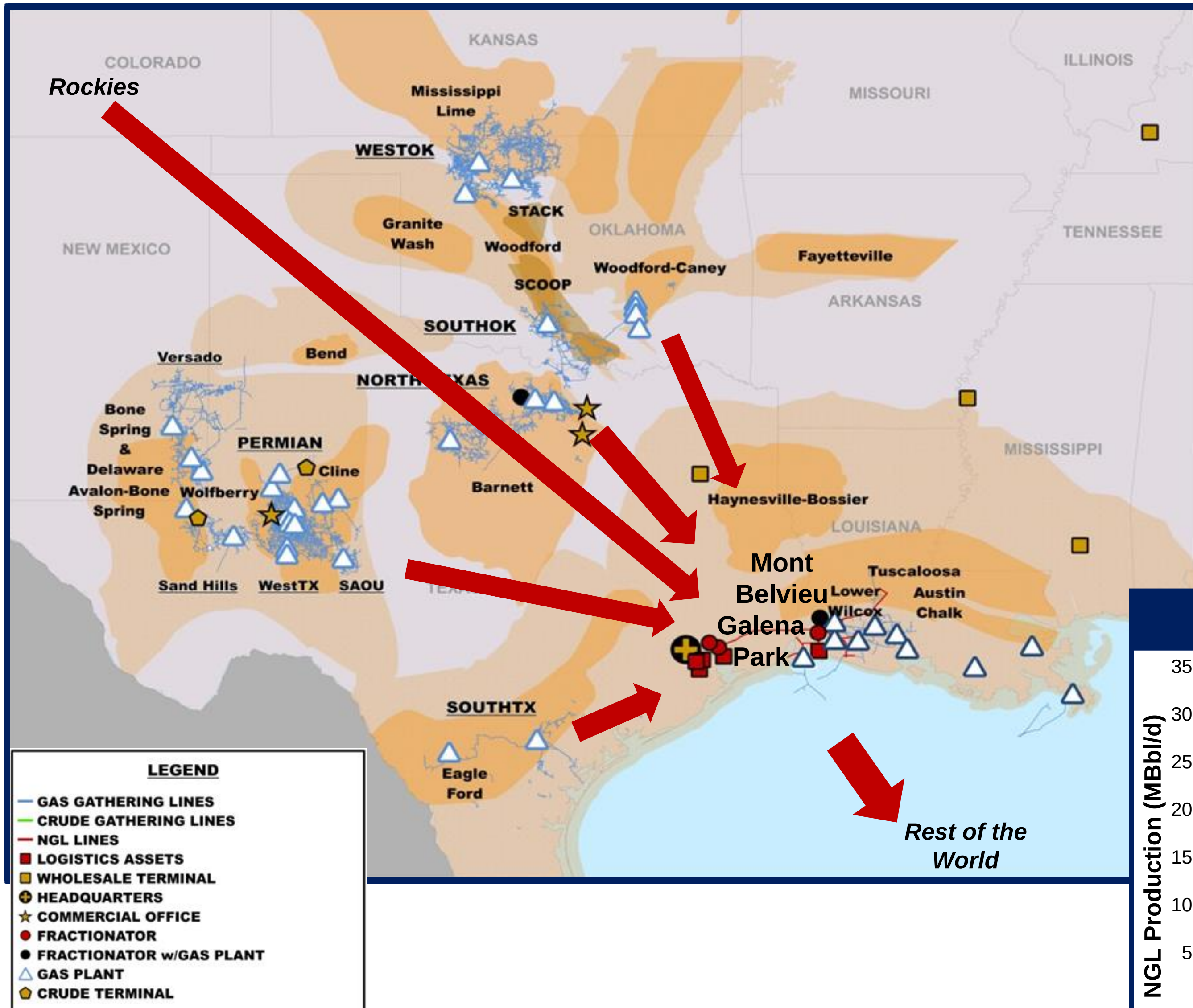
(1) Source: Baker Hughes; data through January 27, 2017

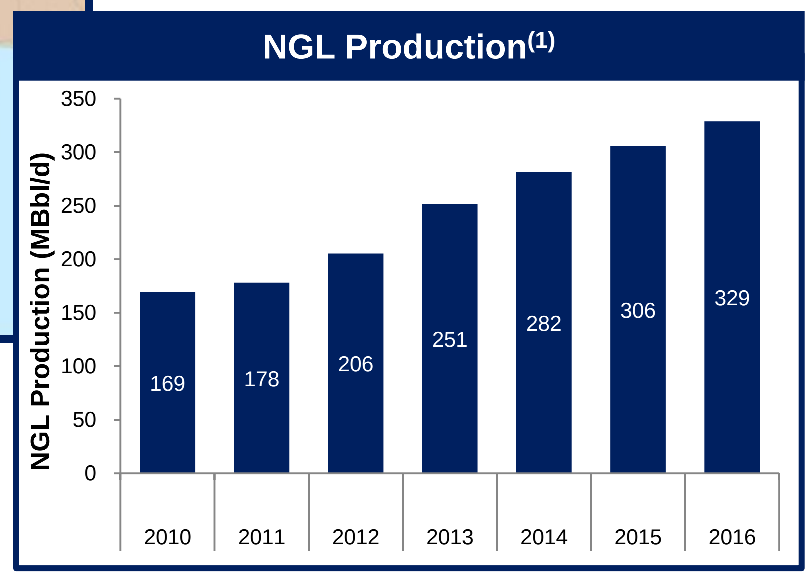
(2) Includes addition of SouthTX Raptor Plant (260MMcf/d), Joyce WestTX Plant (200MMcf/d), 20MMcf/d Midkiff expansion in WestTX, Permian acquisition announced January 23, 2017 (80MMcf/d), and a new (60MMcf/d) plant in the Delaware, subject to the announced acquisition on January 23, 2017 closing

(3) Assumes acquisition announced January 23 , 2017 closes, and includes SouthTX Raptor Plant under construction, new Joyce WestTX Plant, new Delaware plant and newly acquired processing plants in the Permian

Producer Activity Drives NGL Flows to Mont Belvieu



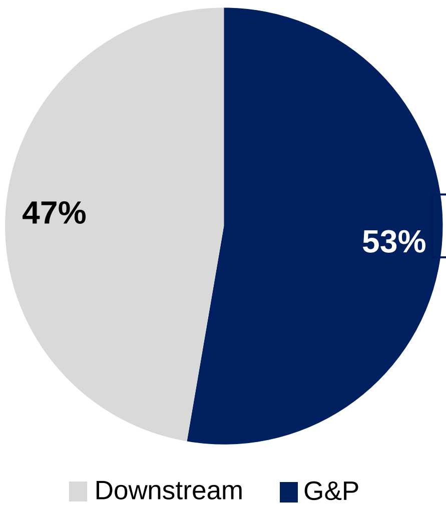
- **Growing field NGL production increases NGL flows to Mont Belvieu**
- **Increased NGL production will support Targa's expanding Mont Belvieu and Galena Park presence**
- **Petrochemical investments, fractionation and export services will continue to clear additional domestic supply**
- **Targa's Mont Belvieu and Galena Park businesses very well positioned**



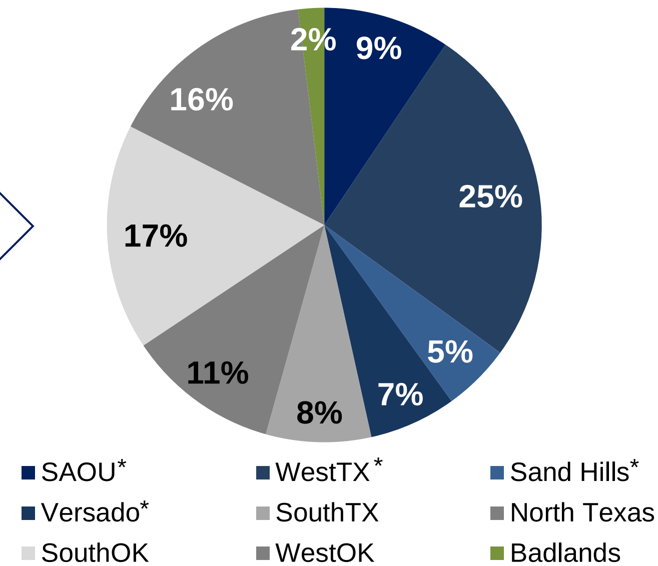
TARGA (1) *Pro forma Targa/TPL for all years*

Business Mix, Diversity and Fee Based Margin

Business Mix – FY 2016 Operating Margin

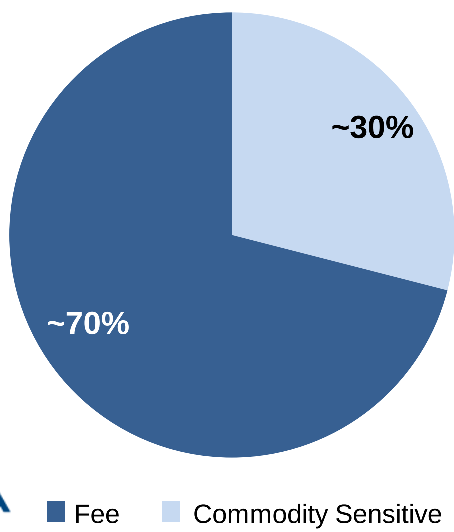


Field G&P Diversity – FY 2016 Natural Gas Inlet Volumes



* *Permian Basin*

Fee-Based Margin – FY 2016



- **At IPO in 2007, TRP operated a single G&P system (North Texas), with ~100% POP exposure**
- **Since then, TRP has developed into a fully diversified midstream services provider:**
  - Significant margin contributions from both Downstream and G&P operations
  - Diversification across 10+ shale/resource plays
  - Diversification in downstream activities (fractionation, LPG exports, treating, storage, etc.)
- **~70% fee-based margin for FY2016 provides cash flow stability**

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Positioning and Strategy Looking Forward

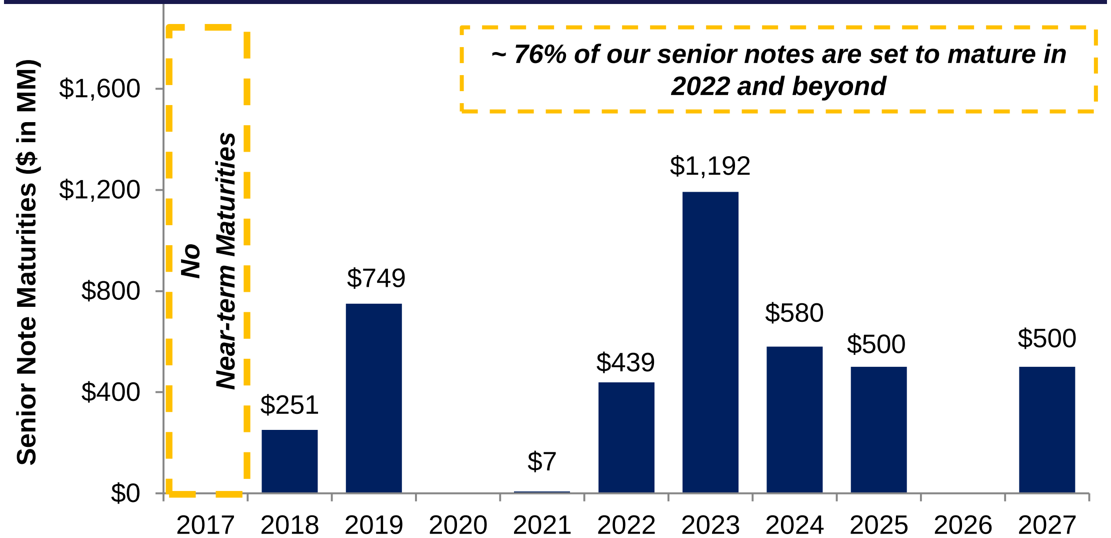
Asset Footprint Well Positioned	◆ **G&P growth driven by producers with assets in some of the most economic basins in the world** ◆ Focus on continuing to grow in Permian (Midland Basin, Delaware Basin), STACK, SCOOP and Bakken ◆ Systems already located in active areas will continue to benefit as producer activity increases ◆ Current excess capacity in many Targa systems provides margin expansion with minimal capital outlay ◆ **Downstream Mont Belvieu/Galena Park footprint cannot be replicated** ◆ G&P activity will drive additional NGL volumes downstream to Targa's frac and export facilities ◆ Increased frac volumes expected from greater ethane extraction (new petchems online in 2017+) and additional G&P activity ◆ LPG export facility well positioned with demonstrated track record to help clear excess domestic propane and butanes supply from expected increase in NGL production
Activity will Drive Continued Growth	◆ **Expect higher average Permian, SouthTX and Bakken volumes in 2017 vs. average 2016** ◆ **Recently announced Permian acquisition and processing capacity expansions in the Permian are supported by continuing producer activity** ◆ Acquisition of Delaware and Midland assets will bolt on to existing footprint and is supported by long-term fee-based contracts with active producers[1] ◆ New Joyce WestTX Plant to be completed in Q1 2018, idled Benedum Plant being brought back online in Q1 2017, capacity expansion to Midkiff Plant slated for Q2 2017 completion, due to strong WestTX activity ◆ **Other identified attractive G&P growth capex projects in the Bakken, Mid-Con and Eagle Ford** ◆ **Continuing development of significant downstream projects supported by G&P activity/volumes**
Strong Balance Sheet and Liquidity	◆ **Targa's operations are supported by a strong balance sheet and liquidity position** ◆ As of December 31, estimated TRP compliance leverage ratio was 3.8x (5.5x covenant) ◆ Available liquidity of approximately $1.9 billion ◆ No significant near-term debt or revolver maturities ◆ Raised approximately $575 million of total net equity proceeds under ATM program from Q2 through Q4, and expect to continue to utilize the ATM program for more than 50% of growth capex funding

(1) Assumes close of acquisition expected in Q1 2017 subject to customary regulatory approvals and other closing conditions

Leverage and Financial Position

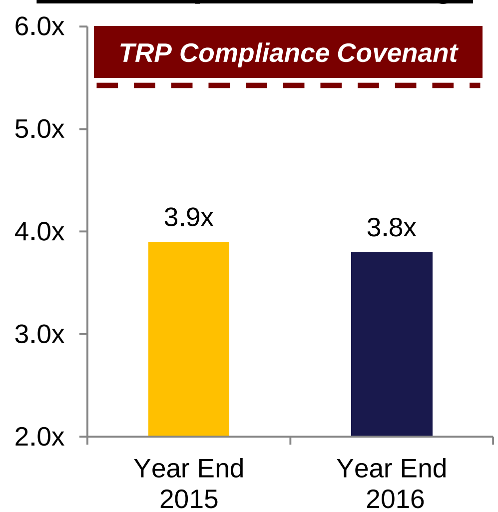
- **Protecting and improving the balance sheet has remained a focus**
- **In October 2016, Targa issued $500 million of 5.125% senior notes due 2025, $500 million of 5.375% senior notes due 2027 with proceeds used to refinance other series of senior notes**
- **In October 2016, TRP amended its $1.6 billion revolver to extend maturity to October 2020**
- **From late May 2016 through December 31, 2016, Targa raised ~$575 million of proceeds via equity issuances through an ATM program**
- **As of December 31, 2016, TRP compliance leverage ratio was 3.8x (5.5x covenant), and liquidity, including availability under both TRP and TRC revolvers, was ~$1.9 billion**
- **Concurrent with announcement that Targa was acquiring assets in the Delaware and Midland Basins, on January 23, 2017, Targa raised net proceeds of ~$525 million through an underwritten public offering of 9.2 million shares of its common stock at $57.65 per share**

Senior Note Maturities[1]

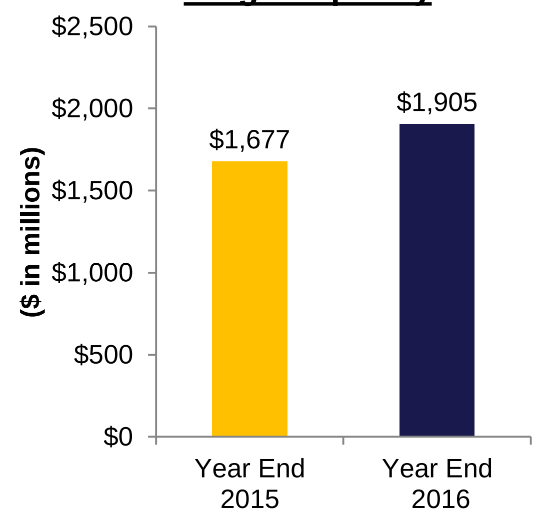


Pro Forma Leverage and Liquidity

TRP Compliance Leverage



Targa Liquidity



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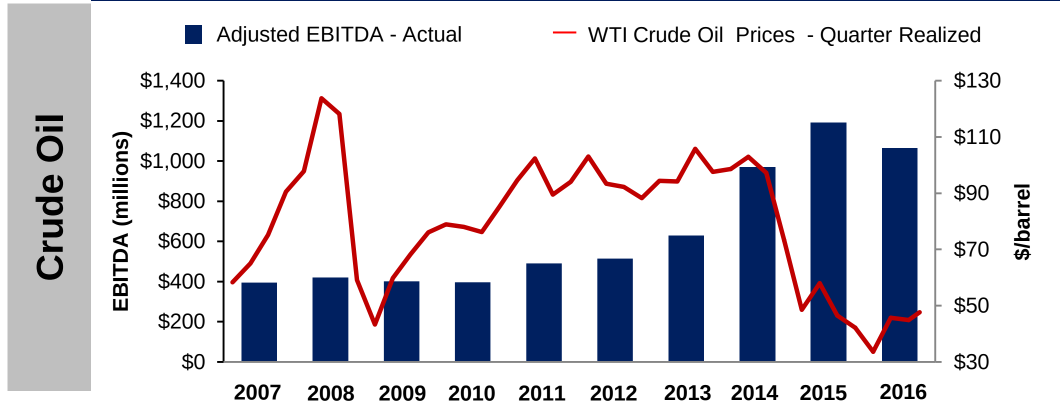
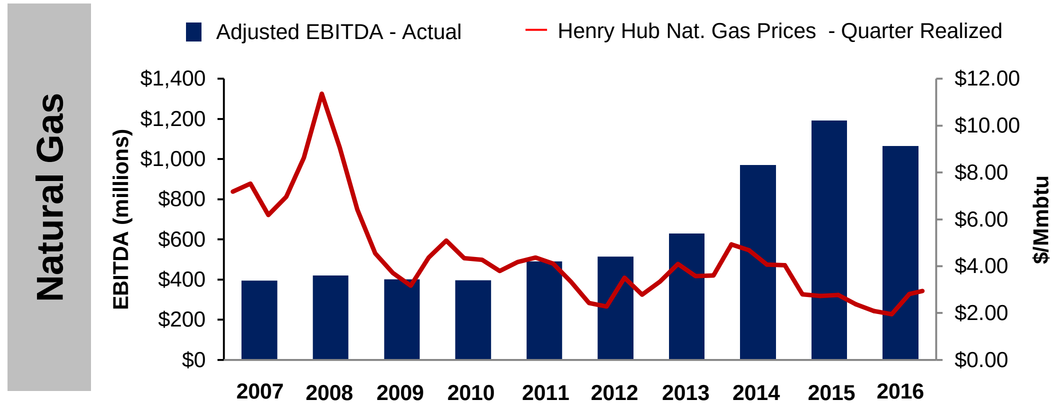
(1) As of December 31, 2016; includes TRC term loan

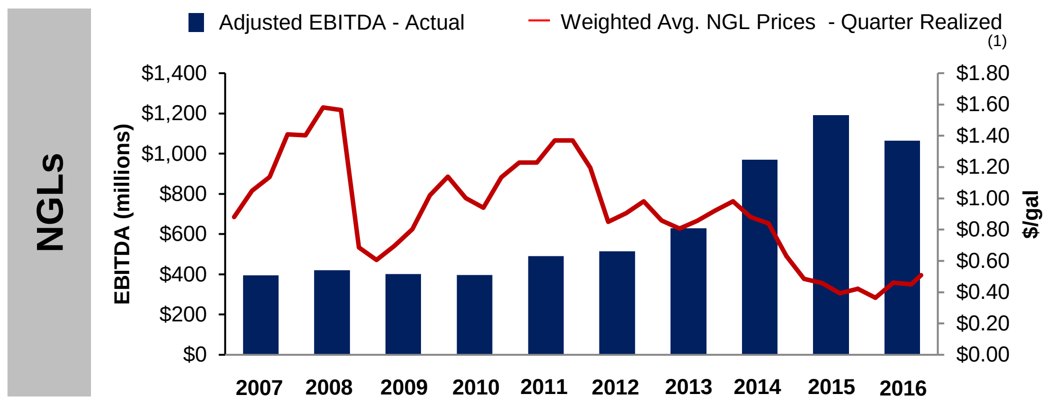
Diversity and Scale Help Mitigate Commodity Price Changes

- **Growth has been driven primarily by investing in the business, not by changes in commodity prices**
- **Targa benefits from multiple factors that help mitigate commodity price volatility, including:**
  - Scale
  - Business and geographic diversity
  - Increasing fee-based margin
  - Hedging
- **Targa is only partially hedged for the balance of 2016 and beyond, and in an environment of rising commodity prices, will benefit**
  - For 2017, approximately 75% of natural gas, 65% of condensate and 50% of NGLs are hedged
  - For 2018, approximately 45% of natural gas, 45% of condensate and 20% of NGLs are hedged
- **Below are commodity price only sensitivities to 2017 Adjusted EBITDA:**
  - +/- $0.05/gal NGLs = +/- $27 million Adjusted EBITDA
  - +/- $0.25/MMBtu nat gas = +/- $10 million Adjusted EBITDA
  - +/- $5.00/Bbl crude oil = +/- $3 million Adjusted EBITDA

Adjusted EBITDA vs. Commodity Prices







Note: Targa's composite NGL barrel comprises 38% ethane, 34% propane, 5% iso-butane, 12% normal butane, and 11% natural gasoline

2017E Net Growth Capex

- **Targa expects to spend at least $700 million of 2017E growth capex (net)**
  - Four major projects are underway, including three additional natural gas processing plants – Joyce WestTX Plant in the Midland Basin, Raptor Plant in the Eagle Ford and a 60 MMcf/d recently announced plant in the Delaware Basin(1)
- **There are a number of other identified projects that are made up of smaller gathering and processing system expansion projects and downstream spending at Mont Belvieu and Galena Park**
  - Expected spending is concentrated in areas where Targa expects to see an increase in G&P activity in 2017
- **There are a number of other attractive G&P and Downstream projects under development, but not yet announced, that may also require growth capex spending in 2017**

($ in millions)	Location	Total Project Capex	2017E Capex	Expected Completion	Primarily Fee-Based
200 MMcf/d WestTX Joyce Plant and Related Infrastructure	Permian - Midland	$90	$80	Q1 2018	
60 MMcf/d Delaware Plant(1) and Related Infrastructure	Permian - Delaware	40	40	Q4 2017	✓
Other Permian - East (additional gas and crude gathering infrastructure)	Permian - East	175	175	2017	
Other Permian - West (additional gas and crude gathering infrastructure)	Permian - West	120	120	2017	✓
Total Permian	**Permian**	**$425**	**$415**		
SouthTX Sanchez Energy JV	Eagle Ford	125	20	Q1 2017	✓
Central (additional gas gathering infrastructure)	Central	30	30	2017	
Total Central	**Eagle Ford, STACK, SCOOP**	**$155**	**$50**		
Total Badlands	**Bakken**	**$75**	**$75**	**2017**	✓
Total - Gathering and Processing		**$655**	**$540**		
Noble Crude and Condensate Splitter(2)	Channelview	140	70	Q1 2018	✓
Downstream Other Identified Spending	**Mont Belvieu**	**90**	**90**	**2017**	✓
Total - Downstream		**$230**	**$160**		✓
Total - Gathering and Processing + Downstream		**$885**	**$700**		

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(1) Assumes close of acquisition announced on January 23, 2017; 60 MMcf/d plant purchased prior to transaction close so spending is related to other infrastructure
(2) Part of the 2016E spending was pushed into 2017; overall project total capex remains $140 million

Operational and Financial Guidance

LPG Contracts at Galena Park

- **Approximately two-thirds of our current estimated export capacity of 7 million barrels per month is contracted each year at attractive rates through 2022**
  - Some years are slightly higher and some years are slightly lower than two-thirds, but two-thirds is representative of the significant percentage of current LPG export capacity is contracted in each year

2017E Field G&P Volumes

- **2017E Field G&P natural gas inlet volumes will average at least 10% higher than 2016 Field G&P average natural gas inlet volumes**
  - In the Permian Basin, we expect average G&P natural gas inlet volumes to increase by approximately 20% in 2017 compared to 2016
    - Includes volumes from acquisition of assets in the Delaware and Midland Basins[1]
  - Expect higher natural gas inlet volumes in SouthTX average 2017 versus average 2016
  - Expect higher natural gas inlet volumes and crude volumes in the Badlands average 2017 versus average 2016
    - These volume increases will be partially offset by lower volumes in WestOK, SouthOK and North Texas

2017E Net Growth and Maintenance Capex

- **2017E net growth capex of at least $700 million for currently announced projects and other identified spending**
  - There are a number of other attractive G&P and Downstream projects under development, but not yet announced, that may require additional growth capex spending in 2017
- **2017E net maintenance capex of approximately $110 million**

2017E Dividend Coverage

- **For full year 2017, expect dividend coverage to exceed 1.0 times**
  - Assumes $3.64 per common share 2017 dividend

Cash Taxes

- **Including Permian acquisition, estimate that Targa will not pay cash taxes for the next 5 years[1]**

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(1) Permian acquisition announced on January 23, 2017 is expected to close in Q1 2017 subject to customary closing regulatory approvals and other closing conditions

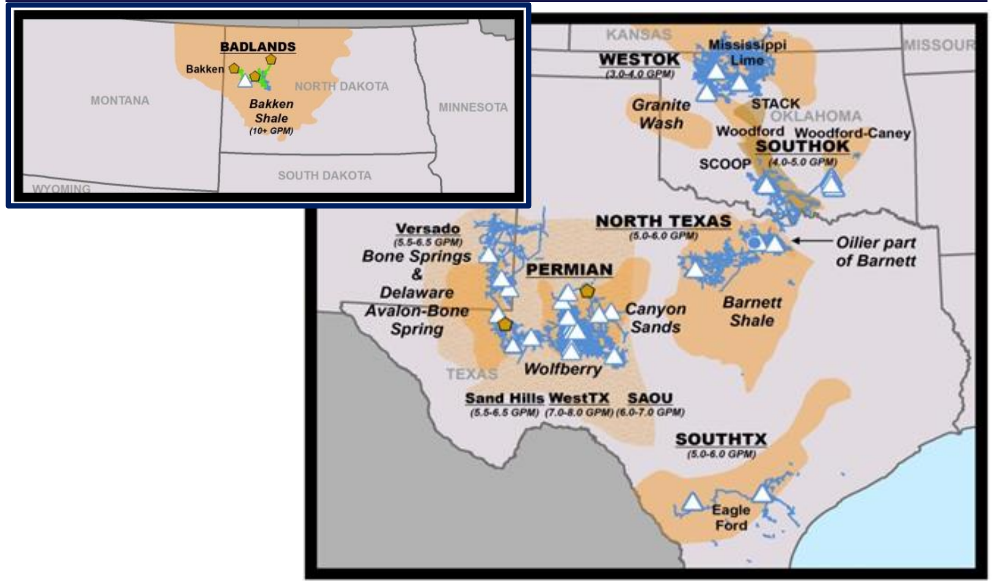
Targa's Attractive Asset Footprint

Extensive Field Gathering and Processing Position

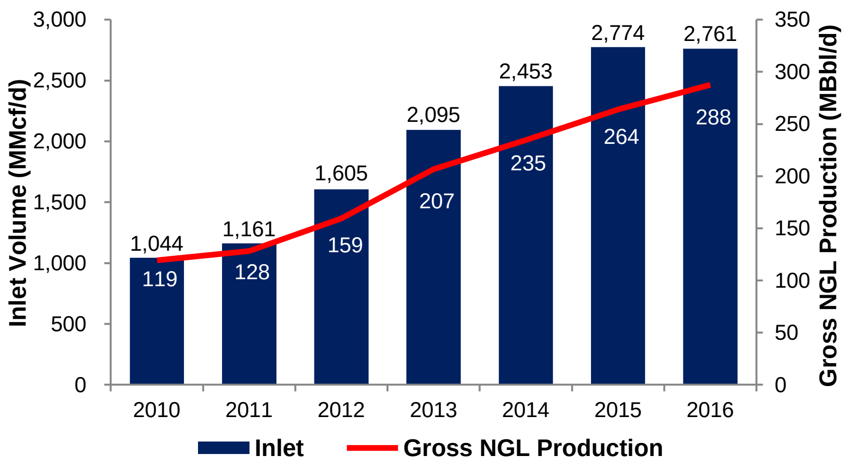
Summary

- **Over 26,000 miles of pipeline across attractive positions**
- **~4.3 Bcf/d of gross processing capacity[(1)(2)]**
- **Announced the acquisition of Delaware and Midland Basin assets on January 23, 2017**
- **Examples of recent/current G&P expansions:**
  - 200 MMcf/d Buffalo Plant placed in service in WestTX in April 2016; new 200 MMcf/d Joyce WestTX Plant recently approved; re-starting 45 MMcf/d Benedum Plant and adding 20 MMcf/d of capacity at Midkiff Plant; new 60 MMcf/d Delaware plant[(3)]
  - 260 MMcf/d Raptor Plant expected in service by April 2017
- **POP and fee-based contracts**

Footprint



Volumes[(4)]



	Est. Gross Processing Capacity (MMcf/d)	Miles of Pipeline[(5)]
SAOU	369	1,760
WestTX[(1)]	1,075	4,440
Sand Hills	165	1,610
Versado	255	3,615
Acquired Midland[(2)]	10	100
Acquired Delaware[(2)]	70	140
New Delaware[(3)]	60	–
Permian Total	**2,004**	**11,665**
SouthTX[(6)]	660	940
North Texas	478	4,695
SouthOK	580	2,280
WestOK	458	6,450
Central Total	**2,176**	**14,365**
Badlands	90	610
Total	**4,270**	**26,640**

(1) Includes the Joyce WestTX Plant and the expansion to Midkiff Plant
(2) Assumes acquisition close expected during Q1 2017
(3) Assuming acquisition close, new Delaware Plant expected online Q4 2017
(4) Pro forma Targa/TPL for all years
(5) Total gas, NGL and crude oil pipeline mileage
(6) Includes 200MMcf/d Raptor Plant (expected online April 2017), which will be expanded to 260 MMcf/d in Q3 2017

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Recently Announced Permian Acquisition Adds to Targa's Premier Permian Position[1]

~65% of active Permian rigs are on or within 10 miles of pro forma Targa assets

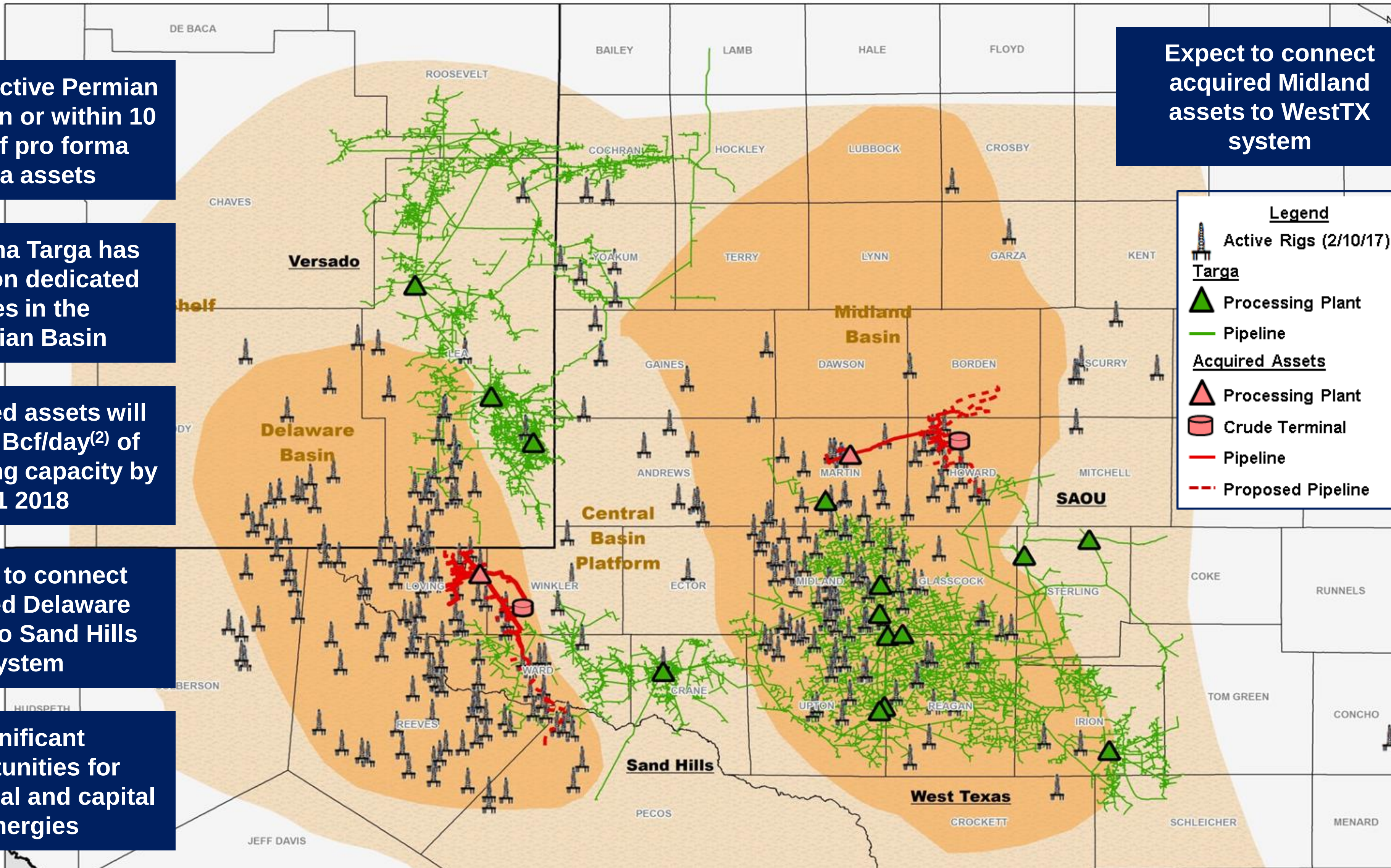
Pro forma Targa has ~2 million dedicated acres in the Permian Basin

Combined assets will have ~2 Bcf/day[2] of processing capacity by Q1 2018

Expect to connect acquired Delaware assets to Sand Hills system

Significant opportunities for operational and capital synergies

Expect to connect acquired Midland assets to WestTX system



Bolting on the acquired Permian assets to Targa's existing footprint increases and strengthens our exposure to active development in the Delaware Basin and the northern Midland Basin

Source: Drillinginfo; rigs as of February 10, 2017

(1) Assumes close of acquisition announced on January 23, 2017

(2) Includes previously announced processing capacity additions in WestTX, close of the Permian acquisition announced January 23, 2017, and the new announced Delaware plant

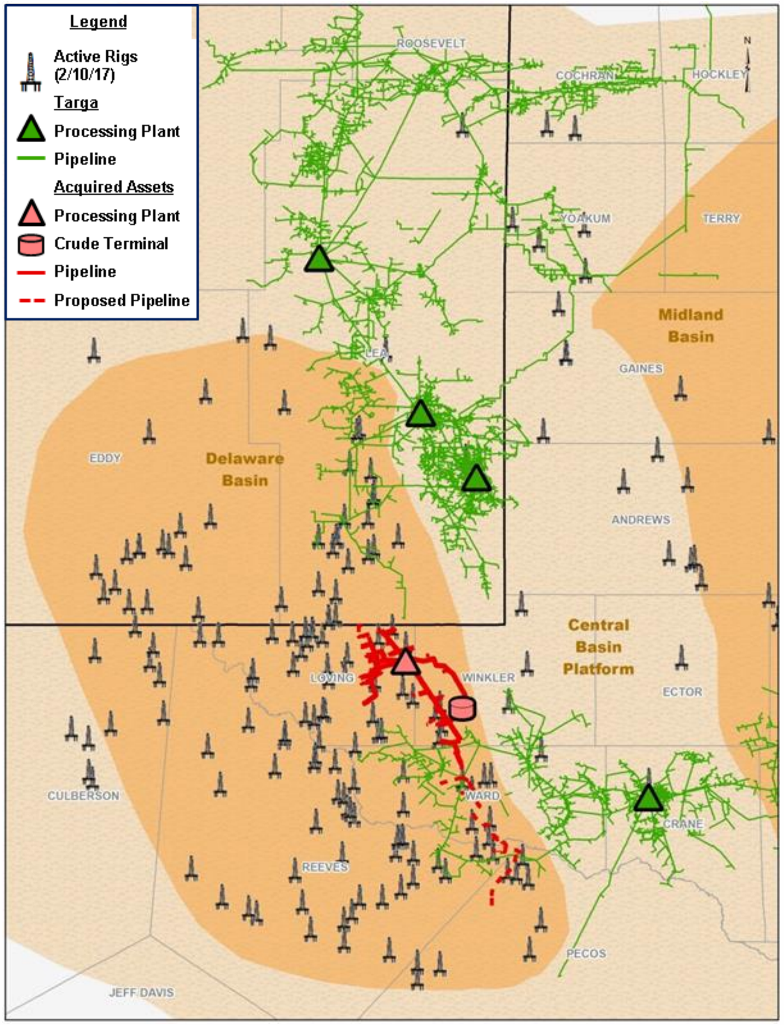
Pro Forma Targa Delaware Basin Assets

Highlights

- **Over 5,000 miles of pipeline across Sand Hills, Versado and newly acquired assets[(1)]**
- **Expect to connect acquired Delaware assets to Sand Hills system**
  - Acquired Delaware assets, Sand Hills, SAOU and WestTX will be connected
  - Eventually may connect Versado, creating a fully-connected Permian system
- **~475 MMcf/d of processing capacity**
  - 70 MMcf/d of additional processing capacity from Delaware acquisition (Loving Plant)
  - Recently announced 60 MMcf/d plant[(1)]
  - Evaluating adding processing capacity to accommodate expected growth
- **High-quality pure-play producers added to system with very limited crossover of existing upstream customers**

Newly Acquired Delaware Assets

- **Weighted average system contract length of 14 years**
- **Loving Plant**
  - 70 MMcf/d cryogenic processing plant capacity
- **Gas Gathering System**
  - ~60 miles of low pressure gathering lines and ~30 miles of high pressure rich gas lines
- **Crude Gathering System**
  - ~50 miles of pipeline with initial capacity of 40,000 Bbls/d
  - 10,000 Bbl internal floating roof tank



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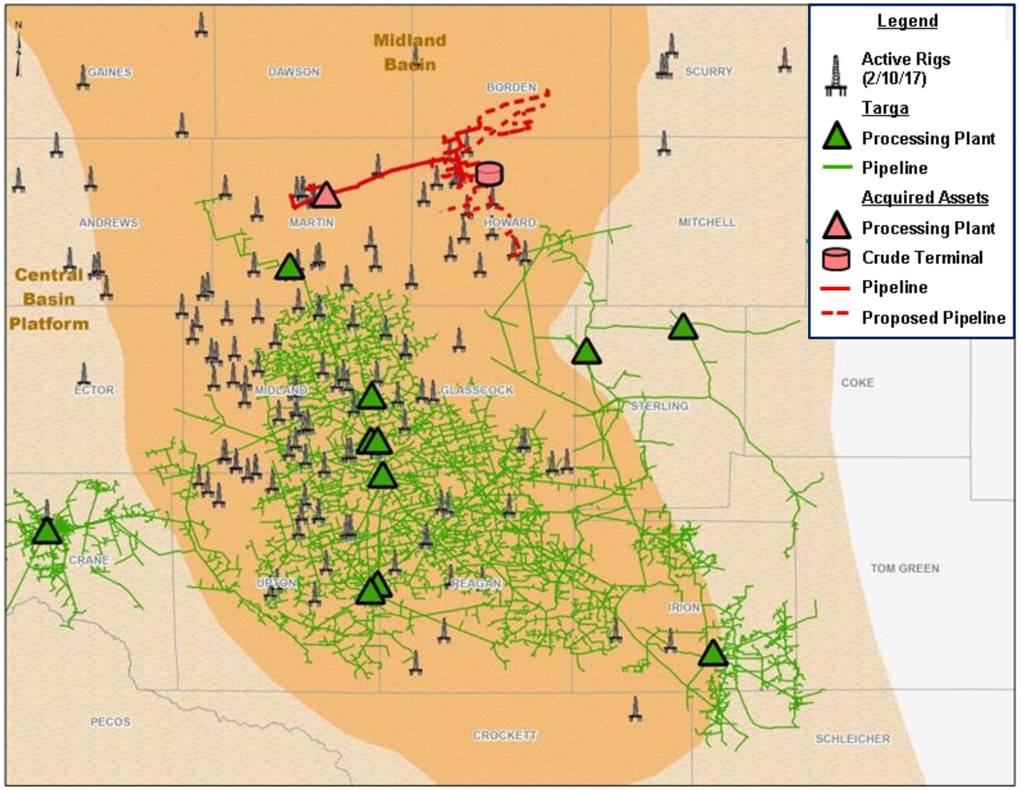
Source: Drillinginfo; rigs as of February 10, 2017
(1) Assumes close of acquisition announced on January 23, 2017

Pro Forma Targa Midland Basin Assets

Highlights

- **Over 5,500 miles of pipeline across WestTX, SAOU and newly acquired Midland assets[1]**
- **Expect to connect newly acquired Midland assets to existing WestTX system at Buffalo Plant**
  - Acquired Midland assets, Sand Hills, SAOU and WestTX will be connected
- **~1,450 MMcf/d Midland Basin processing capacity by year-end 2017**
  - Includes the addition of 10 MMcf/d acquired Midland Tarzan Plant and previously announced 2017 capacity additions to Targa's WestTX system
- **High-quality pure-play producers added to system with very limited crossover of existing upstream customers**



Newly Acquired Midland Assets

- **Weighted average system contract length of 13 years**
- **Tarzan Processing Facility**
  - 10 MMcf/d cryogenic processing plant
- **Gas Gathering and Compression**
  - ~35 miles of low pressure gathering pipelines in Howard, Martin and Borden counties, ~35 miles of high pressure gas gathering lines in service
- **Crude Gathering System**
  - ~30 miles of pipeline with initial capacity of 40,000 Bbls/d
  - 10,000 Bbl internal floating roof tank

Source: Drillinginfo; rigs as of February 10, 2017

(1) Assumes close of acquisition announced on January 23, 2017

Permian (SAOU) – Summary

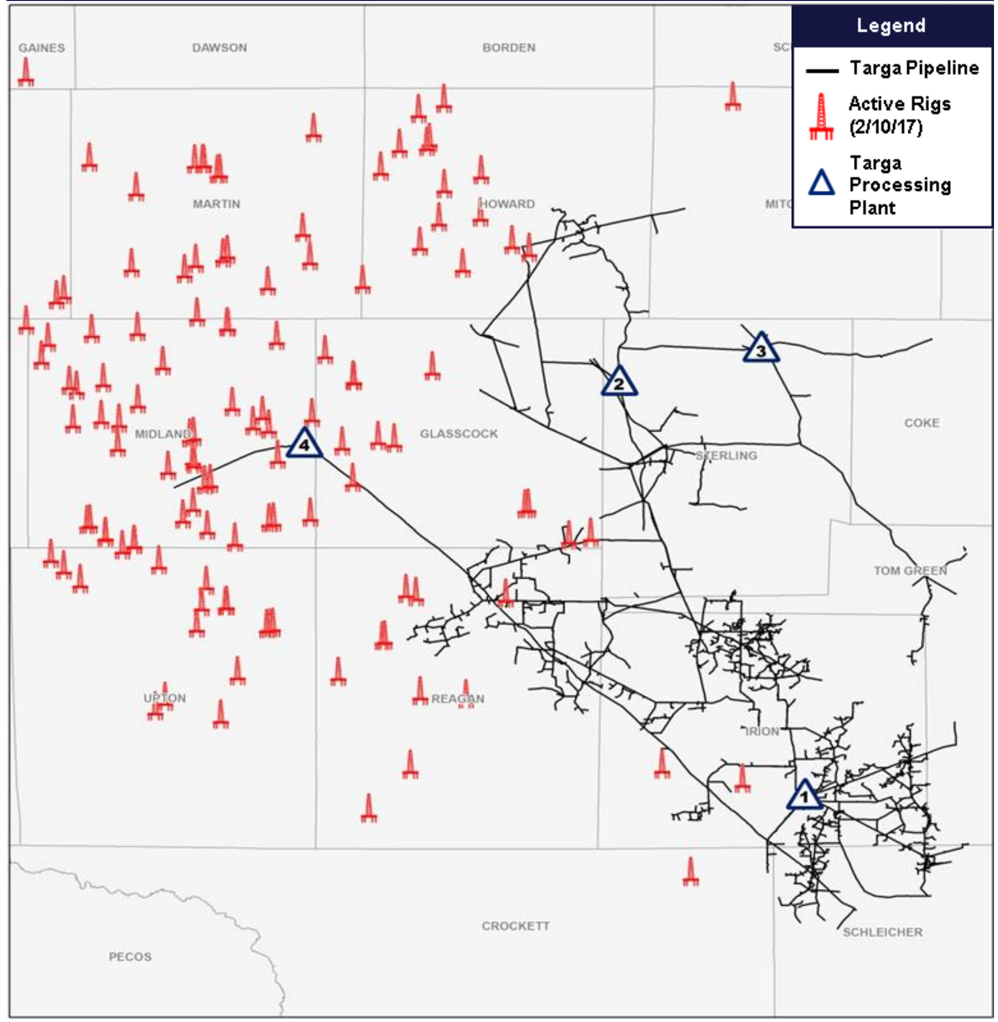
Summary

- **Footprint includes approximately 370 MMcf/d of processing capacity and 1,760 miles of pipeline in the Midland Basin**
  - Three active cryogenic processing plant locations and one idled standby plant
- **200 MMcf/d High Plains Plant placed in service Q2 2014**
- **Connected to WestTX and Sand Hills systems**
- **Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.**

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Mertzon	100.0%	Irion, TX	52			
(2) Sterling	100.0%	Sterling, TX	92			
(3) Conger[a]	100.0%	Sterling, TX	25			
(4) High Plains	100.0%	Midland, TX	200			
SAOU Total			**369**	**259**	**32**	**1,760**

[a] Idled in September 2014

Asset Map and Rig Activity[1]



Map does not reflect acquisition announced January 23, 2017

(1) *Source: Drillinginfo; rigs as of February 10, 2017*

Permian (WestTX) – Summary

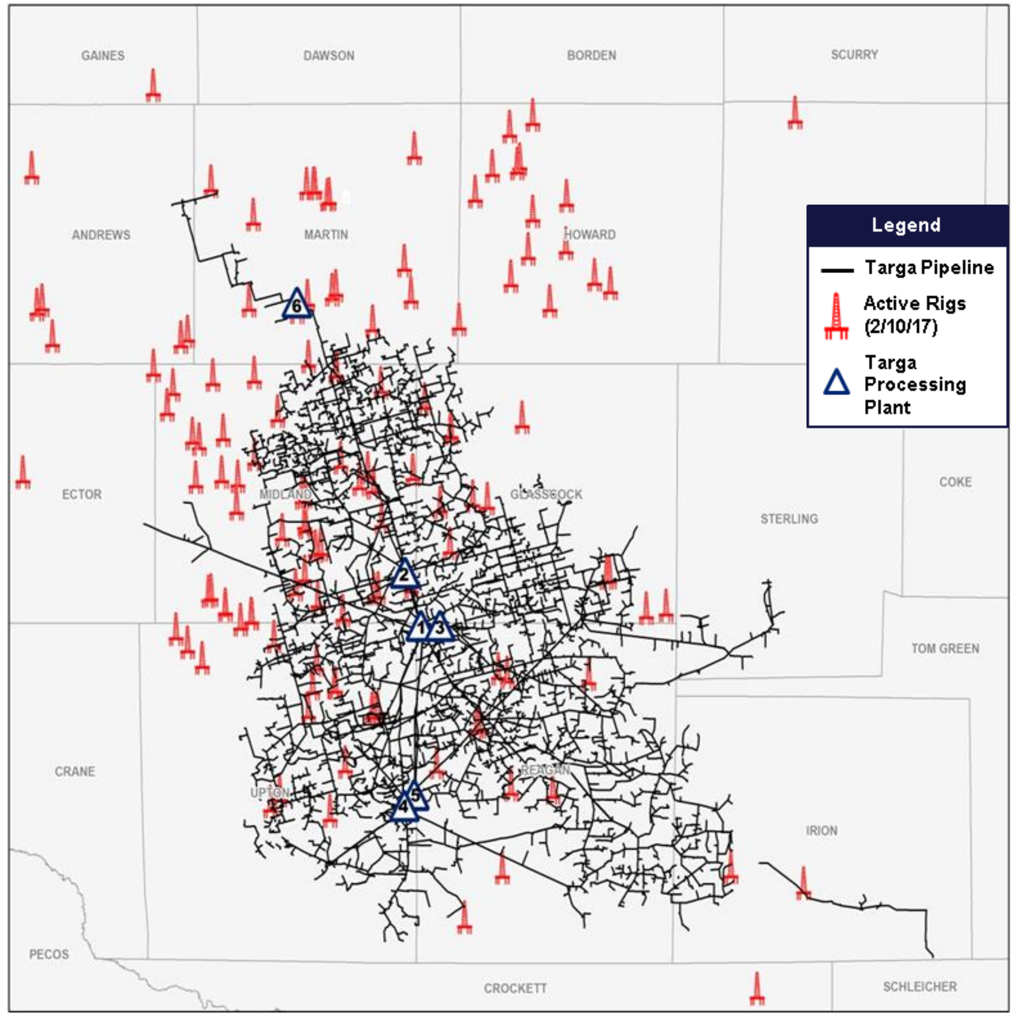
Summary

- Current footprint includes approximately 855 MMcf/d of gross processing capacity and 4,440 miles of pipeline in the Midland Basin
- Joint venture between Targa (72.8% ownership and operator) and Pioneer Natural Resources (27.2% ownership)
- 200 MMcf/d Buffalo Plant in service Q2 2016
- Re-starting 45 MMcf/d Benedum Plant in Q1 2017 and adding 20 MMcf/d of capacity at Midkiff Plant in Q2 2017
- Recently announced the 200 MMcf/d Joyce WestTX Plant expected online by Q1 2018
- Connected to SAOU and Sand Hills systems
- Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Consolidator	72.8%	Midland, TX	150			
(2) Driver	72.8%	Midland, TX	200			
(3) Midkiff[a]	72.8%	Reagan, TX	80			
(4) Benedum[b]	72.8%	Upton, TX	45			
(5) Edward	72.8%	Upton, TX	200			
(6) Buffalo	72.8%	Martin, TX	200			
(7) Joyce[c]	72.8%	TBD	200			
WestTX Total[d]			**1,075**	**688**	**86**	**4,440**

[a] Adding compression to increase capacity to 80 MMcf/d effective Q2 2017
[b] Idled in September 2014 after start-up of Edward Plant; re-starting effective Q1 2017
[c] Expected to be completed by Q1 2018
[d] Total estimated gross capacity by Q1 2018

Asset Map and Rig Activity[1]



Map does not reflect acquisition announced January 23, 2017

TARGA *(1) Source: Drillinginfo; rigs as of February 10, 2017*

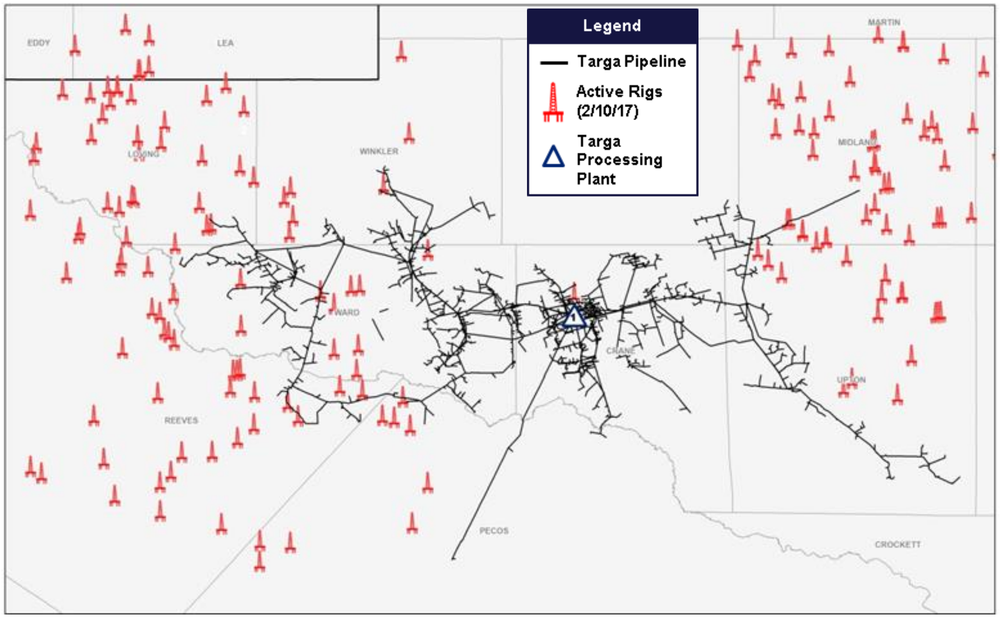
Permian (Sand Hills) – Summary

Summary

- **Footprint includes approximately 165 MMcf/d of processing capacity and 1,610 miles of pipeline in the Central Basin Platform/Delaware Basin**
- **Connected to WestTX and SAOU systems; currently moving volumes to SAOU**
- **Expect to connect to acquired Delaware assets[2]**
- **Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.**

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Sand Hills	100.0%	Crane, TX	165			
Sand Hills Total			**165**	**140**	**15**	**1,610**

Asset Map and Rig Activity[1]



Map does not reflect acquisition announced January 23, 2017

TARGA

(1) Source: Drillinginfo; rigs as of February 10, 2017
(2) Assumes close of acquisition announced on January 23, 2017

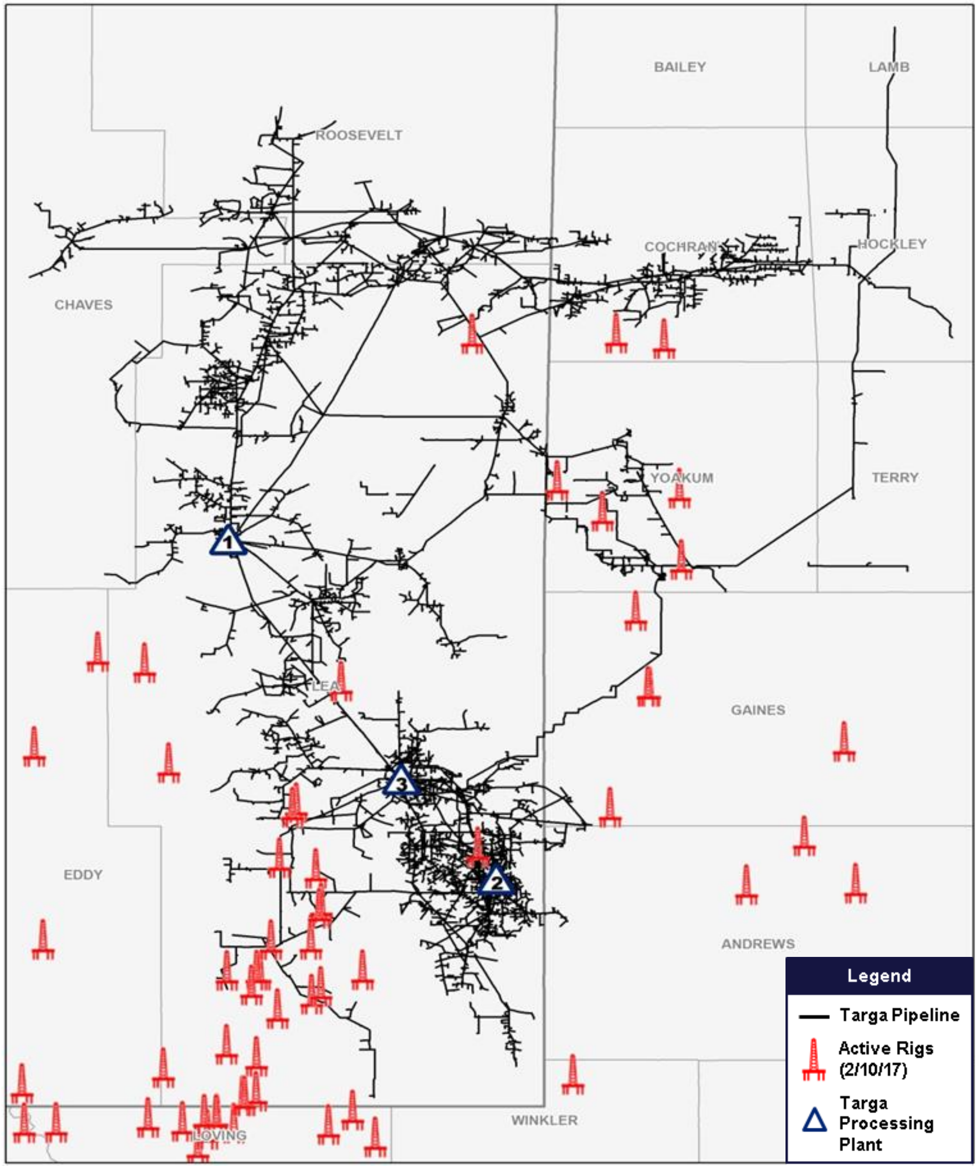
Permian (Versado) – Summary

Summary

- **Footprint includes approximately 250 MMcf/d of processing capacity and 3,615 miles of pipeline in the northern Delaware Basin**
  - Three active cryogenic processing plant facilities
- **Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.**
- **Executed on October 31, 2016, Targa acquired Chevron's 37% interest in Versado, and now owns 100% of the system**
  - Simplifies Targa focus on capturing increasing Delaware Basin volumes
- **Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.**

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Saunders	100.0%	Lea, NM	60			
(2) Eunice	100.0%	Lea, NM	110			
(3) Monument	100.0%	Lea, NM	85			
Versado Total			**255**	**182**	**22**	**3,615**

Asset Map and Rig Activity[1]



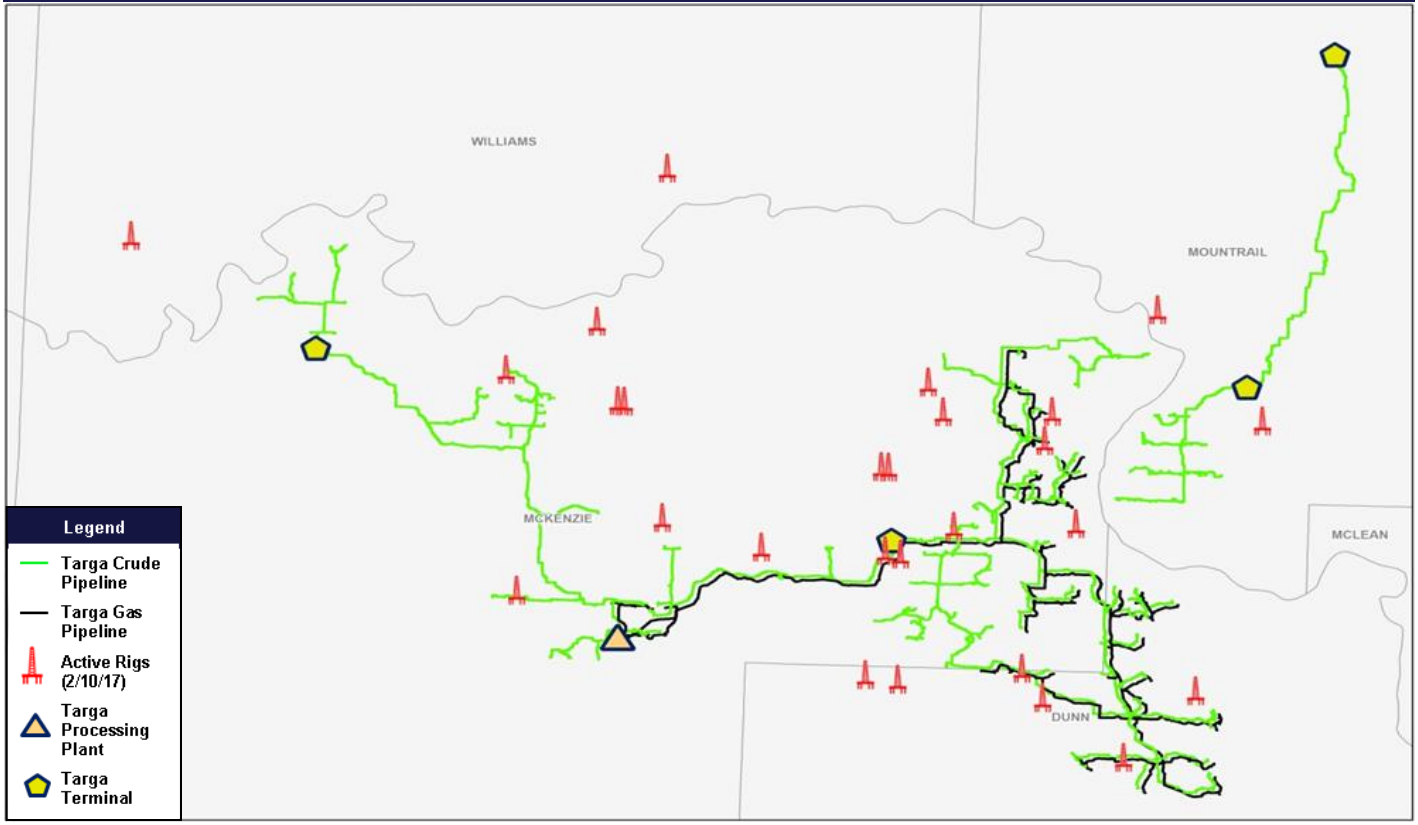
(1) Source: Drillinginfo; rigs as of February 10, 2017

Strategic Position in the Core of the Williston Basin

Summary

- **Core position in McKenzie, Dunn and Mountrail counties**
- **410 miles of crude gathering pipelines**
- **200 miles of natural gas gathering pipelines**
- **90 MMcf/d of total natural gas processing capacity**
  - Three plants at one location
  - Little Missouri #3 Plant expansion completed in Q1 2015
- **Fee-based contracts**
- **Large acreage dedications and AMIs from multiple producers**
- **Current crude oil delivery points include Four Bears, Tesoro, Tesoro BakkenLink, Hilands and Enbridge**

Asset Map and Rig Activity[(1)]



Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Wellhead Gas Gathered (MMcf/d)	2016 Crude Oil Gathered (MBbl/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
Little Missouri I	100.0%	McKenzie, ND					
Little Missouri II	100.0%	McKenzie, ND					
Little Missouri III	100.0%	McKenzie, ND					
Badlands Total			**90**	**52**	**105**	**7**	**610**

(1) *Source: Drillinginfo; rigs as of February 10, 2017*

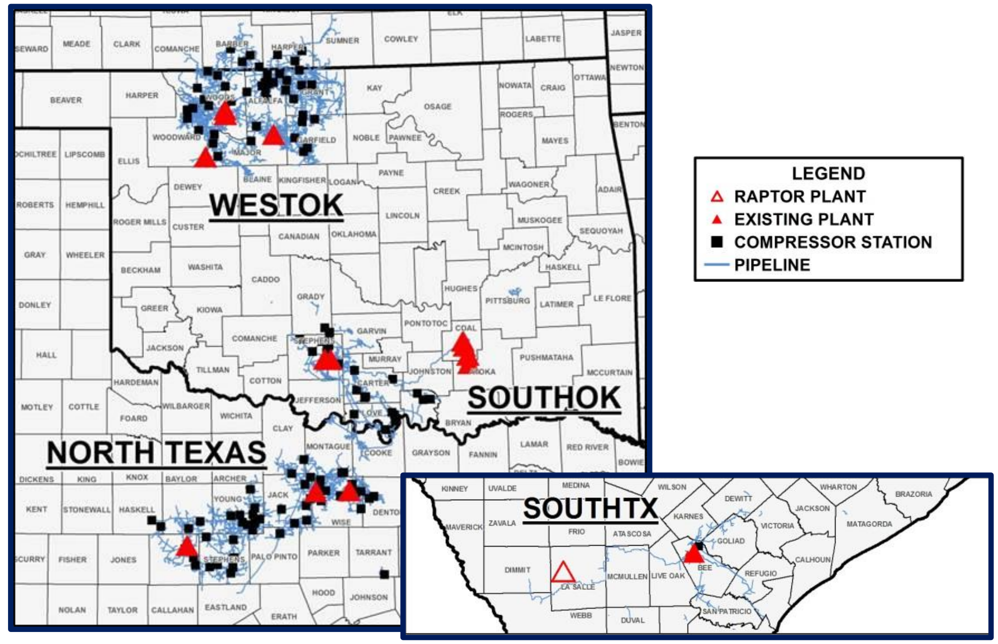
Leading Oklahoma, North Texas and South Texas Positions

Summary

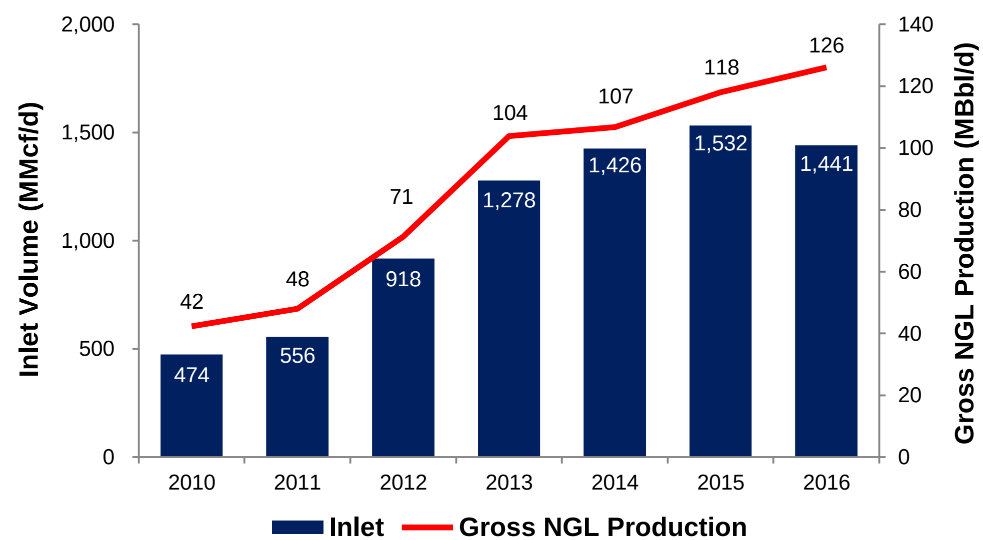
- **Four footprints including approximately 14,000 miles of pipeline**
- **Over 2.1 Bcf/d of gross processing capacity[2]**
  - JV with Sanchez Production Partners (NYSE:SPP) in SouthTX
  - 200 MMcf/d Raptor Plant in SouthTX expected online in Q1 2017
  - Expansion of Raptor Plant to 260MMcf/d expected to be complete in Q3 2017
  - 15 processing plants across the liquids-rich Anadarko Basin, Arkoma Basin, Ardmore Basin, Barnett Shale, and Eagle Ford Shale
  - Reviewing opportunities to connect / optimize North Texas and SouthOK systems to enhance reliability, optionality and efficiency for producers
- **Traditionally POP contracts in North Texas and WestOK with additional fee-based services for gathering, compression, treating, etc.**
- **Essentially all of SouthTX and vast majority of SouthOK contracts are fee-based**

	Gross Processing Capacity (MMcf/d)	Miles of Pipeline
WestOK	458	6,450
SouthOK	580	2,280
North Texas	478	4,695
SouthTX[2]	660	940
Central Total	**2,176**	**14,365**

Footprint



Volumes[1]



TARGA

(1) *Pro forma Targa/TPL for all years*

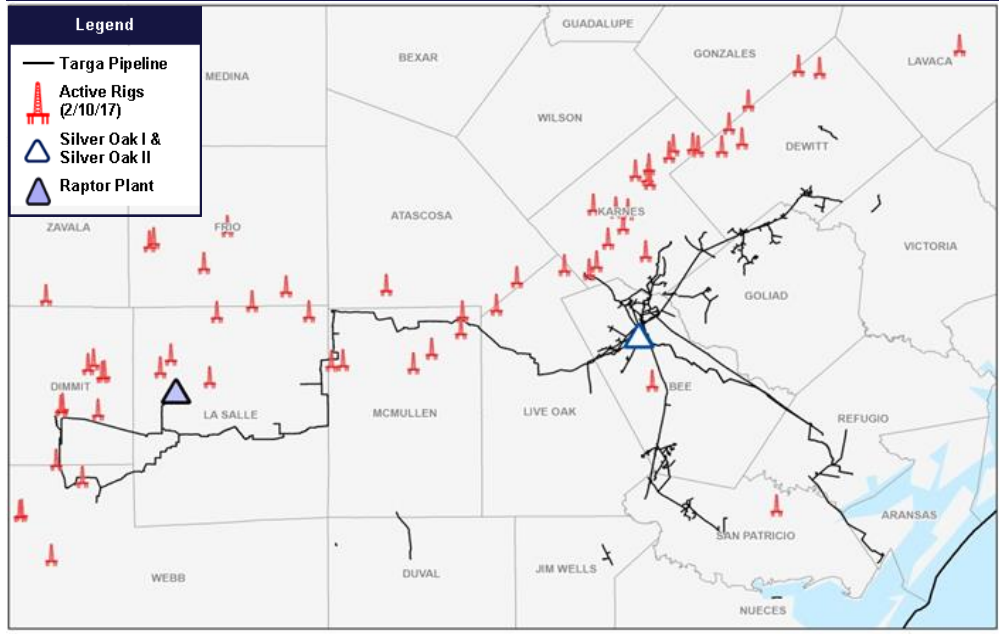
(2) *Includes 200 MMcf/d Raptor Plant expected online in April 2017, which will be expanded to 260MMcf/d in Q3 2017*

SouthTX – Sanchez Energy Corp. JV Driving Growth

Summary

- **JV agreements with Sanchez Energy Corp. (NYSE:SN) executed in October 2015**
  - Gathering JV interest subsequently acquired by Sanchez Production Partners LP (NYSE:SPP) in July 2016 and plant JV interest sold to SPP in October 2016
- **Constructing 200 MMcf/d Raptor Plant, expected online in April 2017**
  - Western system gathering expansion completed in March 2016
  - Targa and SPP recently decided to increase Raptor Plant capacity to 260 MMcf/d, expected to be complete in Q3 2017
- **Fee-based contract**
  - 125 MMcf/d MVC for 5 years begins Q1 2017
- **15 year acreage dedication in Dimmit, La Salle and Webb counties**

Asset Map and Rig Activity[1]



Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
Silver Oak I	100.0%	Bee, TX	200			
Silver Oak II	90.0%	Bee, TX	200			
Raptor[a]	50.0%	Bee, TX	260			
SouthTX Total			**660**	**216**	**24**	**940**

[a] Expected to be completed April 2017

(1) *Source: Drillinginfo; rigs as of February 10, 2017*

North Texas – Exposed to Barnett Shale and Marble Falls

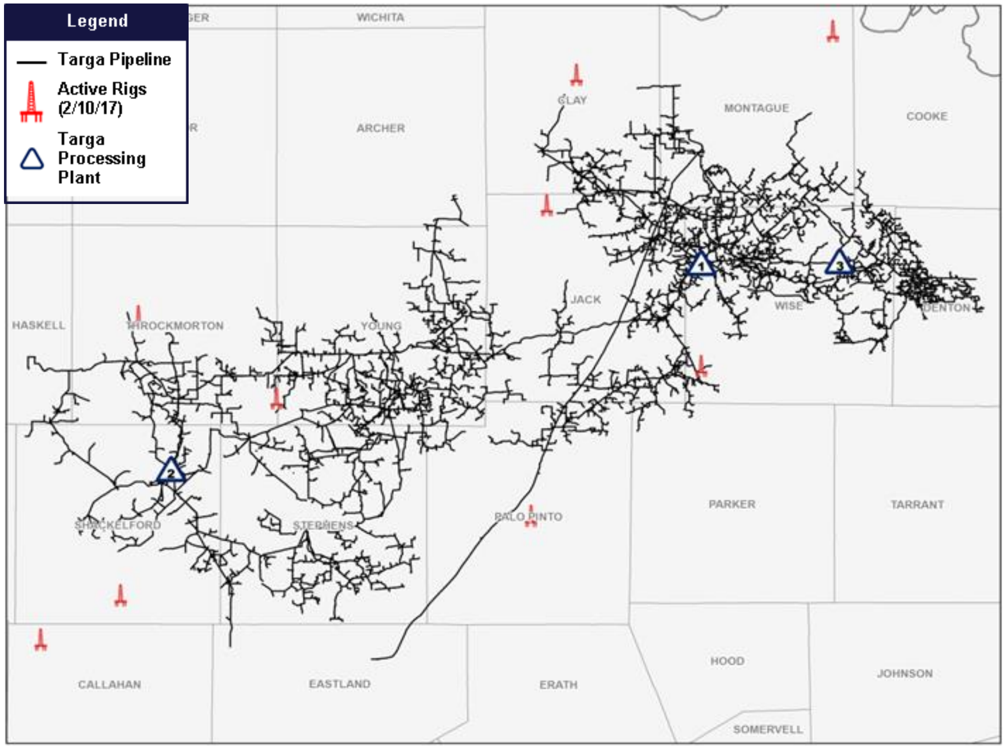
Summary

- **478 MMcf/d of gross processing capacity**
- **Primarily Barnett Shale and Marble Falls**
- **Customers are a combination of larger independent producers with exposure to multiple plays and smaller independents with a single footprint**
- **Primarily POP contracts with fee-based components**
- **Expect to connect North Texas and SouthOK systems**

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Chico[a]	100.0%	Wise, TX	265			
(2) Shackelford	100.0%	Shackelford, TX	13			
(3) Longhorn	100.0%	Wise, TX	200			
North Texas Total			**478**	**317**	**36**	**4,695**

[a] Chico Plant has fractionation capacity of ~15 Mbbls/d

Asset Map and Rig Activity[1]



(1) Source: Drillinginfo; rigs as of February 10, 2017

SouthOK – Exposure to Increasing SCOOP Activity

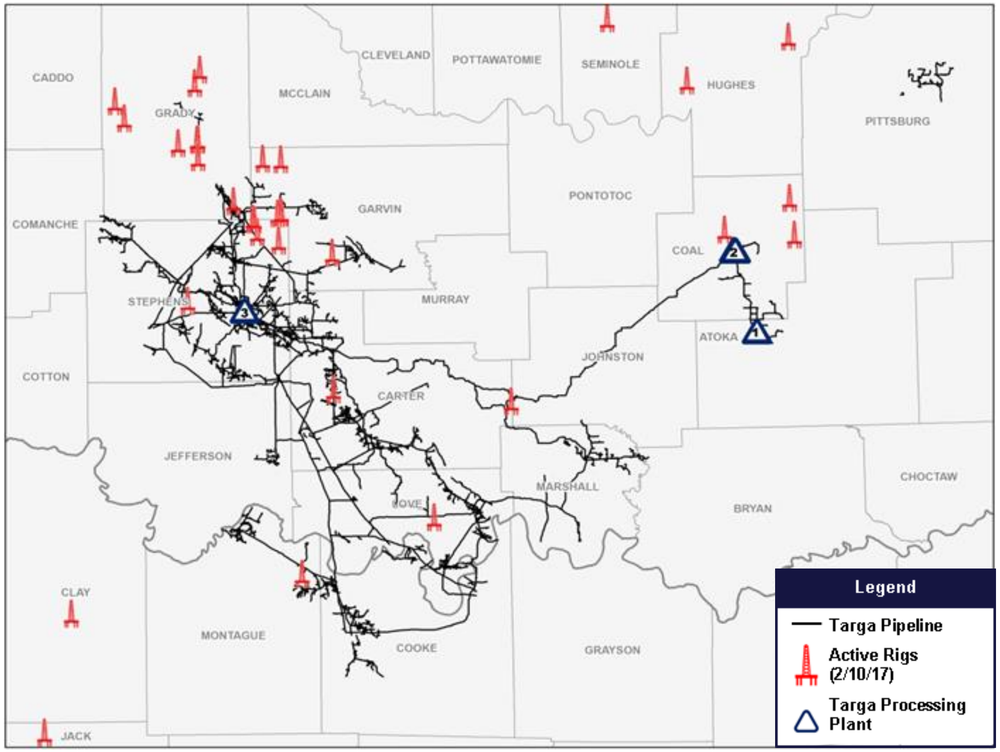
Summary

- **580 MMcf/d of gross processing capacity**
- **Velma system well positioned to benefit from increasing SCOOP activity**
  - Primary growth driver will be SCOOP activity focused in the oil/condensate window (Grady, Garvin and Stephens Counties)
  - Arkoma Woodford (Coal, Atoka, Hughes and Pittsburg Counties) growth will occur with improvement in gas pricing
- **Majority fee-based contracts**

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Atoka[a]	60.0%	Atoka County, OK	20			
(2) Coalgate	60.0%	Coal, OK	80			
(2) Stonewall	60.0%	Coal, OK	200			
(2) Tupelo	100.0%	Coal, OK	120			
(3) Velma	100.0%	Stephens, OK	100			
(3) Velma V-60	100.0%	Stephens, OK	60			
SouthOK Total			**580**	**462**	**39**	**2,280**

[a] The Atoka Plant was idled due to the start-up of the Stonewall Plant in May 2014

Asset Map and Rig Activity[1]



(1) Source: Drillinginfo; rigs as of February 10, 2017

WestOK – Positioned for STACK Growth

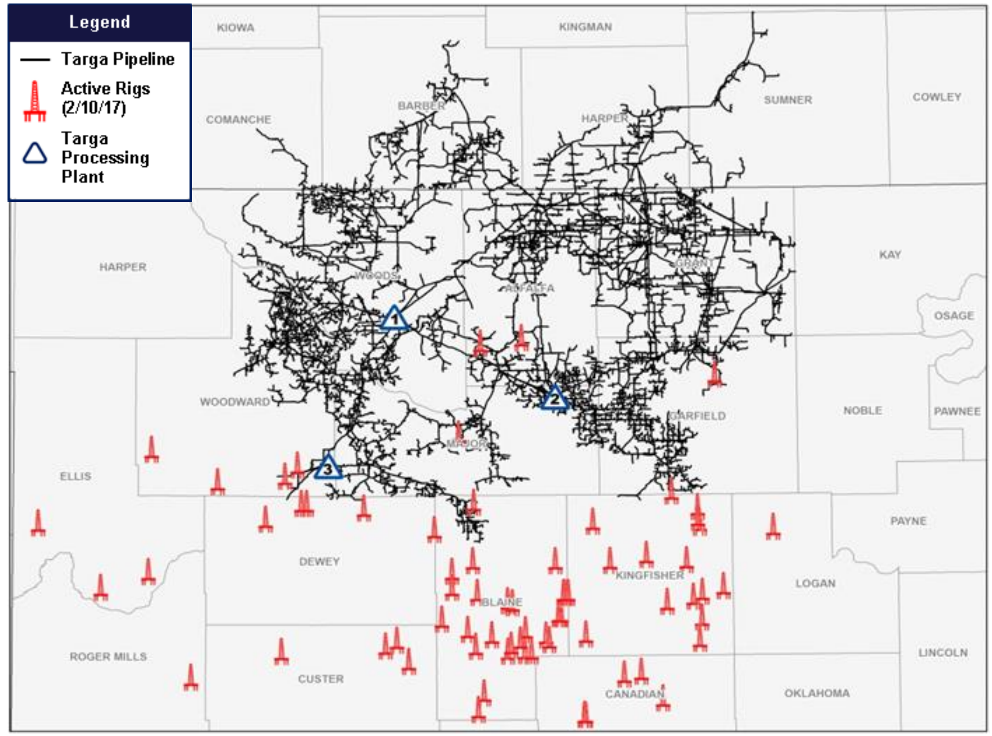
Summary

- **~460 MMcf/d of gross processing capacity**
- **Declining Mississippi Lime activity has impacted volumes**
- **Majority of WestOK contracts are hybrid POP's plus fees**
- **Continuing to develop opportunities to connect and gather additional STACK volumes from the south into WestOK system**

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	2016 Gross Plant Inlet (MMcf/d)	2016 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Waynoka I	100.0%	Woods, OK	200			
(1) Waynoka II	100.0%	Woods, OK	200			
(2) Chaney Dell[(a)]	100.0%	Major, OK	30			
(3) Chester	100.0%	Woodward, OK	28			
WestOK Total			**458**	**445**	**27**	**6,450**

[(a)] The Chaney Dell Plant was idled in December 2015

Asset Map and Rig Activity[(1)]



(1) Source: Drillinginfo; rigs as of February 10, 2017

Downstream Capabilities

Overview

- **Assets include:**
  - Attractive fractionation footprint at Mont Belvieu and Lake Charles
  - Second largest, and most flexible, LPG export terminal on the Houston Ship Channel
  - Above and underground storage terminals across the country
  - Domestic NGL marketing and distribution
  - Wholesale, refinery and transportation services
  - Natural gas marketing
- **Contributed 47% of Targa's overall 2016 operating margin**
- **Fee-based businesses; many with "take-or-pay" commitments**
- **Major capex projects announced and completed, or in progress, over last 3 years include: LPG export terminal expansions, new fractionation trains, a crude and condensate splitter and terminal capability additions**


Downstream Businesses

- **NGL Fractionation / Storage**
  - Leading Mont Belvieu (and Lake Charles) footprint with underground storage and connectivity provides a locational advantage
  - Fixed fees with "take-or-pay" commitments
- **LPG Exports**
  - Fixed loading fees with "take-or-pay" commitments; market to end users and international trading houses
- **Other**
  - NGL and Natural Gas Marketing
    - Manage physical distribution of mixed NGLs and specification products using owned and third party facilities
    - Manage inventories for Targa downstream business
  - Domestic NGL Marketing and Distribution
    - Contractual agreements with major refiners to market NGLs by barge, rail and truck; margin-based fees
    - Sell propane to multi-state, independent retailers and industrial accounts; inventory sold at index plus
  - Commercial Transportation
    - All fee-based; 650 railcars, 88 transport tractors, 20 NGL barges
  - Petroleum Logistics
    - Gulf Coast, East Coast and West Coast terminals

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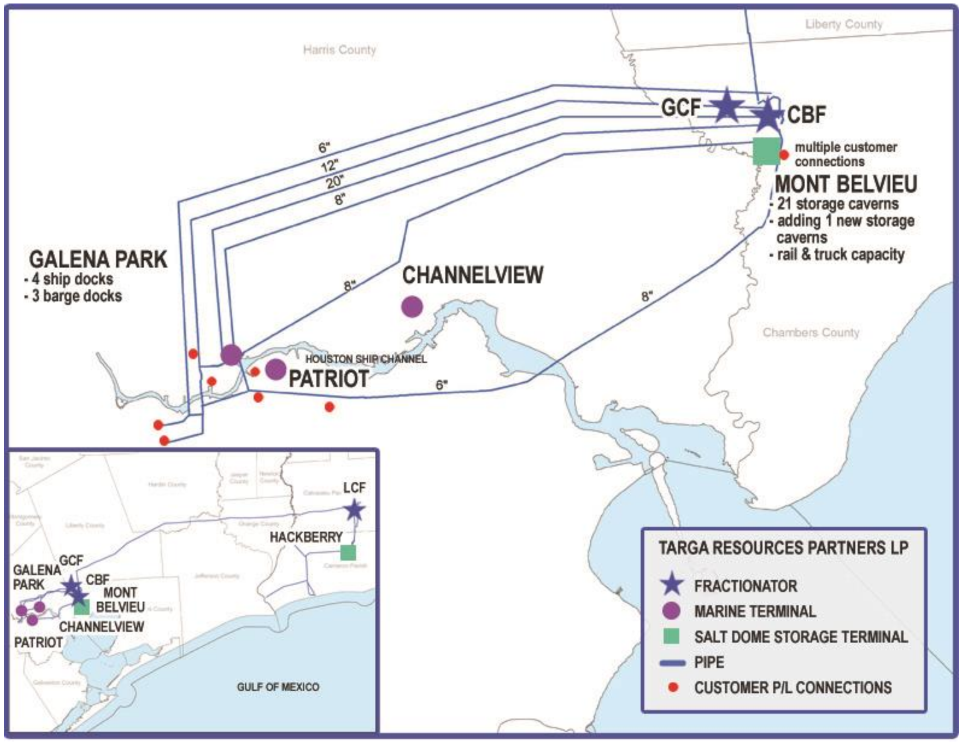
Logistics Assets – Extensive Gulf Coast Footprint



Galena Park Marine Terminal		
	Products	MMBbl/ Month
Export Capacity	LEP / HD5 / NC4	~7.0
Other Assets		
700 MBbls in Above Ground Storage Tanks		
4 Ship Docks		

Fractionators			
		Gross Capacity (MBbl/d)	Net Capacity (MBbl/d)(1)
CBF - Mont Belvieu	Trains 1-3	253	223
	Backend Capacity	40	35
	Train 4	100	88
	Train 5	100	88
GCF - Mont Belvieu		125	49
Total - Mont Belvieu		618	482
LCF - Lake Charles		55	55
Total		**673**	**537**

Potential Fractionation Expansions

CBF - Mont Belvieu 100MBbl/d Train 6 permitted

CBF - Mont Belvieu 100MBbl/d Train 7 permitable following Train 6 expansion

Other Assets

Mont Belvieu

35 MBbl/d Low Sulfur/Benzene Treating Natural Gasoline Unit

21 Underground Storage Wells

Adding 1 Underground Storage Wells

Pipeline Connectivity to Petchems/Refineries/LCF/etc.

6 Pipelines Connecting Mont Belvieu to Galena Park

Rail and Truck Loading/Unloading Capabilities

Other Gulf Coast Logistics Assets

Channelview Terminal (Harris County, TX)

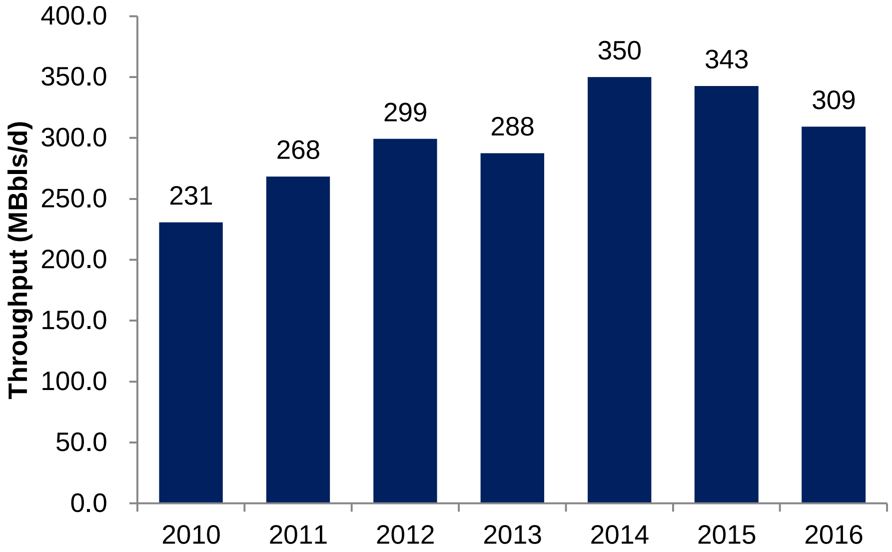
Patriot Terminal (Harris County, TX)

Hackberry Underground Storage (Cameron Parish, LA)

TARGA (1) *Net capacity is calculated based on TRP's 88% ownership of CBF and 39% ownership of GCF*

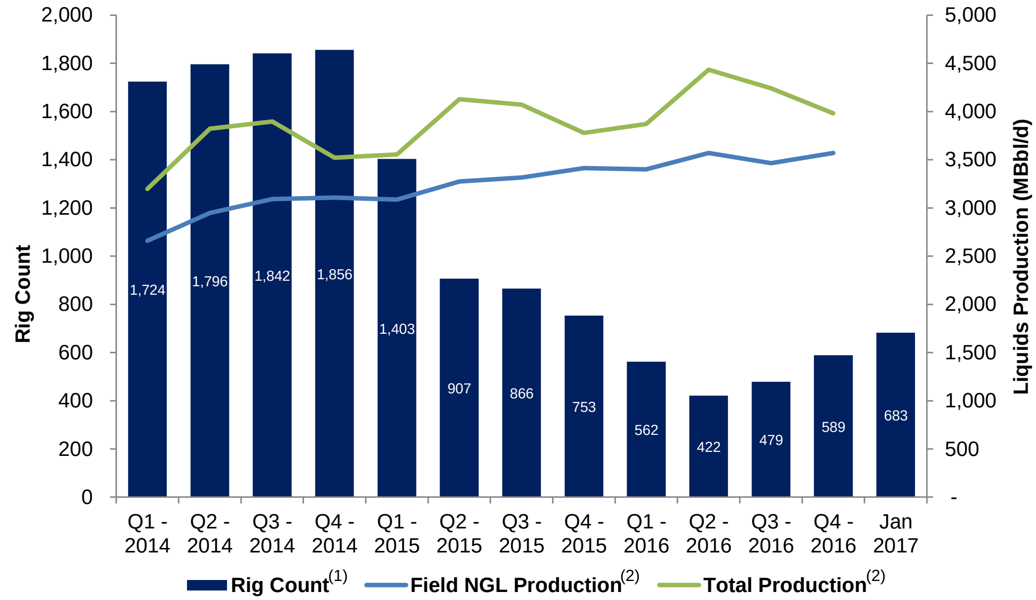
Targa's Fractionation Assets

Targa Fractionation Footprint



- **Targa's Y-grade capacity at its Mont Belvieu CBF fractionator is 453 MBbl/d with additional back-end capacity of 40 MBbl/d and 55 MBbl/d of additional capacity at the interconnected Lake Charles fractionation facility**
  - 100 Mbbl/d CBF Train 5 operational in May 2016
  - Train 6 is permitted and Targa will proceed when additional frac capacity is needed

Domestic Rig Count and NGL Supply

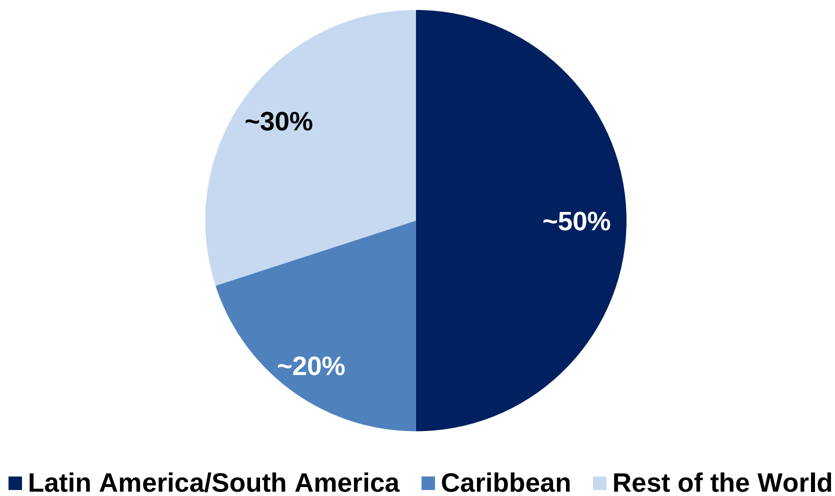


- **NGL field production has been resilient amidst a steady decline in rig count since early 2015**
- **With a more stable commodity price outlook, upstream activity is expected to continue to increase, which should drive further growth in NGL production**
- **While there is currently some excess frac capacity in Mont Belvieu, frac capacity likely to tighten in late 2017 and beyond**
  - EPD ethane export facility plus new petchems will increase ethane demand and ethane recovery
  - Targa well positioned to benefit

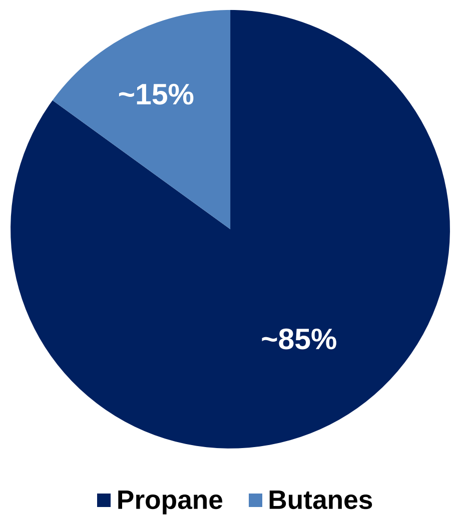
(1) *Source: Baker Hughes as of January 27, 2017*
(2) *Source: EIA as of November 30, 2016*

Targa's LPG Export Business

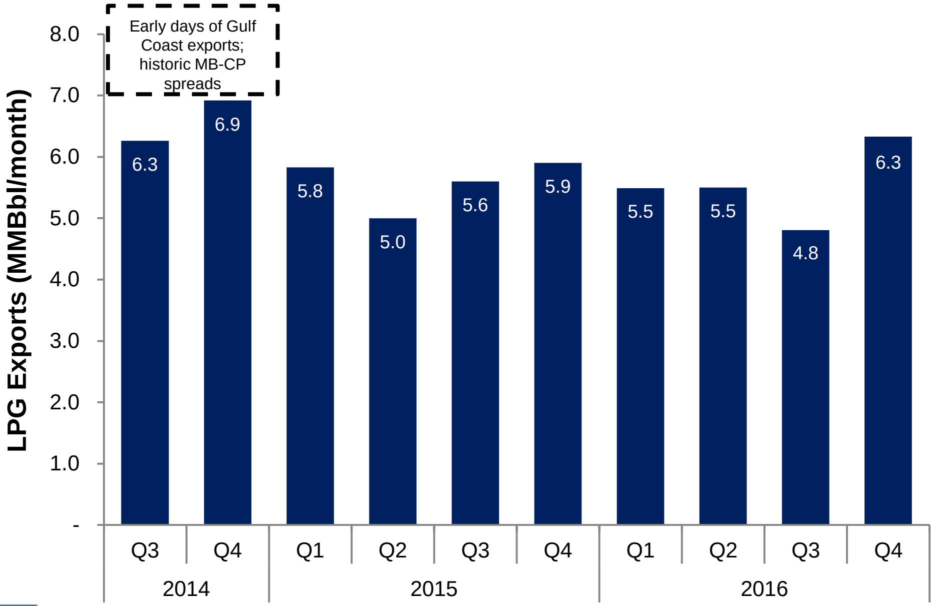
LPG Exports by Destination[1]



Propane and Butane Exports[1]



Galena Park LPG Export Volumes



- **Fee based business – charge fee for loading vessel at dock**
- **Targa advantaged versus some potential competitors given support infrastructure (fractionation, salt cavern storage, supply/market interconnectivity, refrigeration, de-ethanizers)**
- **Differentiated facility versus other LPG export facilities due to operational flexibility on vessel size and cargo composition**
- **Nameplate capacity of ~9 MMBbl/month; effective operational capacity of ~7 MMBbl/month or more**
- **Majority of Targa volumes staying in the Americas, but some volumes traveling to Europe and the Far East**
- **Currently have approximately 2/3 of capacity contracted each year through 2022, with minor variability each year**

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(1) Trailing twelve months – Q1 2016 through Q4 2016

Additional Information Concerning - Permian Acquisition Announced January 23, 2017

Transaction Overview

- **Targa Resources Corp. (NYSE: TRGP) ("Targa" or the "Company") has executed definitive agreements for its subsidiary, Targa Resources Partners LP, to acquire 100% of the membership interests of Outrigger Delaware Operating, LLC, Outrigger Southern Delaware Operating, LLC (together "Outrigger Delaware") and Outrigger Midland Operating, LLC ("Outrigger Midland" and together with "Outrigger Delaware", "Outrigger Permian")**
  - $565 million initial cash consideration represents ~9x 2017E EBITDA multiple
  - Outrigger Permian sellers may receive additional consideration linked to existing contract performance via earn-out payments(1)
- **Targa's acquisition of the Outrigger Permian assets provides numerous strategic benefits to Targa, including:**
  - Expands premier Permian footprint deeper into the Delaware and Midland basins
    - Additional 250,000+ acres dedicated under long-term contracts from a strong mix of active operators
    - Increases Targa's gross processing capacity to ~2 Bcf/d across the Permian Basin by year-end 2017
    - Expect to connect Outrigger Permian assets to existing Targa systems, and acquisition may facilitate eventual connection of Targa Sand Hills and Versado systems in the Delaware
  - Adds attractive <u>fee-based</u> natural gas gathering and processing and crude gathering assets in the Permian Basin backed by long-term contracts
  - Accretive to distributable cash flow in 2017 and beyond
- **Closing expected in Q1 2017, subject to customary regulatory approvals and other closing conditions**

TARGA *(1) See page 35, "Summary – Earn-Out Structure", for additional information*

Strategic Rationale – Assets, Operations and Contracts

Highly Complementary to Existing Targa Footprint and Assets	◆ **Connected systems allow for operational and capital efficiencies** ◆ Expect to immediately connect Outrigger Delaware assets to Sand Hills and Outrigger Midland assets to WestTX ◆ **Expected to provide additional volumes for Targa's downstream assets over time**
Addition of 250,000+ Dedicated Acres in Prolific Delaware and Midland Basins	◆ **Significant organic growth potential from continued producer development** ◆ Decades of inventory of highly economic drilling locations ◆ Will benefit from continued improvements in drilling results
Contracts are with High Quality, Active Producers	◆ **Several quality pure-play producers moving to development in 2017+** ◆ **Strong mix of public and private operators with impressive track records of growth** ◆ **Expands Targa's already strong and diverse customer relationships**
Attractive Long-Term Fee Based Contracts	◆ **Almost entirely fixed-fee contracts** ◆ **Long-term contracts** ◆ Weighted average life of more than 13 years
Introduces Targa to Crude Gathering in the Permian	◆ **Opportunity to expand crude gathering operations into the Permian** ◆ **Expect new opportunities to leverage system to grow crude gathering footprints**

Strategic Rationale – Structure and Financial Impact

Initial Consideration	◆ **$565 million of initial consideration represents an ~9x 2017E EBITDA multiple** ◆ **Expect to fund through capital markets activities and borrowings from the TRP credit facility**

Attractive Transaction Structure	◆ **Earn-out payments based on realized gross margin on existing contracts**
	  ◆ First earn-out payment based on attractive multiples of realized gross margin from existing contracts from March 1, 2017 through February 28, 2018
	  ◆ Second earn-out payment based on attractive multiples of realized gross margin from existing contracts from March 1, 2018 through February 28, 2019
	◆ **Earn-out structure de-risks transaction**
	  ◆ As compared to a single significant upfront payment, Targa is paying for performance on existing contracts through earn-out payments over time, and performance drives total consideration
	◆ **Upside from additional contracts accrues solely to Targa's benefit**

Accretive Transaction to Financial Metrics	◆ **Transaction expected to be accretive to Distributable Cash Flow in 2017 and beyond** ◆ **Successful asset performance will increase realized gross margin, resulting in larger potential earn-out payments, and importantly, additional accretion for Targa**

The merits of the acquisition of the Outrigger Permian assets are strong on an operational and strategic basis, further heightened by a transactional structure that aligns total consideration with existing contract performance

Summary – Earn-Out Structure

Beneficial Transaction Structure

- **Potential earn-out payments are based on realized gross margin[1] on existing contracts as of the estimated close for the Outrigger Delaware and Outrigger Midland assets**
- **$565 million of Initial Consideration[2] representing an ~9x 2017E EBITDA multiple**
- **Calculation of Potential Earn-Out Payment #1:**
  - Outrigger Delaware = 9.75 *times* Actual Outrigger Delaware 2017[1] Gross Margin *less* Initial Delaware Consideration of $385 million
  - Outrigger Midland = 9.25 *times* Actual Outrigger Midland 2017[1] Gross Margin *less* Initial Midland Consideration of $180 million
- **Calculation of Potential Earn-Out Payment #2:**
  - Outrigger Delaware = 8.75 *times* Actual Outrigger Delaware 2018[1] Gross Margin *less* (Initial Delaware Consideration of $385 million + Outrigger Delaware Earn-Out Payment #1)
  - Outrigger Midland = 8.75 *times* Actual Outrigger Midland 2018[1] Gross Margin *less* (Initial Outrigger Midland Consideration of $180 million + Outrigger Midland Earn-Out Payment #1)

Earn-Out Diagram	Outrigger Delaware	Outrigger Midland	Outrigger Consolidated
Initial Consideration[2]	$385 million	$180 million	$565 million
Earn Out #1 Multiple[1]	9.75x	9.25x	N/A
Earn Out #2 Multiple[1]	8.75x	8.75x	N/A
Potential Earn-Out Payments			$935 million
Potential Total Consideration			$1.5 billion

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(1) *Based on Gross Margin generated from existing contracts between March 1, 2017 and February 28, 2018 for Earn Out #1 and (ii) March 1, 2018 and February 28, 2019 for Earn Out #2*
(2) *$90 million of initial consideration paid within 90 days of closing, balance at closing*

Additional Information

Noble Crude and Condensate Splitter Project – Events and Non-GAAP Accounting Treatment

Summary

March 31, 2014

- Announced an agreement with Noble Americas Corp., a subsidiary of Noble Group Ltd. ("Noble"), to construct a 35 Mbbl/d condensate splitter located at the Channelview Terminal supported by a long-term, fee-based arrangement

December 31, 2014

- Noble made a cash payment (recognized in Q1, Q2 and Q3 2015) to Targa to modify the existing agreements to provide time for Noble to analyze the splitter and/or a new terminal at Patriot. The original deal economics from March 2014 were not negatively impacted as a result of the revised agreements

October 2016

- First ~$40 million pre-payment from Noble received under the terms of the crude and condensate splitter agreements. An ~$40 million pre-payment will be received every October until the year prior to the final year of the contract

Non-GAAP Accounting Treatment

Date	Description	EBITDA	DCF
Q4 2016	~$40 million cash pre-payment from Noble	+ ~$10 million	+ ~$40 million
Q1 2017		+ ~$10 million	
Q2 2017		+ ~$10 million	
Q3 2017		+ ~$10 million	
Q4 2017	~$40 million cash pre-payment from Noble	+ ~$10 million	+ ~$40 million
Q1 2018	Asset is expected to be operational	+ ~$10 million - associated opex	
Q2 2018		+ ~$10 million - associated opex	
Q3 2018		+ ~$10 million - associated opex	
Q4 2018+	Similar treatment until final contract year (term of contract has not been disclosed)	+ ~$10 million - associated opex	+ ~$40 million - associated opex

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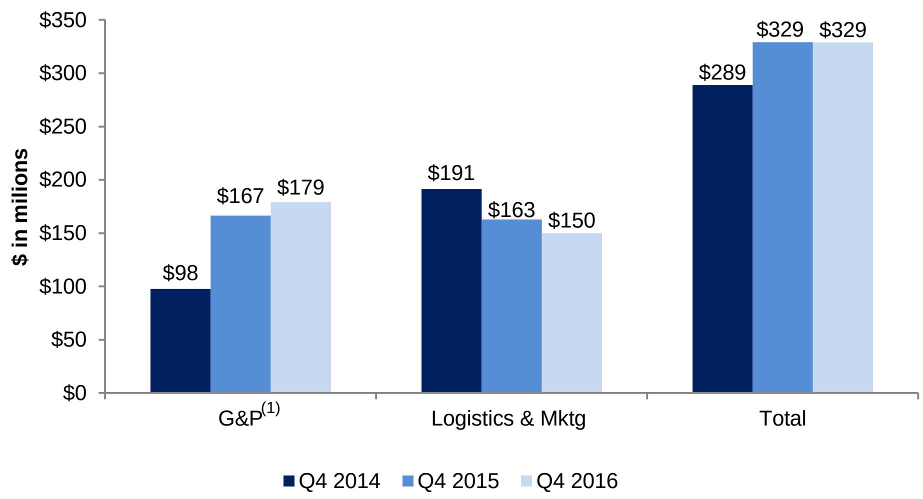
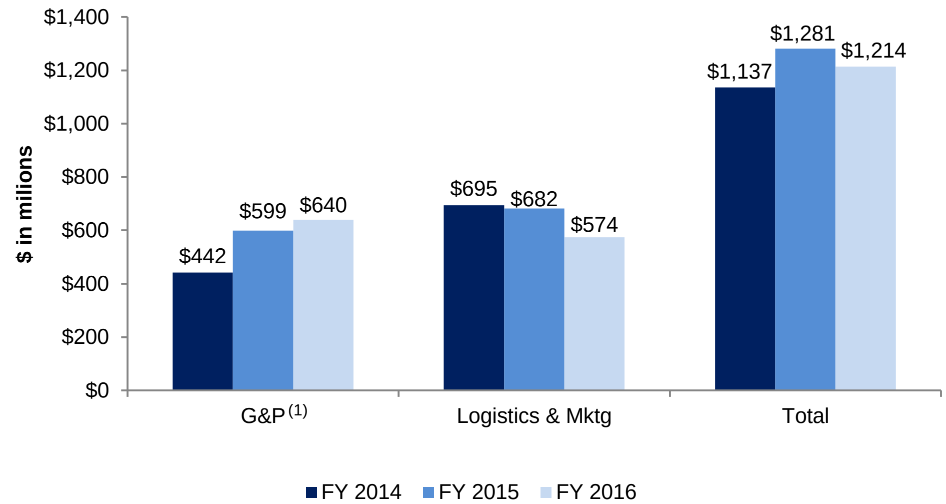
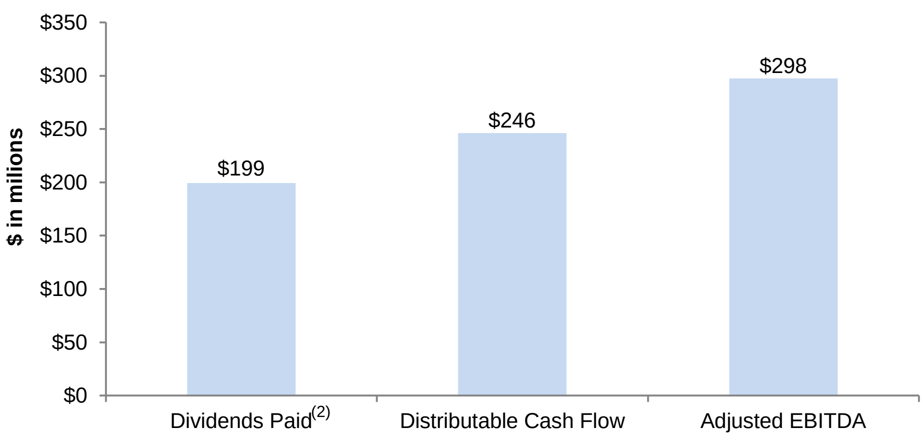
TRC Update

Operating Margin





Q4 2016



Q4 2016 Summary

- **Adjusted EBITDA declined in Q4 2016 versus Q4 2015 due to lower downstream segment operating margin, partially offset by higher G&P segment operating margin**
- **DCF increased in Q4 2016 vs Q4 2015**
- **TRP compliance leverage at 3.8x**
- **$0.91 dividend declared on TRC common shares**
  - **$3.64 annual dividend per share**
- **$22.9 million of dividends paid on TRC 9.5% Series A preferred shares**

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(1) *Includes impact of commodity hedge settlements*
(2) *Includes dividends on TRC common shares and on TRC 9.5% Series A preferred shares*

Pro Forma Consolidated Capitalization

($ in millions)

Cash and Debt	Maturity	Coupon	Actual 9/30/2016	Adjustments	Actual 12/31/2016
Cash and Cash Equivalents			$141.1	($67.6)	$73.5
TRP Accounts Receivable Securitization	Dec-16		225.0	50.0	275.0
TRP Revolving Credit Facility	Oct-20		–	150.0	150.0
TRC Revolving Credit Facility	Feb-20		275.0	–	275.0
TRC Term Loan B	Feb-22		160.0	–	160.0
Unamortized Discount			(2.3)	0.1	(2.2)
Total Senior Secured Debt			**657.7**		**857.8**
Senior Notes	Jan-18	5.000%	733.6	(483.1)	250.5
Senior Notes	Nov-19	4.125%	749.4	-	749.4
Senior Notes	Oct-20	6.625%	309.9	(309.9)	-
Senior Notes	Feb-21	6.875%	478.6	(478.6)	-
Senior Notes	Aug-22	6.375%	278.7	-	278.7
Senior Notes	May-23	5.250%	559.6	-	559.6
Senior Notes	Nov-23	4.250%	583.9	-	583.9
Senior Notes	Mar-24	6.750%	580.1	-	580.1
Senior Notes	Feb-25	5.125%	–	500.0	500.0
Senior Notes	Feb-27	5.375%	–	500.0	500.0
Unamortized Discount/Premium on TRP Debt			(15.4)	15.4	-
TPL Senior Notes	Oct-20	6.625%	12.9	(12.9)	-
TPL Senior Notes	Nov-21	4.750%	6.5	-	6.5
TPL Senior Notes	Aug-23	5.875%	48.1	-	48.1
Unamortized Premium on TPL Debt			0.6	(0.1)	0.5
Total Consolidated Debt			**$4,984.2**		**$4,915.1**
TRP Compliance Leverage Ratio(1)			3.8x		3.8x
TRC Compliance Leverage Ratio(2)			0.9x		0.7x
Liquidity:					
TRP Credit Facility Commitment			$1,600.0	–	$1,600.0
Funded Borrowings			–	(150.0)	(150.0)
Letters of Credit			(13.5)	0.3	(13.2)
Total TRP Revolver Availability			**$1,586.5**		**$1,436.8**
Available A/R Securitization Capacity			-		-
Total TRP Liquidity with Available A/R Securitization Capacity			**$1,586.5**		**$1,436.8**
Available TRC Credit Facility Availability			395.0		395.0
Cash			141.1		73.5
Total Consolidated Liquidity			**$2,122.6**		**$1,905.3**

(1) Adjusts EBITDA to provide credit for material capital projects that are in process, but have not started commercial operation, and other items; compliance debt excludes senior notes of Targa Pipeline Partners, L.P. ("TPL") and $250 million of borrowings under the A/R Securitization Facility

(2) TRC compliance leverage deducts cash and cash equivalents from debt

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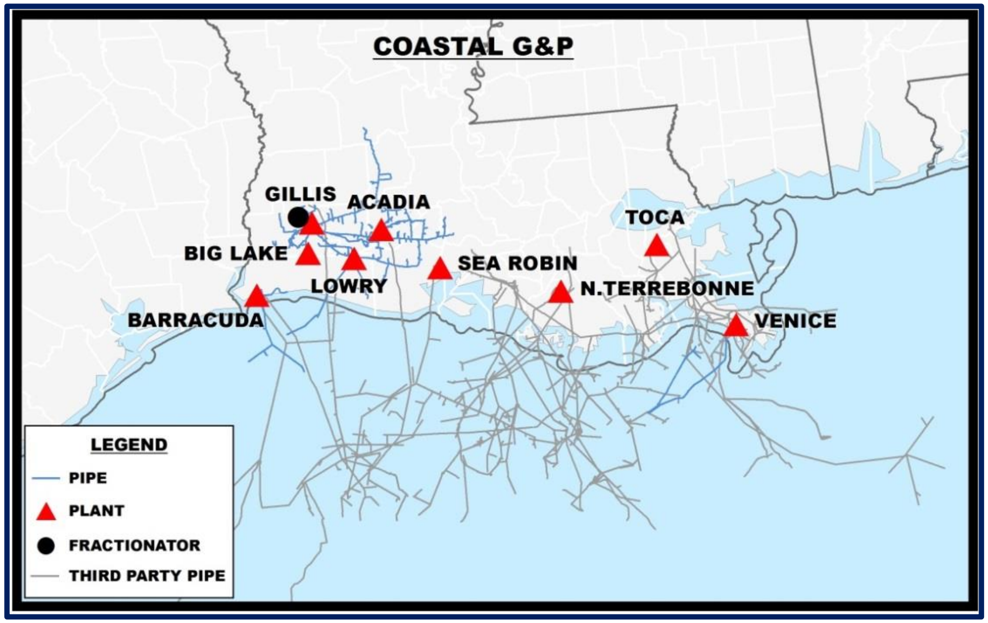
Coastal – Gulf Coast Footprint

Summary

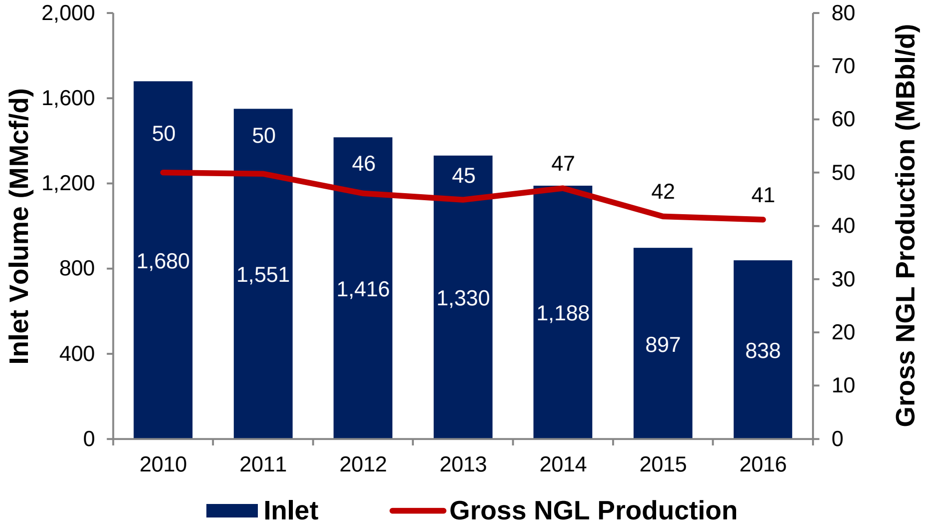
- **Asset position represents a competitively advantaged straddle option on Gulf of Mexico activity over time**
- **LOU (Louisiana Operating Unit)**
  - 440 MMcf/d of gas processing (180 MMcf/d Gillis Plant, 80 MMcf/d Acadia Plant and 180 MMcf/d Big Lake Plant)
  - Interconnected to Lake Charles Fractionator (LCF)
- **Coastal Straddles (including VESCO)**
  - Positioned on mainline gas pipelines processing volumes of gas collected from offshore
- **Coastal inlet volumes and NGL production have been declining, but NGL production decreases have been partially offset by moving volumes to more efficient plants**
- **Hybrid contracts (POL with fee floors)**

	Current Gross Processing Capacity (MMcf/d)	2016 NGL Production (MBbl/d)
LOU	440	
Vesco	750	
Other Coastal Straddles	3,255	
Total	**4,445**	**41**

Footprint

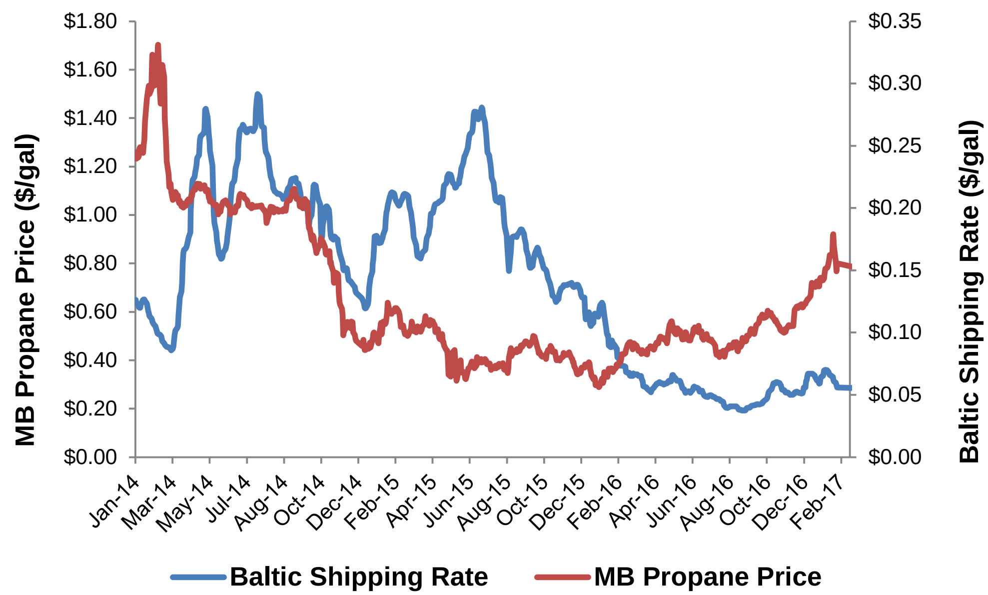


Volumes

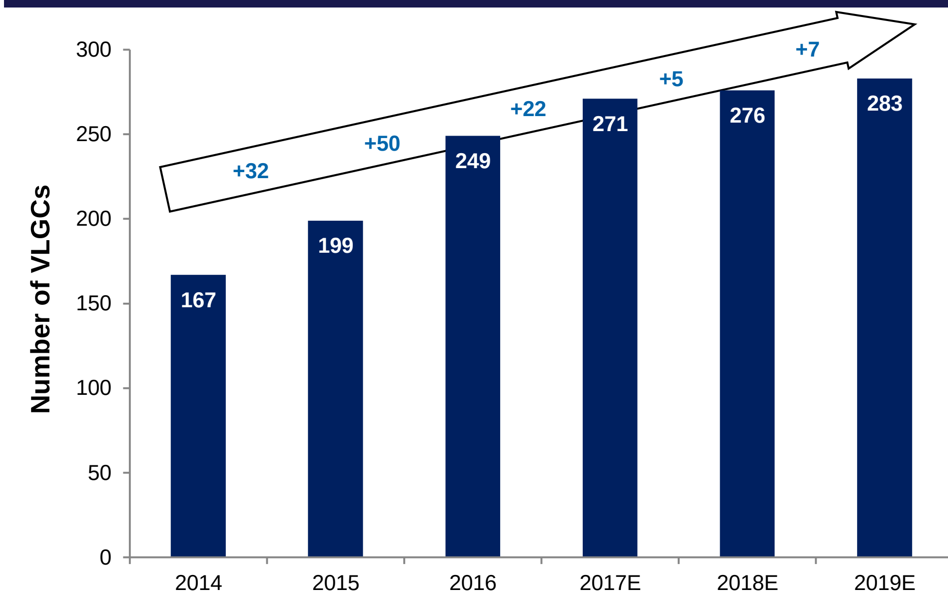


Dynamics of the LPG Market

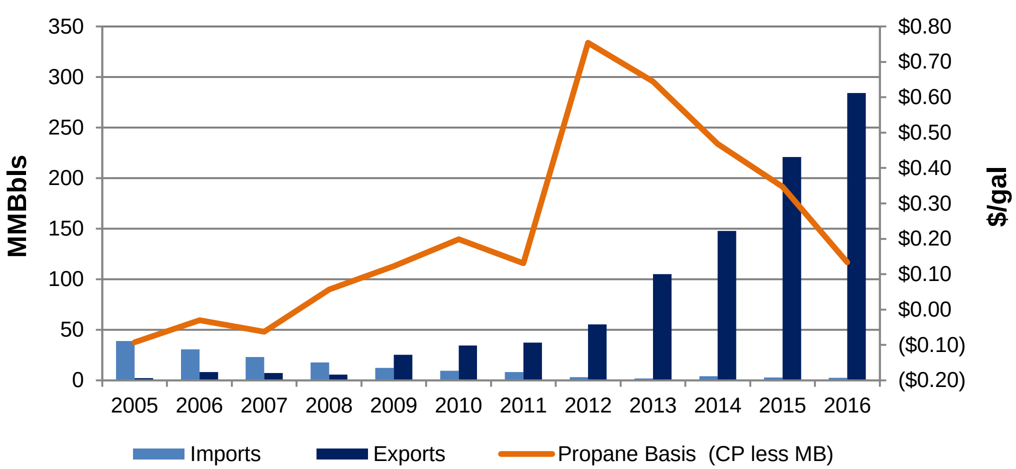
VLGC Freight Rates[1]



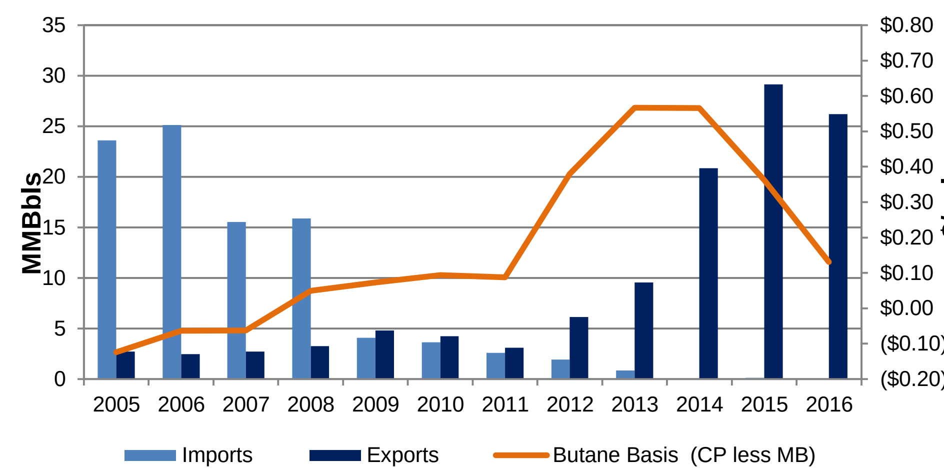
Increasing VLGC Fleet[2]



U.S. Propane[3]



U.S. Butane[3]



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(1) Source: Baltic Exchange; Bloomberg
(2) Clarksons Platou and Gibson
(3) Source: IHS

Reconciliations

Non-GAAP Measures Reconciliation

This presentation includes the non-GAAP financial measure of Adjusted EBITDA. The presentation provides a reconciliation of this non-GAAP financial measures to its most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Our non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income, operating income, net cash flows provided by operating activities or any other GAAP measure of liquidity or financial performance.

Non-GAAP Measures Reconciliation

Adjusted EBITDA - The Company defines Adjusted EBITDA as net income (loss) available to TRC before: interest; income taxes; depreciation and amortization; impairment of goodwill; gains or losses on debt repurchases, redemptions, amendments, exchanges and early debt extinguishments and asset disposals; risk management activities related to derivative instruments including the cash impact of hedges acquired in the APL merger; non-cash compensation on equity grants; transaction costs related to business acquisitions; the Splitter Agreement adjustment; net income attributable to TRP preferred limited partners; earnings/losses from unconsolidated affiliates net of distributions, distributions from preferred interests, change in contingent consideration and the noncontrolling interest portion of depreciation and amortization expenses. Adjusted EBITDA is used as a supplemental financial measure by the Company and by external users of the Company's financial statements such as investors, commercial banks and others. The economic substance behind the Company's use of Adjusted EBITDA is to measure the ability of the Company's assets to generate cash sufficient to pay interest costs, support our indebtedness and pay dividends to the Company's investors.

Adjusted EBITDA is a non-GAAP financial measure. The GAAP measure most directly comparable to Adjusted EBITDA is net income (loss) attributable to TRC. Adjusted EBITDA should not be considered as an alternative to GAAP net income. Adjusted EBITDA has important limitations as an analytical tool. Investors should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and is defined differently by different companies in the Company's industry, the Company's definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into our decision-making processes.

Non-GAAP Measures Reconciliation

Distributable Cash Flow - The Company defines distributable cash flow as Adjusted EBITDA less distributions to TRP preferred limited partners, the Splitter Agreement adjustments, cash interest expense on debt obligations, cash tax (expense) benefit and maintenance capital expenditures (net of any reimbursements of project costs). This measure includes the impact of noncontrolling interests on the prior adjustment items.

Distributable cash flow is a significant performance metric used by the Company and by external users of the Company's financial statements, such as investors, commercial banks and research analysts, to compare basic cash flows generated by the Company (prior to the establishment of any retained cash reserves by our board of directors) to the cash dividends the Company expects to pay its shareholders. Using this metric, management and external users of the Company's financial statements can quickly compute the coverage ratio of estimated cash flows to cash dividends. Distributable cash flow is also an important financial measure for the Company's shareholders since it serves as an indicator of the Company's success in providing a cash return on investment. Specifically, this financial measure indicates to investors whether or not the Company is generating cash flow at a level that can sustain or support an increase in the Company's quarterly dividend rates.

Distributable cash flow is a non-GAAP financial measure. The GAAP measure most directly comparable to distributable cash flow is net income (loss) attributable to TRC. Distributable cash flow should not be considered as an alternative to GAAP net income (loss) available to common and preferred shareholders. It has important limitations as an analytical tool. Investors should not consider distributable cash flow in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Because distributable cash flow excludes some, but not all, items that affect net income and is defined differently by different companies in the Company's industry, the Company's definition of distributable cash flow may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Management compensates for the limitations of distributable cash flow as an analytical tool by reviewing the comparable GAAP measure, understanding the differences between the measures and incorporating these insights into the Company's decision-making processes.

Non-GAAP Reconciliations – Q4 and FY 2016 EBITDA and DCF

The following table presents a reconciliation of Adjusted EBITDA and Distributable Cash Flow for the periods shown for TRC:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
	($ in millions)		($ in millions)	
Reconciliation of net income (loss) attributable to TRC to Adjusted EBITDA and Distributable Cash Flow:				
Net income (loss) to Targa Resources Corp.	$ (150.8)	$ 27.0	$ (187.3)	$ 58.3
Add:				
Impact of TRC/TRP Merger on NCI	-	(212.0)	(3.8)	(180.1)
Income attributable to TRP preferred limited partners	2.9	2.4	11.3	2.4
Interest expense, net	67.2	42.5	254.2	231.9
Income tax expense (benefit)	(96.8)	(14.5)	(100.6)	39.6
Depreciation and amortization expense	194.1	228.8	757.7	677.1
Goodwill impairment	183.0	290.0	207.0	290.0
(Gain) loss on sale or disposition of assets	0.4	(7.8)	6.1	(8.0)
(Gain) loss from financing activities	69.6	(3.5)	48.2	10.1
(Earnings) loss from unconsolidated affiliates	2.9	1.4	14.3	2.5
Distributions from unconsolidated affiliates and preferred partner interests, net	4.9	3.8	17.5	21.1
Change in contingent consideration	(0.1)	(1.2)	(0.4)	(1.2)
Compensation on TRP equity grants	7.5	6.0	29.7	25.0
Transaction costs related to business acquisitions	-	-	-	27.3
Splitter agreement	10.8	-	10.8	-
Risk management activities	6.5	18.8	25.2	64.8
Other	-	0.6	-	0.6
Noncontrolling interest adjustment	(4.5)	(56.3)	(25.0)	(69.7)
TRC Adjusted EBITDA	$ 297.6	$ 326.0	$ 1,064.9	$ 1,191.7
Distributions to TRP preferred limited partners	(2.9)	(2.4)	(11.3)	(2.4)
Cash received from payments under Splitter Agreement	43.0	-	43.0	-
Splitter Agreement	(10.8)	-	(10.8)	-
Interest expenses on debt obligations, net	(62.7)	(68.9)	(263.8)	(253.3)
Cash tax (expense) benefit	9.8	(15.0)	20.9	(15.0)
Maintenance capital expenditures	(29.4)	(24.9)	(85.7)	(97.9)
Noncontrolling interests adjustments of maintenance capex	1.6	1.3	5.2	7.2
TRC Distributable Cash Flow	$ 246.2	$ 216.1	$ 762.4	$ 830.3

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Non-GAAP Reconciliations – Q4 and FY 2016 Gross Margin

The following table presents a reconciliation of gross margin and operating margin to net income (loss) for the periods shown for TRC:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
	($ in millions)		($ in millions)	
Reconciliation of gross margin and operating margin to net income (loss):				
Gross margin	$ 468.6	$ 459.8	$ 1,768.0	$ 1,821.0
Operating expenses	(139.7)	(130.4)	(553.7)	(540.0)
Operating margin	328.9	329.4	1,214.3	1,281.0
Depreciation and amortization expenses	(194.1)	(228.8)	(757.7)	(677.1)
General and administrative expenses	(48.9)	(25.2)	(187.2)	(161.7)
Goodwill impairment	(183.0)	(290.0)	(207.0)	(290.0)
Interest expense, net	(67.2)	(42.5)	(254.2)	(231.9)
Income tax expense	96.8	14.5	100.6	(39.6)
Gain (loss) on sale or disposition of assets	(0.4)	7.8	(6.1)	8.0
Gain (loss) from financing activities	(69.6)	3.5	(48.2)	(10.1)
Other, net	(3.1)	(0.6)	(13.6)	(30.0)
Net income	$ (140.6)	$ (231.9)	$ (159.1)	$ (151.4)
Net income (loss) attributable to noncontrolling interests	10.2	(258.9)	28.2	(209.7)
Net income (loss) attributable to Targa Resources Corp.	$ (150.8)	$ 27.0	$ (187.3)	$ 58.3

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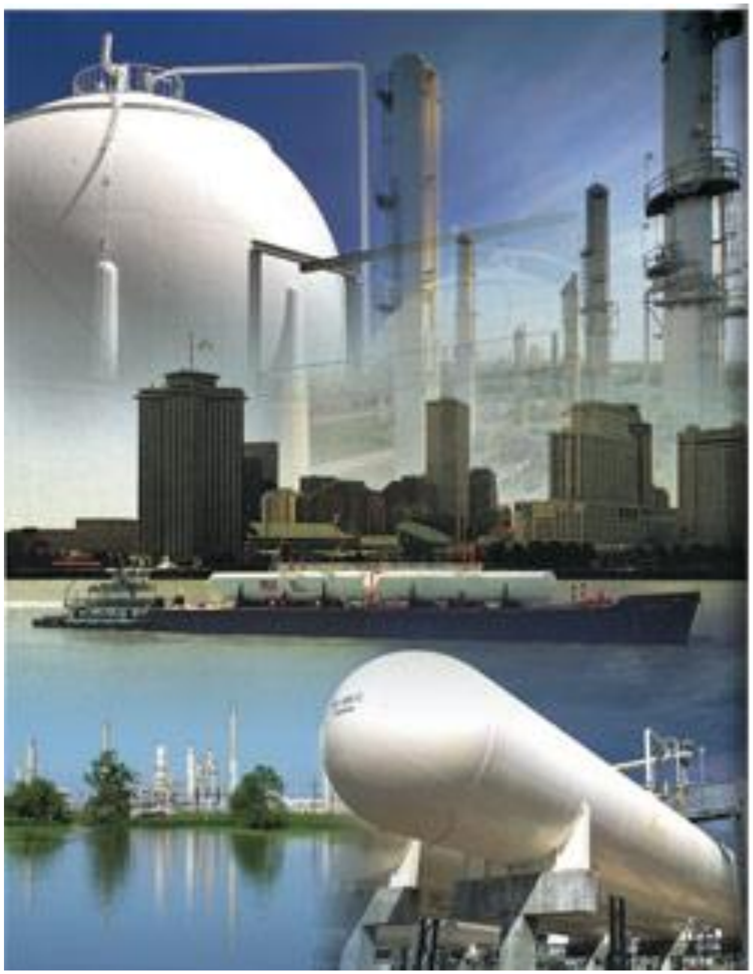

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