

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-34991



TARGA RESOURCES CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-3701075

(I.R.S. Employer Identification No.)

811 Louisiana St, Suite 2100, Houston, Texas
(Address of principal executive offices)

77002
(Zip Code)

(713) 584-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock	TRGP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 3, 2022, there were 227,987,890 shares of the registrant's common stock, \$0.001 par value, outstanding.

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

<u>Item 1. Financial Statements</u>	4
<u>Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021</u>	4
<u>Consolidated Statements of Operations for the three months ended March 31, 2022 and 2021</u>	5
<u>Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2022 and 2021</u>	6
<u>Consolidated Statements of Changes in Owners' Equity and Series A Preferred Stock for the three months ended March 31, 2022 and 2021</u>	7
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2022 and 2021</u>	9
<u>Notes to Consolidated Financial Statements</u>	10
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	42
<u>Item 4. Controls and Procedures</u>	45

PART II—OTHER INFORMATION

<u>Item 1. Legal Proceedings</u>	46
<u>Item 1A. Risk Factors</u>	46
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	46
<u>Item 3. Defaults Upon Senior Securities</u>	46
<u>Item 4. Mine Safety Disclosures</u>	47
<u>Item 5. Other Information</u>	47
<u>Item 6. Exhibits</u>	47

SIGNATURES

<u>Signatures</u>	50
-------------------	----

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Targa Resources Corp.'s (together with its subsidiaries, including Targa Resources Partners LP (the "Partnership"), "we," "us," "our," "Targa," "TRGP," or the "Company") reports, filings and other public announcements may from time to time contain statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements." You can typically identify 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, by the use of forward-looking statements, such as "may," "could," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan," "forecast" and other similar words.

All statements that are not statements of historical facts, including statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements.

These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Known risks and uncertainties include, but are not limited to, the following risks and uncertainties:

- the level and success of crude oil and natural gas drilling around our assets, our success in connecting natural gas supplies to our gathering and processing systems, oil supplies to our gathering systems and natural gas liquid supplies to our logistics and transportation facilities and our success in connecting our facilities to transportation services and markets;
- the timing and extent of changes in natural gas, natural gas liquids, crude oil and other commodity prices, interest rates and demand for our services;
- our ability to access the capital markets, which will depend on general market conditions, our credit ratings and our debt obligations, and demand for our common equity and our senior notes;
- the impact of outbreaks of illnesses, pandemics (like COVID-19) or any other public health crises;
- commodity price volatility due to ongoing conflict in Ukraine;
- actions by the Organization of the Petroleum Exporting Countries ("OPEC") and non-OPEC oil producing countries;
- the timing and success of business development efforts;
- the amount of collateral required to be posted from time to time in our transactions;
- our success in risk management activities, including the use of derivative instruments to hedge commodity price risks;
- the level of creditworthiness of counterparties to various transactions with us;
- changes in laws and regulations, particularly with regard to taxes, safety and protection of the environment;
- weather and other natural phenomena, and related impacts;
- industry changes, including the impact of consolidations and changes in competition;
- our ability to timely obtain and maintain necessary licenses, permits and other approvals;
- our ability to grow through internal growth capital projects or acquisitions and the successful integration and future performance of such assets;
- general economic, market and business conditions; and
- the risks described in our Annual Report on Form 10-K for the year ended December 31, 2021 ("Annual Report") and our reports and registration statements filed from time to time with the United States Securities and Exchange Commission ("SEC").

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements included in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 ("Quarterly Report") will prove to be accurate. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described in our Annual Report. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise.

As generally used in the energy industry and in this Quarterly Report, the identified terms have the following meanings:

Bbl	Barrels (equal to 42 U.S. gallons)
BBtu	Billion British thermal units
Bcf	Billion cubic feet
Btu	British thermal units, a measure of heating value
/d	Per day
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
gal	U.S. gallons
LIBOR	London Inter-Bank Offered Rate
LPG	Liquefied petroleum gas
MBbl	Thousand barrels
MMBbl	Million barrels
MMBtu	Million British thermal units
MMcf	Million cubic feet
MMgal	Million U.S. gallons
NGL(s)	Natural gas liquid(s)
NYMEX	New York Mercantile Exchange
NYSE	New York Stock Exchange
SCOOP	South Central Oklahoma Oil Province
SOFR	Secured Overnight Financing Rate
STACK	Sooner Trend, Anadarko, Canadian and Kingfisher

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

TARGA RESOURCES CORP.
CONSOLIDATED BALANCE SHEETS

	March 31, 2022	December 31, 2021
	(Unaudited)	
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 135.9	\$ 158.5
Trade receivables, net of allowances of \$0.1 million and \$0.1 million at March 31, 2022 and December 31, 2021	1,567.2	1,331.9
Inventories	97.5	153.4
Assets from risk management activities	22.0	43.1
Other current assets	77.9	82.9
Total current assets	<u>1,900.5</u>	<u>1,769.8</u>
Property, plant and equipment, net	11,653.0	11,667.7
Intangible assets, net	1,066.8	1,094.8
Long-term assets from risk management activities	7.3	7.7
Investments in unconsolidated affiliates	579.8	586.5
Other long-term assets	88.0	81.7
Total assets	<u>\$ 15,295.4</u>	<u>\$ 15,208.2</u>
LIABILITIES, SERIES A PREFERRED STOCK AND OWNERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,803.5	\$ 1,402.3
Accrued liabilities	202.5	272.2
Distributions payable	46.3	64.5
Interest payable	74.5	138.5
Liabilities from risk management activities	499.8	258.2
Current debt obligations	283.8	162.8
Total current liabilities	<u>2,910.4</u>	<u>2,298.5</u>
Long-term debt	6,964.9	6,434.4
Long-term liabilities from risk management activities	267.2	109.3
Deferred income taxes, net	88.0	136.0
Other long-term liabilities	297.9	301.6
Contingencies (see Note 15)		
Series A Preferred 9.5% Stock, \$1,000 per share liquidation preference (1,200,000 shares authorized, 919,300 shares issued and outstanding as of March 31, 2022 and December 31, 2021), net of discount (see Note 9)	749.7	749.7
Owners' equity:		
Targa Resources Corp. stockholders' equity:		
Common stock (\$0.001 par value, 450,000,000 shares authorized as of March 31, 2022 and December 31, 2021)	0.2	0.2
Issued	237,199,124	228,180,573
March 31, 2022	237,199,124	228,180,573
December 31, 2021	236,105,293	228,221,122
Outstanding	228,180,573	228,221,122
Preferred stock (\$0.001 par value, after designation of Series A Preferred Stock: 98,800,000 shares authorized, no shares issued and outstanding)	—	—
Additional paid-in capital	4,125.8	4,268.9
Retained earnings (deficit)	(1,734.3)	(1,822.3)
Accumulated other comprehensive income (loss)	(418.4)	(230.9)
Treasury stock, at cost (9,018,551 shares as of March 31, 2022 and 7,884,171 shares as of December 31, 2021)	(276.3)	(204.1)
Total Targa Resources Corp. stockholders' equity	<u>1,697.0</u>	<u>2,011.8</u>
Noncontrolling interests	2,320.3	3,166.9
Total owners' equity	<u>4,017.3</u>	<u>5,178.7</u>
Total liabilities, Series A Preferred Stock and owners' equity	<u>\$ 15,295.4</u>	<u>\$ 15,208.2</u>

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2022	2021
	(Unaudited)	
	(In millions, except per share amounts)	
Revenues:		
Sales of commodities	\$ 4,566.2	\$ 3,367.7
Fees from midstream services	392.9	265.0
Total revenues	<u>4,959.1</u>	<u>3,632.7</u>
Costs and expenses:		
Product purchases and fuel	4,204.1	2,836.3
Operating expenses	183.5	171.1
Depreciation and amortization expense	209.1	216.2
General and administrative expense	67.1	61.4
Other operating (income) expense	(0.5)	3.6
Income (loss) from operations	<u>295.8</u>	<u>344.1</u>
Other income (expense):		
Interest expense, net	(93.6)	(98.4)
Equity earnings (loss)	5.6	11.8
Gain (loss) from financing activities	(15.8)	(14.7)
Other, net	(0.5)	0.1
Income (loss) before income taxes	<u>191.5</u>	<u>242.9</u>
Income tax (expense) benefit	<u>(22.9)</u>	<u>(15.0)</u>
Net income (loss)	<u>168.6</u>	<u>227.9</u>
Less: Net income (loss) attributable to noncontrolling interests	<u>80.6</u>	<u>81.5</u>
Net income (loss) attributable to Targa Resources Corp.	<u>88.0</u>	<u>146.4</u>
Premium on repurchase of noncontrolling interests, net of tax	53.1	—
Dividends on Series A Preferred Stock	21.8	21.8
Net income (loss) attributable to common shareholders	<u>\$ 13.1</u>	<u>\$ 124.6</u>
Net income (loss) per common share - basic	<u>\$ 0.06</u>	<u>\$ 0.54</u>
Net income (loss) per common share - diluted	<u>\$ 0.06</u>	<u>\$ 0.53</u>
Weighted average shares outstanding - basic	<u>228.5</u>	<u>228.5</u>
Weighted average shares outstanding - diluted	<u>232.4</u>	<u>274.7</u>

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31,					
	2022			2021		
	Pre-Tax	Related Income Tax	After Tax	Pre-Tax	Related Income Tax	After Tax
	(Unaudited) (In millions)					
Net income (loss)			\$ 168.6			\$ 227.9
Other comprehensive income (loss):						
Commodity hedging contracts:						
Change in fair value	\$ (387.1)	\$ 86.6	(300.5)	\$ (171.5)	\$ 40.2	(131.3)
Settlements reclassified to revenues	145.7	(32.7)	113.0	149.7	(35.0)	114.7
Other comprehensive income (loss)	(241.4)	53.9	(187.5)	(21.8)	5.2	(16.6)
Comprehensive income (loss)			(18.9)			211.3
Less: Comprehensive income (loss) attributable to noncontrolling interests			80.6			81.5
Comprehensive income (loss) attributable to Targa Resources Corp.			\$ (99.5)			\$ 129.8

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY AND SERIES A PREFERRED STOCK

	Common Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Noncontrolling Interests	Total Owner's Equity	Series A Preferred Stock
	Shares	Amount				Shares	Amount			
(Unaudited)										
(In millions, except shares in thousands)										
Balance, December 31, 2021	228,221	\$ 0.2	\$ 4,268.9	\$ (1,822.3)	\$ (230.9)	7,884	\$ (204.1)	\$ 3,166.9	\$ 5,178.7	\$ 749.7
Compensation on equity grants	—	—	13.5	—	—	—	—	—	13.5	—
Distribution equivalent rights	—	—	(1.7)	—	—	—	—	—	(1.7)	—
Shares issued under compensation program	1,095	—	—	—	—	—	—	—	—	—
Shares tendered for tax withholding obligations	(397)	—	—	—	—	397	(22.5)	—	(22.5)	—
Repurchases of common stock	(738)	—	—	—	—	738	(49.7)	—	(49.7)	—
Series A Preferred Stock dividends										
Dividends - \$23.75 per share	—	—	—	(21.8)	—	—	—	—	(21.8)	—
Dividends in excess of retained earnings	—	—	(21.8)	21.8	—	—	—	—	—	—
Common stock dividends										
Dividends - \$0.35 per share	—	—	—	(80.0)	—	—	—	—	(80.0)	—
Dividends in excess of retained earnings	—	—	(80.0)	80.0	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(72.2)	(72.2)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	2.9	2.9	—
Repurchase of noncontrolling interests, net of tax	—	—	(53.1)	—	—	—	—	(857.9)	(911.0)	—
Other comprehensive income (loss)	—	—	—	—	(187.5)	—	—	—	(187.5)	—
Net income (loss)	—	—	—	88.0	—	—	—	80.6	168.6	—
Balance, March 31, 2022	228,181	\$ 0.2	\$ 4,125.8	\$ (1,734.3)	\$ (418.4)	9,019	\$ (276.3)	\$ 2,320.3	\$ 4,017.3	\$ 749.7

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY AND SERIES A PREFERRED STOCK

	Common Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Noncontrolling Interests	Total Owner's Equity	Series A Preferred Stock
	Shares	Amount				Shares	Amount			
	(Unaudited)									
	(In millions, except shares in thousands)									
Balance, December 31, 2020	228,062	\$ 0.2	\$ 4,839.9	\$ (1,893.5)	\$ (141.8)	6,731	\$ (150.9)	\$ 3,249.3	\$ 5,903.2	\$ 301.4
Impact of accounting standard adoption	—	—	(448.3)	—	—	—	—	—	(448.3)	448.3
Compensation on equity grants	—	—	15.0	—	—	—	—	—	15.0	—
Distribution equivalent rights	—	—	(0.4)	—	—	—	—	—	(0.4)	—
Shares issued under compensation program	878	—	—	—	—	—	—	—	—	—
Shares tendered for tax withholding obligations	(285)	—	—	—	—	285	(8.6)	—	(8.6)	—
Series A Preferred Stock dividends										
Dividends - \$23.75 per share	—	—	—	(21.8)	—	—	—	—	(21.8)	—
Dividends in excess of retained earnings	—	—	(21.8)	21.8	—	—	—	—	—	—
Common stock dividends										
Dividends - \$0.10 per share	—	—	—	(22.9)	—	—	—	—	(22.9)	—
Dividends in excess of retained earnings	—	—	(22.9)	22.9	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(107.1)	(107.1)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	2.0	2.0	—
Other comprehensive income (loss)	—	—	—	—	(16.6)	—	—	—	(16.6)	—
Net income (loss)	—	—	—	146.4	—	—	—	81.5	227.9	—
Balance, March 31, 2021	228,655	\$ 0.2	\$ 4,361.5	\$ (1,747.1)	\$ (158.4)	7,016	\$ (159.5)	\$ 3,225.7	\$ 5,522.4	\$ 749.7

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2022	2021
	(Unaudited) (In millions)	
Cash flows from operating activities		
Net income (loss)	\$ 168.6	\$ 227.9
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization in interest expense	2.4	2.7
Compensation on equity grants	13.5	15.0
Depreciation and amortization expense	209.1	216.2
(Gain) loss on sale or disposition of assets	(1.0)	—
Write-downs of assets	0.5	3.5
Accretion of asset retirement obligations	1.1	0.9
Increase (decrease) in redemption value of mandatorily redeemable preferred interests	(0.7)	—
Deferred income tax expense (benefit)	21.1	14.5
Equity (earnings) loss of unconsolidated affiliates	(5.6)	(11.8)
Distributions of earnings received from unconsolidated affiliates	6.0	24.3
Risk management activities	178.2	(1.5)
(Gain) loss from financing activities	15.8	14.7
Changes in operating assets and liabilities:		
Receivables and other assets	(216.2)	(41.9)
Inventories	55.9	139.9
Accounts payable, accrued liabilities and other liabilities	363.5	121.2
Interest payable	(64.0)	(45.8)
Net cash provided by operating activities	<u>748.2</u>	<u>679.8</u>
Cash flows from investing activities		
Outlays for property, plant and equipment	(204.4)	(96.2)
Proceeds from sale of assets	1.0	—
Investments in unconsolidated affiliates	(0.4)	—
Return of capital from unconsolidated affiliates	6.8	5.9
Other, net	—	0.3
Net cash used in investing activities	<u>(197.0)</u>	<u>(90.0)</u>
Cash flows from financing activities		
Debt obligations:		
Proceeds from borrowings under credit facilities	1,805.0	65.0
Repayments of credit facilities	(810.0)	(825.0)
Proceeds from borrowings under accounts receivable securitization facility	250.0	350.0
Repayments of accounts receivable securitization facility	(130.0)	(430.0)
Proceeds from issuance of senior notes	—	1,000.0
Redemption of senior notes	(480.7)	(548.1)
Principal payments of finance leases	(3.2)	(3.1)
Costs incurred in connection with financing arrangements	(10.9)	(9.0)
Repurchase of shares	(72.2)	(8.6)
Contributions from noncontrolling interests	2.9	2.0
Distributions to noncontrolling interests	(90.4)	(129.3)
Repurchase of noncontrolling interests	(926.3)	—
Dividends paid to common and Series A Preferred shareholders	(108.0)	(48.0)
Net cash provided by (used in) financing activities	<u>(573.8)</u>	<u>(584.1)</u>
Net change in cash and cash equivalents	(22.6)	5.7
Cash and cash equivalents, beginning of period	158.5	242.8
Cash and cash equivalents, end of period	<u>\$ 135.9</u>	<u>\$ 248.5</u>

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Except as noted within the context of each footnote disclosure, the dollar amounts presented in the tabular data within these footnote disclosures are stated in millions of dollars.

Note 1 — Organization and Operations

Our Organization

Targa Resources Corp. (NYSE: TRGP) is a publicly traded Delaware corporation formed in October 2005. Targa is a leading provider of midstream services and is one of the largest independent infrastructure companies in North America. We own, operate, acquire, and develop a diversified portfolio of complementary domestic midstream infrastructure assets.

In this Quarterly Report, unless the context requires otherwise, references to “we,” “us,” “our,” “the Company,” “Targa” or “TRGP” are intended to mean our consolidated business and operations. TRGP controls the general partner of and owns all of the outstanding common units representing limited partner interests in Targa Resources Partners LP, referred to herein as the “Partnership”. Targa consolidates the Partnership and its subsidiaries under accounting principles generally accepted in the United States of America (“GAAP”). Targa’s consolidated financial statements include differences from the consolidated financial statements of the Partnership. The most noteworthy differences are:

- the inclusion of the TRGP revolving credit facility;
- the inclusion of Series A Preferred Stock (“Series A Preferred”); and
- the impacts of TRGP’s treatment as a corporation for U.S. federal income tax purposes.

Our Operations

The Company is primarily engaged in the business of:

- gathering, compressing, treating, processing, transporting, and purchasing and selling natural gas;
- transporting, storing, fractionating, treating, and purchasing and selling NGLs and NGL products, including services to LPG exporters; and
- gathering, storing, terminaling, and purchasing and selling crude oil.

See Note 19 – Segment Information for certain financial information regarding our business segments.

Note 2 — Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all information and disclosures required by GAAP. Therefore, this information should be read in conjunction with our consolidated financial statements and notes contained in our Annual Report. The information furnished herein reflects all adjustments that are, in the opinion of management, necessary for a fair statement of the results of the interim periods reported. All intercompany balances and transactions have been eliminated in consolidation. Certain amounts in prior periods have been reclassified to conform to the current year presentation. Operating results for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

Note 3 — Significant Accounting Policies

The accounting policies that we follow are set forth in Note 3 – Significant Accounting Policies of the Notes to Consolidated Financial Statements in our Annual Report. There were no significant updates or revisions to our accounting policies during the three months ended March 31, 2022.

Note 4 – Joint Ventures, Divestitures and Acquisitions

DevCo Joint Ventures

In February 2018, we formed three development joint ventures (“DevCo JVs”) with investment vehicles affiliated with Stonepeak Infrastructure Partners (“Stonepeak”) to fund portions of Grand Prix NGL Pipeline (“Grand Prix”), Gulf Coast Express Pipeline (“GCX”) and an approximately 110 MBbl/d fractionator in Mont Belvieu, Texas (“Train 6”). For a four-year period beginning on the date that all three projects commenced commercial operations, we had the option to acquire all or part of Stonepeak’s interests in the DevCo JVs (the “DevCo JV Call Right”). The purchase price payable for such partial or full interests was based on a predetermined fixed return or multiple on invested capital, including distributions received by Stonepeak from the DevCo JVs.

In January 2022, we exercised the DevCo JV Call Right and closed on the purchase of all of Stonepeak’s interests in the DevCo JVs for \$926.3 million (the “DevCo JV Repurchase”). Following the DevCo JV Repurchase, we own a 75% interest in Grand Prix Pipeline LLC, a 100% interest in Train 6 and owned a 25% equity interest in GCX, prior to the GCX Sale (as defined below) in February 2022. The change in our ownership interests was accounted for as an equity transaction representing the acquisition of noncontrolling interests. The amount of the redemption price in excess of the carrying amount, net of tax was \$53.1 million, which was accounted for as a premium on repurchase of noncontrolling interests, and resulted in a reduction to Net income (loss) attributable to common shareholders. In addition, the DevCo JV Repurchase resulted in an \$857.9 million reduction of Noncontrolling interests on our Consolidated Balance Sheets.

Divestitures

In February 2022, we announced that we executed agreements to sell Targa GCX Pipeline LLC, which held our 25 percent equity interest in GCX, for approximately \$857 million (the “GCX Sale”). We expect to receive the full proceeds from the sale in the second quarter of 2022 as the customary call right period has now expired.

Acquisitions

In April 2022, we closed on the acquisition of Southcross Energy Operating LLC and its subsidiaries in South Texas for a purchase price of approximately \$200 million (the “Southcross Acquisition”). We acquired a portfolio of complementary midstream infrastructure assets and associated contracts that have been integrated into our SouthTX Gathering and Processing operations, including the remaining interests in the two operated joint ventures in South Texas that we previously held as investments in unconsolidated affiliates and which we will prospectively consolidate. See Note 6 – Investments in Unconsolidated Affiliates.

Note 5 — Property, Plant and Equipment and Intangible Assets

	March 31, 2022	December 31, 2021	Estimated Useful Lives (In Years)
Gathering systems	\$ 9,368.0	\$ 9,318.2	5 to 20
Processing and fractionation facilities	6,423.0	6,388.8	5 to 25
Terminaling and storage facilities	1,325.5	1,313.8	5 to 25
Transportation assets	2,696.6	2,671.0	10 to 50
Other property, plant and equipment	334.2	340.9	3 to 50
Land	160.8	160.8	—
Construction in progress	392.4	347.0	—
Finance lease right-of-use assets	56.8	55.6	5 to 7
Property, plant and equipment	20,757.3	20,596.1	
Accumulated depreciation, amortization and impairment	(9,104.3)	(8,928.4)	
Property, plant and equipment, net	\$ 11,653.0	\$ 11,667.7	
Intangible assets	2,497.7	2,642.9	10 to 20
Accumulated amortization and impairment	(1,430.9)	(1,548.1)	
Intangible assets, net	\$ 1,066.8	\$ 1,094.8	

During the three months ended March 31, 2022 and 2021, depreciation expense was \$181.1 million and \$183.4 million, respectively.

Impairments of Long-Lived Assets

We review and evaluate our long-lived assets, including intangible assets, for impairment when events or changes in circumstances indicate that the related carrying amount of such assets may not be recoverable, including changes to our estimates that could have an impact on our assessment of asset recoverability. No impairments of long-lived assets were recorded for the three months ended March 31, 2022 and 2021.

Intangible Assets

Intangible assets consist of customer contracts and customer relationships acquired in prior business combinations. The fair value of these acquired intangible assets were determined at the date of acquisition based on the present values of estimated future cash flows. Amortization expense attributable to these assets is recorded over the periods in which we benefit from services provided to customers.

The estimated annual amortization expense for intangible assets is approximately \$112.0 million, \$106.8 million, \$103.0 million, \$99.9 million and \$97.6 million for each of the years 2022 through 2026, respectively.

The changes in our intangible assets are as follows:

	March 31, 2022
Balance at December 31, 2021	\$ 1,094.8
Amortization	(28.0)
Balance at March 31, 2022	<u>\$ 1,066.8</u>

Note 6 – Investments in Unconsolidated Affiliates

Our investments in unconsolidated affiliates consist of the following:

Gathering and Processing Segment

- two operated joint ventures in South Texas: a 75% interest (prior to closing on the Southcross Acquisition) in T2 LaSalle Gathering Company L.L.C. (“T2 LaSalle”) and a 50% interest (prior to closing on the Southcross Acquisition) in T2 Eagle Ford Gathering Company L.L.C. (“T2 Eagle Ford” and, together with T2 LaSalle, the “T2 Joint Ventures”); and
- a 50% operated ownership interest in Little Missouri 4 LLC (“Little Missouri 4”).

Logistics and Transportation Segment

- a 25% non-operated ownership interest in GCX (prior to the GCX Sale);
- a 38.8% operated ownership interest in Gulf Coast Fractionators (“GCF”); and
- a 50% operated ownership interest in Cayenne Pipeline LLC (“Cayenne”).

The terms of these joint venture agreements do not afford us the degree of control required for consolidating them in our consolidated financial statements, but do afford us the significant influence required to employ the equity method of accounting.

See Note 4 – Joint Ventures, Divestitures and Acquisitions for further discussion of the T2 Joint Ventures and GCX.

The following table shows the activity related to our investments in unconsolidated affiliates:

	Balance at December 31, 2021	Equity Earnings (Loss)	Cash Distributions	Contributions	Balance at March 31, 2022
GCX (1)	\$ 421.0	\$ 5.7	\$ (7.3)	\$ —	\$ 419.4
Little Missouri 4	98.1	0.3	(4.7)	—	93.7
GCF (2)	28.8	(0.7)	—	0.5	28.6
T2 Eagle Ford (3)	21.9	(0.6)	(0.8)	—	20.5
T2 LaSalle (3)	4.2	(0.2)	—	—	4.0
Cayenne	12.5	1.1	—	—	13.6
Total	<u>\$ 586.5</u>	<u>\$ 5.6</u>	<u>\$ (12.8)</u>	<u>\$ 0.5</u>	<u>\$ 579.8</u>

- (1) Following the DevCo JV Repurchase in January 2022, we owned a 25% equity interest in GCX. In February 2022, we announced the GCX Sale, at which time we ceased the recognition of equity earnings (loss) due to the terms of the sales agreement. See Note 4 – Joint Ventures, Divestitures and Acquisitions for further discussion.
- (2) Targa assumed operatorship of GCF in the first half of 2021.
- (3) In April 2022, we closed on the Southcross Acquisition. Following the closing of the Southcross Acquisition, we own 100% of the interests in the T2 Joint Ventures. See Note 4 – Joint Ventures, Divestitures and Acquisitions for further discussion.

Note 7 — Debt Obligations

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Current:		
Partnership accounts receivable securitization facility, due April 2022 (1)	\$ 270.0	\$ 150.0
Finance lease liabilities	13.8	12.8
Current debt obligations	<u>283.8</u>	<u>162.8</u>
Long-term:		
TRGP senior revolving credit facility, variable rate, due February 2027 (2)	995.0	—
Senior unsecured notes issued by the Partnership: (3)		
5.875% fixed rate, due April 2026 (4)	963.2	963.2
5.375% fixed rate, due February 2027 (5)	—	468.1
6.500% fixed rate, due July 2027	705.2	705.2
5.000% fixed rate, due January 2028	700.3	700.3
6.875% fixed rate, due January 2029	679.3	679.3
5.500% fixed rate, due March 2030	949.6	949.6
4.875% fixed rate, due February 2031	1,000.0	1,000.0
4.000% fixed rate, due January 2032	<u>1,000.0</u>	<u>1,000.0</u>
	6,992.6	6,465.7
Debt issuance costs, net of amortization	(41.3)	(45.0)
Finance lease liabilities	13.6	13.7
Long-term debt (6)	<u>6,964.9</u>	<u>6,434.4</u>
Total debt obligations	<u>\$ 7,248.7</u>	<u>\$ 6,597.2</u>
Irrevocable standby letters of credit:		
Letters of credit outstanding under the TRGP senior revolving credit facility (3)	\$ 58.7	\$ —
Letters of credit outstanding under the Partnership senior secured revolving credit facility (3)	—	71.3
	<u>\$ 58.7</u>	<u>\$ 71.3</u>

- (1) As of March 31, 2022, the Partnership had \$270.0 million of qualifying receivables under its \$400.0 million accounts receivable securitization facility (“Securitization Facility”), resulting in \$130.0 million of availability. In April 2022, the Partnership amended the Securitization Facility to, among other things, extend the facility termination date to April 19, 2023.
- (2) In February 2022, we entered into a new \$2.75 billion TRGP senior revolving credit facility, (the “TRGP Revolver”) which matures in February 2027. In connection with our entry into the TRGP Revolver, we terminated our previous TRGP senior secured revolving credit facility (the “Previous TRGP Revolver”) and the Partnership’s senior secured revolving credit facility (the “Partnership Revolver”). As of March 31, 2022, availability under the TRGP Revolver was \$1.7 billion. As of December 31, 2021, we had no balance outstanding under the Previous TRGP Revolver or the Partnership Revolver.
- (3) As of February 2022, we guarantee all of the Partnership’s outstanding senior unsecured notes.
- (4) In April 2022, the Partnership purchased \$484.3 million aggregate principal amount of its outstanding 5.875% Senior Notes due 2026 (the “5.875% Notes”) pursuant to an offer to purchase for cash (the “Tender Offer”) any and all outstanding 5.875% Notes. Concurrent with the launch of the Tender Offer, the Partnership exercised its right to redeem any of the 5.875% Notes not validly tendered and purchased in the Tender Offer, and such 5.875% Notes were redeemed in April 2022.
- (5) In March 2022, the Partnership redeemed all of the outstanding 5.375% Senior Notes due 2027 (the “5.375% Notes”) with the available liquidity under the TRGP Revolver.
- (6) In April 2022, we, along with certain of our subsidiaries as guarantors thereto, completed an underwritten public offering of (i) \$750.0 million aggregate principal amount of our 4.200% Senior Notes due 2033 (the “4.200% Notes”) and (ii) \$750.0 million aggregate principal amount of our 4.950% Senior Notes due 2052 (the “4.950% Notes”), resulting in net proceeds of approximately \$1.5 billion.

The following table shows the range of interest rates and weighted average interest rate incurred on our variable-rate debt obligations during the three months ended March 31, 2022:

	<u>Range of Interest Rates Incurred</u>	<u>Weighted Average Interest Rate Incurred</u>
TRGP Revolver	1.5% - 1.8%	1.6%
Securitization Facility	1.1% - 1.2%	1.2%

Compliance with Debt Covenants

As of March 31, 2022, we were in compliance with the covenants contained in our various debt agreements.

In February 2022, we and certain of our subsidiaries entered into a parent guarantee whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of all of the obligations of the Partnership and Targa Resources Partners Finance Corporation (together with the Partnership, the “Partnership Issuers”) under the respective indentures governing the Partnership Issuers’ senior unsecured notes. As of March 31, 2022, \$6.0 billion of the Partnership Issuers’ senior unsecured notes was outstanding.

Debt Obligations

TRGP Revolver

In February 2022, we entered into the TRGP Revolver with Bank of America, N.A., as the Administrative Agent, Collateral Agent and Swing Line Lender, and the other lenders party thereto. The TRGP Revolver provides for a revolving credit facility in an initial aggregate principal amount up to \$2.75 billion (with an option to increase such maximum aggregate principal amount by up to \$500.0 million in the future, subject to the terms of the TRGP Revolver), including a swing line sub-facility of up to \$100.0 million. The TRGP Revolver matures on February 17, 2027. In connection with our entry into the TRGP Revolver, we terminated the Previous TRGP Revolver and the Partnership Revolver. In February 2022, TRGP and the Partnership received a corporate investment grade credit rating from Standard & Poor’s Financial Services LLC (“S&P”) and Fitch Ratings Inc., and in March 2022, the Partnership received a corporate investment grade credit rating from Moody’s Investors Service, Inc. (“Moody’s”). As a result, in accordance with the TRGP Revolver, the collateral under the TRGP Revolver was released from the liens securing our obligations thereunder. As a result of the termination of the Previous TRGP Revolver and the Partnership Revolver, we recorded a loss due to debt extinguishment of \$0.8 million.

Senior Unsecured Notes Redemption

In March 2022, the Partnership redeemed all of the outstanding 5.375% Notes at a redemption price equal to \$1,026.88 for each \$1,000 principal amount of 5.375% Notes redeemed, plus accrued and unpaid interest to, but not including, March 30, 2022, or a maximum combined aggregate redemption price (exclusive of accrued and unpaid interest) of \$480.7 million. The 5.375% Notes were redeemed with available liquidity under the TRGP Revolver. As a result of the redemption of the 5.375% Notes, we recorded a loss due to debt extinguishment of \$15.0 million comprised of \$12.6 million of premiums paid and a write-off of \$2.4 million of debt issuance costs.

In the future, we or the Partnership may redeem, purchase or exchange certain of our and the Partnership’s outstanding debt through redemption calls, cash purchases and/or exchanges for other debt, in open market purchases, privately negotiated transactions or otherwise. Such calls, repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Shelf Registration

In March 2022, we filed with the SEC a universal shelf registration statement on Form S-3 that registers the issuance and sale of certain debt and equity securities from time to time in one or more offerings (the “March 2022 Shelf”). The March 2022 Shelf will expire in March 2025. See Note 10 – Common Stock and Related Matters.

Contractual Obligations

The following table summarizes payment obligations as of March 31, 2022, for debt instruments after giving effect to the debt extinguishments detailed above:

	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt obligations (1)	\$ 6,992.6	\$ —	\$ —	\$ 1,958.2	\$ 5,034.4
Interest on debt obligations (2)	2,232.6	325.1	650.3	596.0	661.2
	<u>\$ 9,225.2</u>	<u>\$ 325.1</u>	<u>\$ 650.3</u>	<u>\$ 2,554.2</u>	<u>\$ 5,695.6</u>

(1) Represents scheduled future maturities of consolidated debt obligations for the periods indicated.

(2) Represents interest expense on debt obligations based on both fixed debt interest rates and prevailing March 31, 2022 rates for floating debt.

Subsequent Events

Senior Unsecured Notes Issuances and Redemptions

In April 2022, we, along with certain of our subsidiaries as guarantors thereto, completed an underwritten public offering of (i) \$750.0 million aggregate principal amount of our 4.200% Notes and (ii) \$750.0 million aggregate principal amount of our 4.950% Notes, resulting in net proceeds of approximately \$1.5 billion. Both of the 4.200% Notes and the 4.950% Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by our subsidiaries that guarantee the TRGP Revolver, so long as such subsidiary guarantors satisfy certain conditions. Both of the 4.200% Notes and the 4.950% Notes were issued pursuant to the Indenture, dated as of April 6, 2022, as supplemented by that certain First Supplemental Indenture, dated as of April 6, 2022, among us, such subsidiary guarantors and U.S. Bank Trust Company, National Association, as trustee.

A portion of the net proceeds from the issuance were used to fund the concurrent cash tender offer (the “March Tender Offer”) and the subsequent redemption payment of the Partnership’s 5.875% Notes, with the remainder used for repayment of borrowings under the TRGP Revolver. As a result of the March Tender Offer and the subsequent redemption of the 5.875% Notes, we will record a loss due to debt extinguishment of \$33.5 million in the second quarter.

Partnership’s Accounts Receivable Securitization Facility

In April 2022, the Partnership amended the Securitization Facility to, among other things, extend the facility termination date to April 19, 2023 and replace the LIBOR-based interest rate option with SOFR-based interest rate options, including term SOFR and daily simple SOFR.

Note 8 — Other Long-term Liabilities

Other long-term liabilities are comprised of deferred revenue, asset retirement obligations and operating lease liabilities.

Deferred Revenue

We have certain long-term contractual arrangements for which we have received consideration that we are not yet able to recognize as revenue. The resulting deferred revenue will be recognized once all conditions for revenue recognition have been met.

Deferred revenue as of March 31, 2022 and December 31, 2021, was \$170.6 million and \$171.8 million, respectively, which includes \$129.0 million of payments received from Vitol Americas Corp. (“Vitol”) (formerly known as Noble Americas Corp.), a subsidiary of Vitol US Holding Co., in 2016, 2017, and 2018 as part of an agreement (the “Splitter Agreement”) related to the construction and operation of a crude oil and condensate splitter. In December 2018, Vitol elected to terminate the Splitter Agreement. The Splitter Agreement provides that the first three annual payments are ours if Vitol elects to terminate, which Vitol disputes. The timing of revenue recognition related to the Splitter Agreement deferred revenue is dependent on the outcome of current litigation with Vitol. Deferred revenue also includes nonmonetary consideration received in a 2015 amendment to a gas gathering and processing agreement and consideration received for other construction activities of facilities connected to our systems. See Part II—Item 1. Legal Proceedings for further details on the related litigation.

Note 9 — Preferred Stock

Preferred Stock Dividends

As of March 31, 2022, we had accrued cumulative preferred dividends of \$21.8 million on our Series A Preferred, which were paid on May 2, 2022. During the three months ended March 31, 2022, we paid \$21.8 million of dividends to preferred shareholders.

Subsequent Event

Series A Preferred Redemption

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of \$1,050.00 per share, plus \$8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of \$973.4 million (including unpaid dividends of \$8.2 million) and the net carrying value of the shares redeemed was \$223.7 million, which will be recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated.

Note 10 — Common Stock and Related Matters

Shelf Registration Statement

In March 2022, we filed the March 2022 Shelf. The March 2022 Shelf will expire in March 2025. See Note 7 – Debt Obligations.

Common Stock Dividends

In January 2022, we declared an increase to our common dividend to \$0.35 per common share or \$1.40 per common share annualized effective for the fourth quarter of 2021, which was paid in February 2022.

The following table details the dividends declared and/or paid by us to common shareholders for the three months ended March 31, 2022:

Three Months Ended	Date Paid or To Be Paid	Total Common Dividends Declared	Amount of Common Dividends Paid or To Be Paid	Accrued Dividends (1)	Dividends Declared per Share of Common Stock
		(In millions, except per share amounts)			
March 31, 2022	May 16, 2022	\$ 81.2	\$ 79.8	1.4	\$ 0.35000
December 31, 2021	February 15, 2022	81.4	80.1	1.3	0.35000

(1) Represents accrued dividends on restricted stock and restricted stock units that are payable upon vesting.

Note 11 — Partnership Units and Related Matters

Distributions

We are entitled to receive all Partnership distributions from available cash on the Partnership's common units each quarter.

The following table details the distributions declared and paid by the Partnership for the three months ended March 31, 2022:

Three Months Ended	Date Paid or To Be Paid	Total Distributions	Distributions to Targa Resources Corp.
		(In millions, except per share amounts)	
March 31, 2022	May 12, 2022	\$ 103.7	\$ 103.7
December 31, 2021	February 11, 2022	103.7	103.7

Contributions

All capital contributions to the Partnership continue to be allocated 98% to the limited partner and 2% to the general partner; however, no units will be issued for those contributions. During the three months ended March 31, 2022, we made a total of \$140.0 million in contributions to the Partnership.

Note 12 — Earnings per Common Share

The following table sets forth a reconciliation of net income and weighted average shares outstanding used in computing basic and diluted net income per common share:

	Three Months Ended March 31,	
	2022	2021
	(In millions, except per share amounts)	
Net income (loss) attributable to Targa Resources Corp.	\$ 88.0	\$ 146.4
Less: Premium on repurchase of noncontrolling interests, net of tax	53.1	—
Less: Dividends on Series A Preferred (1)	21.8	21.8
Net income (loss) attributable to common shareholders for basic earnings per share	\$ 13.1	\$ 124.6
Weighted average shares outstanding - basic	228.5	228.5
Dilutive effect of unvested stock awards	3.9	1.9
Dilutive effect of Series A Preferred (1)	—	44.3
Weighted average shares outstanding - diluted	232.4	274.7
Net income (loss) available per common share - basic	\$ 0.06	\$ 0.54
Net income (loss) available per common share - diluted	\$ 0.06	\$ 0.53

The following potential common stock equivalents are excluded from the determination of diluted earnings per share because the inclusion of such shares would have been anti-dilutive (in millions on a weighted-average basis):

	Three Months Ended March 31,	
	2022	2021
Unvested restricted stock awards	0.1	—
Series A Preferred (1)	44.3	—

(1) The Series A Preferred had no mandatory redemption date, but was redeemable at our election for a 5% premium to the liquidation preference subsequent to March 16, 2022. In May 2022, we redeemed all of our issued and outstanding Series A Preferred at a redemption price of \$1,050.00 per share, plus \$8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. See Note 9 – Preferred Stock for further discussion.

Note 13 — Derivative Instruments and Hedging Activities

The primary purpose of our commodity risk management activities is to manage our exposure to commodity price risk and reduce volatility in our operating cash flow due to fluctuations in commodity prices. We have entered into derivative instruments to hedge the commodity price risks associated with a portion of our expected (i) natural gas, NGL, and condensate equity volumes in our Gathering and Processing operations that result from percent-of-proceeds processing arrangements, (ii) future commodity purchases and sales in our Logistics and Transportation segment and (iii) natural gas transportation basis risk in our Logistics and Transportation segment. The hedge positions associated with (i) and (ii) above will move favorably in periods of falling commodity prices and unfavorably in periods of rising commodity prices and are primarily designated as cash flow hedges for accounting purposes.

The hedges generally match the NGL product composition and the NGL delivery points of our physical equity volumes. Our natural gas hedges are a mixture of specific gas delivery points and Henry Hub. The NGL hedges may be transacted as specific NGL hedges or as baskets of ethane, propane, normal butane, isobutane and natural gasoline based upon our expected equity NGL composition. We believe this approach avoids uncorrelated risks resulting from employing hedges on crude oil or other petroleum products as “proxy” hedges of NGL prices. Our natural gas and NGL hedges are settled using published index prices for delivery at various locations.

We hedge a portion of our condensate equity volumes using crude oil hedges that are based on the NYMEX futures contracts for West Texas Intermediate light, sweet crude, which approximates the prices received for condensate. This exposes us to a market differential risk if the NYMEX futures do not move in exact parity with the sales price of our underlying condensate equity volumes.

We also enter into derivative instruments to help manage other short-term commodity-related business risks and take advantage of market opportunities. We have not designated these derivatives as hedges and record changes in fair value and cash settlements to revenues as current income.

At March 31, 2022, the notional volumes of our commodity derivative contracts were:

Commodity	Instrument	Unit	2022	2023	2024	2025	2026	2027
Natural Gas	Swaps	MMBtu/d	157,714	102,943	49,068	7,479	—	—
Natural Gas	Basis Swaps	MMBtu/d	449,755	295,000	280,000	244,267	55,000	10,000
NGL	Swaps	Bbl/d	37,524	23,760	11,209	230	—	—
NGL	Futures	Bbl/d	6,429	—	—	—	—	—
Condensate	Swaps	Bbl/d	5,106	3,687	1,702	37	—	—

Our derivative contracts are subject to netting arrangements that permit our contracting subsidiaries to net cash settle offsetting asset and liability positions with the same counterparty within the same Targa entity. We record derivative assets and liabilities on our Consolidated Balance Sheets on a gross basis, without considering the effect of master netting arrangements.

The following schedules reflect the fair value of our derivative instruments and their location on our Consolidated Balance Sheets as well as pro forma reporting assuming that we reported derivatives subject to master netting agreements on a net basis:

	Balance Sheet Location	Fair Value as of March 31, 2022		Fair Value as of December 31, 2021	
		Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments					
Commodity contracts	Current	\$ 22.0	\$ (447.8)	\$ 25.5	\$ (252.6)
	Long-term	4.6	(126.7)	6.2	(84.3)
Total derivatives designated as hedging instruments		<u>\$ 26.6</u>	<u>\$ (574.5)</u>	<u>\$ 31.7</u>	<u>\$ (336.9)</u>
Derivatives not designated as hedging instruments					
Commodity contracts	Current	\$ —	\$ (52.0)	\$ 17.6	\$ (5.6)
	Long-term	2.7	(140.5)	1.5	(25.0)
Total derivatives not designated as hedging instruments		<u>\$ 2.7</u>	<u>\$ (192.5)</u>	<u>\$ 19.1</u>	<u>\$ (30.6)</u>
Total current position		<u>\$ 22.0</u>	<u>\$ (499.8)</u>	<u>\$ 43.1</u>	<u>\$ (258.2)</u>
Total long-term position		<u>\$ 7.3</u>	<u>\$ (267.2)</u>	<u>\$ 7.7</u>	<u>\$ (109.3)</u>
Total derivatives		<u>\$ 29.3</u>	<u>\$ (767.0)</u>	<u>\$ 50.8</u>	<u>\$ (367.5)</u>

The pro forma impact of reporting derivatives on our Consolidated Balance Sheets on a net basis is as follows:

March 31, 2022	Gross Presentation			Pro Forma Net Presentation	
	Asset	Liability	Collateral	Asset	Liability
Current Position					
Counterparties with offsetting positions or collateral	\$ 22.0	\$ (69.1)	\$ 3.7	\$ —	\$ (43.4)
Counterparties without offsetting positions - assets	—	—	—	—	—
Counterparties without offsetting positions - liabilities	—	(430.7)	—	—	(430.7)
	22.0	(499.8)	3.7	—	(474.1)
Long-Term Position					
Counterparties with offsetting positions or collateral	7.3	(203.7)	15.5	—	(180.9)
Counterparties without offsetting positions - assets	—	—	—	—	—
Counterparties without offsetting positions - liabilities	—	(63.5)	—	—	(63.5)
	7.3	(267.2)	15.5	—	(244.4)
Total Derivatives					
Counterparties with offsetting positions or collateral	29.3	(272.8)	19.2	—	(224.3)
Counterparties without offsetting positions - assets	—	—	—	—	—
Counterparties without offsetting positions - liabilities	—	(494.2)	—	—	(494.2)
	<u>\$ 29.3</u>	<u>\$ (767.0)</u>	<u>\$ 19.2</u>	<u>\$ —</u>	<u>\$ (718.5)</u>
December 31, 2021	Gross Presentation			Pro Forma Net Presentation	
	Asset	Liability	Collateral	Asset	Liability
Current Position					
Counterparties with offsetting positions or collateral	\$ 39.2	\$ (241.9)	\$ 5.0	\$ 0.3	\$ (198.0)
Counterparties without offsetting positions - assets	3.9	—	—	3.9	—
Counterparties without offsetting positions - liabilities	—	(16.3)	—	—	(16.3)
	43.1	(258.2)	5.0	4.2	(214.3)
Long-Term Position					
Counterparties with offsetting positions or collateral	7.4	(95.1)	3.1	—	(84.6)
Counterparties without offsetting positions - assets	0.3	—	—	0.3	—
Counterparties without offsetting positions - liabilities	—	(14.2)	—	—	(14.2)
	7.7	(109.3)	3.1	0.3	(98.8)
Total Derivatives					
Counterparties with offsetting positions or collateral	46.6	(337.0)	8.1	0.3	(282.6)
Counterparties without offsetting positions - assets	4.2	—	—	4.2	—
Counterparties without offsetting positions - liabilities	—	(30.5)	—	—	(30.5)
	<u>\$ 50.8</u>	<u>\$ (367.5)</u>	<u>\$ 8.1</u>	<u>\$ 4.5</u>	<u>\$ (313.1)</u>

Some of our hedges are futures contracts executed through brokers that clear the hedges through an exchange. We maintain a margin deposit with the brokers in an amount sufficient to cover the fair value of our open futures positions. The margin deposit is considered collateral, which is located within Other current assets on our Consolidated Balance Sheets and is not offset against the fair value of our derivative instruments. Our derivative instruments other than our futures contracts are executed under International Swaps and Derivatives Association (“ISDA”) agreements, which govern the key terms with our counterparties. Our ISDA agreements contain credit-risk related contingent features. Pursuant to the terms of the TRGP Revolver, our derivative positions are no longer secured by the collateral securing the TRGP Revolver. As of March 31, 2022, we have outstanding net derivative positions that contain credit-risk related contingent features that are in a net liability position of approximately (\$718) million. We have not been required to post any collateral related to these positions due to our credit rating. If our credit rating was to be downgraded one notch below investment grade by both Moody’s and S&P, as defined in our ISDAs, we estimate that as of March 31, 2022, we would be required to post approximately \$126 million of collateral to certain counterparties per the terms of our ISDAs.

The fair value of our derivative instruments, depending on the type of instrument, was determined by the use of present value methods or standard option valuation models with assumptions about commodity prices based on those observed in underlying markets. The estimated fair value of our derivative instruments was a net liability of (\$737.7) million as of March 31, 2022. The estimated fair value is net of an adjustment for credit risk based on the default probabilities as indicated by market quotes for the counterparties’ credit default swap rates. The credit risk adjustment was immaterial for all periods presented. Our futures contracts that are cleared through an exchange are margined daily and do not require any credit adjustment.

The following tables reflect amounts recorded in Other comprehensive income (“OCI”) and amounts reclassified from OCI to revenue for the periods indicated:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)		
	Three Months Ended March 31,		
	2022		2021
Commodity contracts	\$	(387.1)	\$ (171.5)

Location of Gain (Loss)	Gain (Loss) Reclassified from OCI into Income (Effective Portion)		
	Three Months Ended March 31,		
	2022		2021
Revenues	\$	(145.7)	\$ (149.7)

Based on valuations as of March 31, 2022, we expect to reclassify commodity hedge-related deferred losses of (\$545.4) million included in accumulated other comprehensive income (loss) into earnings before income taxes through the end of 2025, with (\$423.3) million of losses to be reclassified over the next twelve months.

Our consolidated earnings are also affected by the use of the mark-to-market method of accounting for derivative instruments that do not qualify for hedge accounting or that have not been designated as hedges. The changes in fair value of these instruments are recorded on the balance sheet and through earnings rather than being deferred until the anticipated transaction settles. The use of mark-to-market accounting for financial instruments can cause non-cash earnings volatility due to changes in the underlying commodity price indices. For the three months ended March 31, 2022, the unrealized mark-to-market losses are primarily attributable to unfavorable movements in natural gas forward prices, as compared to our positions.

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Gain (Loss) Recognized in Income on Derivatives		
		Three Months Ended March 31,		
		2022		2021
Commodity contracts	Revenue	\$	(177.0)	\$ 15.0

See Note 14 – Fair Value Measurements and Note 19 – Segment Information for additional disclosures related to derivative instruments and hedging activities.

Note 14 — Fair Value Measurements

Under GAAP, our Consolidated Balance Sheets reflect a mixture of measurement methods for financial assets and liabilities (“financial instruments”). Derivative financial instruments are reported at fair value on our Consolidated Balance Sheets. Other financial instruments are reported at historical cost or amortized cost on our Consolidated Balance Sheets. The following are additional qualitative and quantitative disclosures regarding fair value measurements of financial instruments.

Fair Value of Derivative Financial Instruments

Our derivative instruments consist of financially settled commodity swaps, futures, option contracts and fixed-price forward commodity contracts with certain counterparties. We determine the fair value of our derivative contracts using present value methods or standard option valuation models with assumptions about commodity prices based on those observed in underlying markets. We have consistently applied these valuation techniques in all periods presented and we believe we have obtained the most accurate information available for the types of derivative contracts we hold.

The fair values of our derivative instruments are sensitive to changes in forward pricing on natural gas, NGLs and crude oil. The financial position of these derivatives at March 31, 2022, a net liability position of (\$737.7) million, reflects the present value, adjusted for counterparty credit risk, of the amount we expect to receive or pay in the future on our derivative contracts. If forward pricing on natural gas, NGLs and crude oil were to increase by 10%, the result would be a fair value reflecting a net liability of (\$930.6) million. If forward pricing on natural gas, NGLs and crude oil were to decrease by 10%, the result would be a fair value reflecting a net liability of (\$544.8) million.

Fair Value of Other Financial Instruments

Due to their cash or near-cash nature, the carrying value of other financial instruments included in working capital (i.e., cash and cash equivalents, accounts receivable, accounts payable) approximates their fair value. Long-term debt is primarily the other financial instrument for which carrying value could vary significantly from fair value. We determined the supplemental fair value disclosures for our long-term debt as follows:

- the TRGP Revolver and the Partnership's Securitization Facility are based on carrying value, which approximates fair value as their interest rates are based on prevailing market rates; and
- the Partnership's senior unsecured notes are based on quoted market prices derived from trades of the debt.

Fair Value Hierarchy

We categorize the inputs to the fair value measurements of financial assets and liabilities at each balance sheet reporting date using a three-tier fair value hierarchy that prioritizes the significant inputs used in measuring fair value:

- Level 1 – observable inputs such as quoted prices in active markets;
- Level 2 – inputs other than quoted prices in active markets that we can directly or indirectly observe to the extent that the markets are liquid for the relevant settlement periods; and
- Level 3 – unobservable inputs in which little or no market data exists, therefore we must develop our own assumptions.

The following table shows a breakdown by fair value hierarchy category for (1) financial instruments measurements included on our Consolidated Balance Sheets at fair value and (2) supplemental fair value disclosures for other financial instruments:

	March 31, 2022				
	Carrying Value	Total	Level 1	Level 2	Level 3
Financial Instruments Recorded on Our Consolidated Balance Sheets at Fair Value:					
Assets from commodity derivative contracts (1)	\$ 25.0	\$ 25.0	\$ —	\$ 25.0	\$ —
Liabilities from commodity derivative contracts (1)	762.7	762.7	—	762.7	—
Financial Instruments Recorded on Our Consolidated Balance Sheets at Carrying Value:					
Cash and cash equivalents	135.9	135.9	—	—	—
TRGP Revolver	995.0	995.0	—	995.0	—
Partnership's Senior unsecured notes	5,997.6	6,134.7	—	6,134.7	—
Securitization Facility	270.0	270.0	—	270.0	—

December 31, 2021

	Carrying Value	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial Instruments Recorded on Our Consolidated Balance Sheets at Fair Value:					
Assets from commodity derivative contracts (1)	\$ 46.6	\$ 46.6	\$ —	\$ 46.6	\$ —
Liabilities from commodity derivative contracts (1)	363.3	363.3	—	363.3	—
Financial Instruments Recorded on Our Consolidated Balance Sheets at Carrying Value:					
Cash and cash equivalents	158.5	158.5	—	—	—
Partnership's Senior unsecured notes	6,465.7	6,924.5	—	6,924.5	—
Securitization Facility	150.0	150.0	—	150.0	—

(1) The fair value of derivative contracts in this table is presented on a different basis than the Consolidated Balance Sheets presentation as disclosed in Note 13 – Derivative Instruments and Hedging Activities. The above fair values reflect the total value of each derivative contract taken as a whole, whereas the Consolidated Balance Sheets presentation is based on the individual maturity dates of estimated future settlements. As such, an individual contract could have both an asset and liability position when segregated into its current and long-term portions for Consolidated Balance Sheets classification purposes.

Additional Information Regarding Level 3 Fair Value Measurements Included on Our Consolidated Balance Sheets

We reported certain of our swaps and option contracts at fair value using Level 3 inputs due to such derivatives not having observable market prices or implied volatilities for substantially the full term of the derivative asset or liability. For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract length extends into unobservable periods.

The fair value of these swaps is determined using a discounted cash flow valuation technique based on a forward commodity basis curve. For these derivatives, the primary input to the valuation model is the forward commodity basis curve, which is based on observable or public data sources and extrapolated when observable prices are not available.

The significant unobservable inputs used in the fair value measurements of our Level 3 derivatives were (i) the forward natural gas liquids pricing curves, for which a significant portion of the derivative's term is beyond available forward pricing and (ii) implied volatilities, which are unobservable as a result of inactive natural gas liquids options trading. As of March 31, 2022, we had no derivative contracts categorized as Level 3.

Note 15 — Contingencies

Legal Proceedings

We and the Partnership are parties to various legal, administrative and regulatory proceedings that have arisen in the ordinary course of our business. We and the Partnership are also parties to various proceedings with governmental environmental agencies, including but not limited to the U.S. Environmental Protection Agency, Texas Commission on Environmental Quality, Oklahoma Department of Environmental Quality, New Mexico Environment Department, Louisiana Department of Environmental Quality and North Dakota Department of Environmental Quality, which assert monetary sanctions for alleged violations of environmental regulations, including air emissions, discharges into the environment and reporting deficiencies, related to events that have arisen at certain of our facilities in the ordinary course of our business.

On December 26, 2018, Vitol filed a lawsuit in the 80th District Court of Harris County (the "District Court"), Texas against Targa Channelview LLC, then a subsidiary of the Company ("Targa Channelview"), seeking recovery of \$129.0 million in payments made to Targa Channelview, additional monetary damages, attorneys' fees and costs. Vitol alleges that Targa Channelview breached the Splitter Agreement, which provided for Targa Channelview to construct a crude oil and condensate splitter (the "Splitter") adjacent to a barge dock owned by Targa Channelview to provide services contemplated by the Splitter Agreement. In January 2018, Vitol acquired Noble Americas Corp. and on December 23, 2018, Vitol voluntarily elected to terminate the Splitter Agreement claiming that Targa Channelview failed to timely achieve start-up of the Splitter. Vitol's lawsuit also alleges Targa Channelview made a series of misrepresentations about the capability of the barge dock that would service crude oil and condensate volumes to be processed by the Splitter and Splitter products. Vitol seeks return of \$129.0 million in payments made to Targa Channelview prior to the start-up of the Splitter, as well as additional damages. On the same date that Vitol filed its lawsuit, Targa Channelview filed a lawsuit against Vitol seeking a judicial determination that Vitol's sole and exclusive remedy was Vitol's voluntarily termination of the Splitter Agreement and, as a result, Vitol was not entitled to the return of any prior payments under the Splitter Agreement or other damages as alleged. Targa also seeks recovery of its attorneys' fees and costs in the lawsuit.

On October 15, 2020, the District Court awarded Vitol \$129.0 million (plus interest) following a bench trial. In addition, the District Court awarded Vitol \$10.5 million in damages for losses and demurrage on crude oil that Vitol purchased for start-up efforts. The Company has filed an appeal challenging the award, and the appeal is currently pending in the Fourteenth Court of Appeals in Houston, Texas.

In October 2020, we sold Targa Channelview but, under the agreements governing the sale, we retained the liabilities associated with the Vitol proceedings.

Note 16 — Revenue

Fixed consideration allocated to remaining performance obligations

The following table presents the estimated minimum revenue related to unsatisfied performance obligations at the end of the reporting period, and is comprised of fixed consideration primarily attributable to contracts with minimum volume commitments, for which a guaranteed amount of revenue can be calculated. These contracts are comprised primarily of gathering and processing, fractionation, export, terminaling and storage agreements, with remaining contract terms ranging from 1 to 17 years.

	2022	2023	2024 and after
Fixed consideration to be recognized as of March 31, 2022	\$ 346.9	\$ 398.5	\$ 2,319.0

Based on the optional exemptions that we elected to apply, the amounts presented in the table above exclude remaining performance obligations for (i) variable consideration for which the allocation exception is met and (ii) contracts with an original expected duration of one year or less.

For disclosures related to disaggregated revenue, see Note 19 – Segment Information.

Note 17 — Income Taxes

The Company records income taxes using an estimated annual effective tax rate and recognizes specific events discretely as they occur. We regularly evaluate the realizable tax benefits of deferred tax assets and record a valuation allowance, if required, based on an estimate of the amount of deferred tax assets that we believe does not meet the more-likely-than-not criteria of being realized.

As of March 31, 2022, our valuation allowance was \$192.8 million, a decrease of \$17.8 million from December 31, 2021. After the change in valuation allowance, we have a net deferred tax liability of \$88.0 million.

As we begin achieving sustained profitability, increased consideration will be given to projections of future taxable income to determine whether such projections provide an adequate source of taxable income for the realization of our deferred tax assets and may result in a change to our valuation allowance in the next twelve months. We will continue to evaluate the valuation allowance based on current and expected earnings and other factors and adjust accordingly.

In January 2022, the IRS notified us that it will examine Targa's net operating loss carryback previously claimed under the Coronavirus Aid, Relief and Economic Security Act. We are in the process of responding to information requests from the IRS and do not anticipate material changes in prior year taxable income.

Note 18 — Supplemental Cash Flow Information

	Three Months Ended March 31,	
	2022	2021
Cash:		
Interest paid, net of capitalized interest (1)	\$ 151.3	\$ 141.1
Income taxes (received) paid, net	(0.2)	0.8
Non-cash investing activities:		
Impact of capital expenditure accruals on property, plant and equipment, net	\$ (41.9)	\$ (12.9)
Transfers from materials and supplies inventory to property, plant and equipment	—	0.1
Non-cash financing activities:		
Changes in accrued distributions to noncontrolling interests	\$ (18.2)	\$ (22.2)

(1) Interest capitalized on major projects was \$2.4 million and \$0.7 million for the three months ended March 31, 2022 and 2021.

Note 19 — Segment Information

We operate in two primary segments: (i) Gathering and Processing, and (ii) Logistics and Transportation (also referred to as the Downstream Business). Our reportable segments include operating segments that have been aggregated based on the nature of the products and services provided.

Our Gathering and Processing segment includes assets used in the gathering and/or purchase and sale of natural gas produced from oil and gas wells, removing impurities and processing this raw natural gas into merchantable natural gas by extracting NGLs; and assets used for the gathering and terminaling and/or purchase and sale of crude oil. The Gathering and Processing segment's assets are located in the Permian Basin of West Texas and Southeast New Mexico (including the Midland, Central and Delaware Basins); the Eagle Ford Shale in South Texas; the Barnett Shale in North Texas; the Anadarko, Ardmore, and Arkoma Basins in Oklahoma (including the SCOOP and STACK) and South Central Kansas; the Williston Basin in North Dakota (including the Bakken and Three Forks plays); and the onshore and near offshore regions of the Louisiana Gulf Coast and the Gulf of Mexico.

Our Logistics and Transportation segment includes the activities and assets necessary to convert mixed NGLs into NGL products and also includes other assets and value-added services such as transporting, storing, fractionating, terminaling, and marketing of NGLs and NGL products, including services to LPG exporters and certain natural gas supply and marketing activities in support of our other businesses. The Logistics and Transportation segment also includes Grand Prix, which connects our gathering and processing positions in the Permian Basin, Southern Oklahoma and North Texas with our Downstream facilities in Mont Belvieu, Texas. The associated assets are generally connected to and supplied in part by our Gathering and Processing segment and, except for the pipelines and smaller terminals, are located predominantly in Mont Belvieu and Galena Park, Texas, and in Lake Charles, Louisiana.

Other contains the unrealized mark-to-market gains/losses related to derivative contracts that were not designated as cash flow hedges. Elimination of inter-segment transactions are reflected in the corporate and eliminations column.

Reportable segment information is shown in the following tables:

	Three Months Ended March 31, 2022				
	Gathering and Processing	Logistics and Transportation	Other	Corporate and Eliminations	Total
Revenues					
Sales of commodities	\$ 134.6	\$ 4,609.9	\$ (178.3)	\$ —	\$ 4,566.2
Fees from midstream services	210.4	182.5	—	—	392.9
	<u>345.0</u>	<u>4,792.4</u>	<u>(178.3)</u>	<u>—</u>	<u>4,959.1</u>
Intersegment revenues					
Sales of commodities	2,030.6	124.3	—	(2,154.9)	—
Fees from midstream services	0.3	10.8	—	(11.1)	—
	<u>2,030.9</u>	<u>135.1</u>	<u>—</u>	<u>(2,166.0)</u>	<u>—</u>
Revenues	<u>\$ 2,375.9</u>	<u>\$ 4,927.5</u>	<u>\$ (178.3)</u>	<u>\$ (2,166.0)</u>	<u>\$ 4,959.1</u>
Operating margin (1)	<u>\$ 397.6</u>	<u>\$ 352.1</u>	<u>\$ (178.3)</u>	<u>\$ —</u>	<u>\$ 571.4</u>
Other financial information:					
Total assets (2)	<u>\$ 7,951.0</u>	<u>\$ 7,196.0</u>	<u>\$ 1.6</u>	<u>\$ 146.8</u>	<u>\$ 15,295.4</u>
Goodwill	<u>\$ 45.2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 45.2</u>
Capital expenditures	<u>\$ 133.0</u>	<u>\$ 25.2</u>	<u>\$ —</u>	<u>\$ 4.3</u>	<u>\$ 162.5</u>

(1) Operating margin is calculated by subtracting Product purchases and fuel and Operating expenses from Revenues.

(2) Assets in the Corporate and Eliminations column primarily include tax-related assets, cash, prepaids and debt issuance costs for our revolving credit facilities.

Three Months Ended March 31, 2021

	Gathering and Processing	Logistics and Transportation	Other	Corporate and Eliminations	Total
Revenues					
Sales of commodities	\$ 142.7	\$ 3,223.5	\$ 1.5	\$ —	\$ 3,367.7
Fees from midstream services	119.4	145.6	—	—	265.0
	<u>262.1</u>	<u>3,369.1</u>	<u>1.5</u>	<u>—</u>	<u>3,632.7</u>
Intersegment revenues					
Sales of commodities	969.7	82.5	—	(1,052.2)	—
Fees from midstream services	1.6	8.2	—	(9.8)	—
	<u>971.3</u>	<u>90.7</u>	<u>—</u>	<u>(1,062.0)</u>	<u>—</u>
Revenues	<u>\$ 1,233.4</u>	<u>\$ 3,459.8</u>	<u>\$ 1.5</u>	<u>\$ (1,062.0)</u>	<u>\$ 3,632.7</u>
Operating margin (1)	<u>\$ 275.1</u>	<u>\$ 348.7</u>	<u>\$ 1.5</u>	<u>—</u>	<u>—</u>
Other financial information:					
Total assets (2)	<u>\$ 8,635.2</u>	<u>\$ 6,743.9</u>	<u>\$ 90.8</u>	<u>\$ 178.5</u>	<u>\$ 15,648.4</u>
Goodwill	<u>\$ 45.2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 45.2</u>
Capital expenditures	<u>\$ 69.5</u>	<u>\$ 10.4</u>	<u>\$ —</u>	<u>\$ 3.5</u>	<u>\$ 83.4</u>

(1) Operating margin is calculated by subtracting Product purchases and fuel and Operating expenses from Revenues.

(2) Assets in the Corporate and Eliminations column primarily include tax-related assets, cash, prepaids and debt issuance costs for our revolving credit facilities.

The following table shows our consolidated revenues disaggregated by product and service for the periods presented:

	Three Months Ended March 31,	
	2022	2021
Sales of commodities:		
Revenue recognized from contracts with customers:		
Natural gas	\$ 964.3	\$ 841.4
NGL	3,806.5	2,594.4
Condensate and crude oil	118.1	66.6
	<u>4,888.9</u>	<u>3,502.4</u>
Non-customer revenue:		
Derivative activities - Hedge	(145.7)	(149.7)
Derivative activities - Non-hedge (1)	(177.0)	15.0
	<u>(322.7)</u>	<u>(134.7)</u>
Total sales of commodities	<u>4,566.2</u>	<u>3,367.7</u>
Fees from midstream services:		
Revenue recognized from contracts with customers:		
Gathering and processing	206.0	116.3
NGL transportation, fractionation and services	65.8	47.2
Storage, terminaling and export	100.9	88.8
Other	20.2	12.7
Total fees from midstream services	<u>392.9</u>	<u>265.0</u>
Total revenues	<u>\$ 4,959.1</u>	<u>\$ 3,632.7</u>

(1) Represents derivative activities that are not designated as hedging instruments under ASC 815.

The following table shows a reconciliation of reportable segment Operating margin to Income (loss) before income taxes for the periods presented:

	Three Months Ended March 31,	
	2022	2021
Reconciliation of reportable segment operating margin to income (loss) before income taxes:		
Gathering and Processing operating margin	\$ 397.6	\$ 275.1
Logistics and Transportation operating margin	352.1	348.7
Other operating margin	(178.3)	1.5
Depreciation and amortization expense	(209.1)	(216.2)
General and administrative expense	(67.1)	(61.4)
Interest expense, net	(93.6)	(98.4)
Equity earnings (loss)	5.6	11.8
Gain (loss) on sale or disposition of assets	1.0	—
Write-down of assets	(0.5)	(3.5)
Gain (loss) from financing activities	(15.8)	(14.7)
Other, net	(0.4)	—
Income (loss) before income taxes	<u>\$ 191.5</u>	<u>\$ 242.9</u>

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2021 (“Annual Report”), as well as the unaudited consolidated financial statements and notes hereto included in this Quarterly Report on Form 10-Q.

Overview

Targa Resources Corp. (NYSE: TRGP) is a publicly traded Delaware corporation formed in October 2005. Targa is a leading provider of midstream services and is one of the largest independent midstream infrastructure companies in North America. We own, operate, acquire, and develop a diversified portfolio of complementary domestic midstream infrastructure assets.

Our Operations

We are engaged primarily in the business of:

- gathering, compressing, treating, processing, transporting, and purchasing and selling natural gas;
- transporting, storing, fractionating, treating, and purchasing and selling NGLs and NGL products, including services to LPG exporters; and
- gathering, storing, terminaling, and purchasing and selling crude oil.

To provide these services, we operate in two primary segments: (i) Gathering and Processing, and (ii) Logistics and Transportation (also referred to as the Downstream Business).

Our Gathering and Processing segment includes assets used in the gathering and/or purchase and sale of natural gas produced from oil and gas wells, removing impurities and processing this raw natural gas into merchantable natural gas by extracting NGLs; and assets used for the gathering and terminaling and/or purchase and sale of crude oil. The Gathering and Processing segment’s assets are located in the Permian Basin of West Texas and Southeast New Mexico (including the Midland, Central and Delaware Basins); the Eagle Ford Shale in South Texas; the Barnett Shale in North Texas; the Anadarko, Ardmore, and Arkoma Basins in Oklahoma (including the SCOOP and STACK) and South Central Kansas; the Williston Basin in North Dakota (including the Bakken and Three Forks plays); and the onshore and near offshore regions of the Louisiana Gulf Coast and the Gulf of Mexico.

Our Logistics and Transportation segment includes the activities and assets necessary to convert mixed NGLs into NGL products and also includes other assets and value-added services such as transporting, storing, fractionating, terminaling, and marketing of NGLs and NGL products, including services to LPG exporters and certain natural gas supply and marketing activities in support of our other businesses. The Logistics and Transportation segment also includes the Grand Prix NGL Pipeline (“Grand Prix”), which connects our gathering and processing positions in the Permian Basin, Southern Oklahoma and North Texas with our Downstream facilities in Mont Belvieu, Texas. The associated assets are generally connected to and supplied in part by our Gathering and Processing segment and, except for the pipelines and smaller terminals, are located predominantly in Mont Belvieu and Galena Park, Texas, and in Lake Charles, Louisiana.

Other contains the unrealized mark-to-market gains/losses related to derivative contracts that were not designated as cash flow hedges.

Recent Developments

Permian Midland Processing Expansion

In August 2021, we announced the construction of a new 275 MMcf/d cryogenic natural gas processing plant in Permian Midland (the “Legacy plant”). The Legacy plant is expected to begin operations in the fourth quarter of 2022.

In February 2022, in response to increasing production and to meet the infrastructure needs of producers, we announced the construction of a new 275 MMcf/d cryogenic natural gas processing plant in Permian Midland (the “Legacy II plant”). The Legacy II plant is expected to begin operations in the second quarter of 2023.

Permian Delaware Processing Expansion

In February 2022, in response to increasing production and to meet the infrastructure needs of producers, we announced the construction of a new 275 MMcf/d cryogenic natural gas processing plant in Permian Delaware (the “Midway plant”). The Midway plant is expected to begin operations in the third quarter of 2023. In conjunction with the commencement of operations of the Midway plant, we expect to idle the Sand Hills plant.

Capital Investments and Divestitures

In January 2022, we closed on the purchase of all of Stonepeak Infrastructure Partners’ (“Stonepeak”) interests in our development company joint ventures (“DevCo JVs”) for \$926.3 million (the “DevCo JV Repurchase”). Following the DevCo JV Repurchase, we own a 75% interest in Grand Prix Pipeline LLC, a 100% interest in our Train 6 fractionator in Mont Belvieu, Texas and owned a 25% equity interest in Gulf Coast Express Pipeline (“GCX”), prior to the GCX Sale (as defined below) in February 2022. The change in our ownership interests was accounted for as an equity transaction representing the acquisition of noncontrolling interests. The amount of the redemption price in excess of the carrying amount, net of tax was \$53.1 million, which was accounted for as a premium on repurchase of noncontrolling interests, and resulted in a reduction to Net income (loss) attributable to common shareholders. In addition, the DevCo JV Repurchase resulted in an \$857.9 million reduction of Noncontrolling interests on our Consolidated Balance Sheets.

In February 2022, we announced that we executed agreements to sell Targa GCX Pipeline LLC, which held our 25 percent equity interest in GCX, for approximately \$857 million (the “GCX Sale”). We expect to receive the full proceeds from the sale in the second quarter of 2022 as the customary call right period has now expired.

In April 2022, we closed on the bolt-on acquisition of Southcross Energy Operating LLC and its subsidiaries in South Texas for a purchase price of approximately \$200 million. We acquired a portfolio of complementary midstream infrastructure assets and associated contracts that have been integrated into our SouthTX Gathering and Processing operations, including the remaining interests in the two operated joint ventures in South Texas that we previously held as investments in unconsolidated affiliates and which we will prospectively consolidate. See Note 4 - Joint Ventures, Acquisitions and Divestitures and Note 6 - Investments in Unconsolidated Affiliates to our Consolidated Financial Statements.

Common Share Repurchases and Preferred Stock Redemption

In the first quarter of 2022, we repurchased 737,799 shares of our common stock at a weighted average price of \$67.37 for a total net cost of \$49.7 million. There was \$318.8 million remaining under our \$500 million common share repurchase program as of March 31, 2022.

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of \$1,050.00 per share, plus \$8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of \$973.4 million (including unpaid dividends of \$8.2 million) and the net carrying value of the shares redeemed was \$223.7 million, which will be recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated. See Note 9 - Preferred Stock to our Consolidated Financial Statements.

Financing Activities

In February 2022, we entered into a Credit Agreement with Bank of America, N.A., as the Administrative Agent, Collateral Agent and Swing Line Lender, and the other lenders party thereto (the “TRGP Revolver”). The TRGP Revolver provides for a revolving credit facility in an initial aggregate principal amount up to \$2.75 billion, with an option to increase such maximum aggregate principal amount by up to \$500.0 million in the future, subject to the terms of the TRGP Revolver, including a swing line sub-facility of up to \$100.0 million. The TRGP Revolver matures in February 2027. In February 2022, TRGP and the Partnership received a corporate investment grade credit rating from Standard & Poor’s Financial Services LLC (“S&P”) and Fitch Ratings Inc. (“Fitch”), and in March 2022, the Partnership received a corporate investment grade credit rating from Moody’s Investors Service, Inc. (“Moody’s”). As a result, in accordance with the TRGP Revolver, the collateral under the TRGP Revolver was released from the liens securing our obligations thereunder. In connection with our entry into the TRGP Revolver, we terminated our previous TRGP senior secured revolving credit facility (the “Previous TRGP Revolver”) and the Partnership’s senior secured revolving credit facility (the “Partnership Revolver”). As a result of the termination of the Previous TRGP Revolver and the Partnership Revolver, we recorded a loss due to debt extinguishment of \$0.8 million.

In February 2022, we and certain of our subsidiaries entered into a parent guarantee whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of all of the obligations of the Partnership and Targa Resources Partners Finance Corporation (together with the Partnership, the “Partnership Issuers”) under the respective indentures governing the Partnership Issuers’ senior unsecured notes. As of March 31, 2022, \$6.0 billion of the Partnership Issuers’ senior unsecured notes was outstanding.

In March 2022, the Partnership redeemed all of the outstanding 5.375% Senior Notes due 2027 (the “5.375% Notes”) with available liquidity under the TRGP Revolver. As a result of the redemption of the 5.375% Notes, we recorded a loss due to debt extinguishment of \$15.0 million comprised of \$12.6 million of premiums paid and a write-off of \$2.4 million of debt issuance costs.

In April 2022, we, along with certain of our subsidiaries as guarantors thereto, completed an underwritten public offering of (i) \$750.0 million aggregate principal amount of our 4.200% Senior Notes due 2033 (the “4.200% Notes”) and (ii) \$750.0 million aggregate principal amount of our 4.950% Senior Notes due 2052 (the “4.950% Notes”), resulting in net proceeds of approximately \$1.5 billion. A portion of the net proceeds from the issuance were used to fund the March Tender Offer and the subsequent redemption payment of the Partnership’s 5.875% Notes, with the remainder used for repayment of borrowings under the TRGP Revolver. As a result of the March Tender Offer and the subsequent redemption of the 5.875% Notes, we will record a loss due to debt extinguishment of \$33.5 million in the second quarter of 2022.

In April 2022, the Partnership amended the Securitization Facility to, among other things, extend the facility termination date to April 19, 2023 and replace the LIBOR-based interest rate option with SOFR-based interest rate options, including term SOFR and daily simple SOFR.

For additional information about our debt-related transactions, see Note 7 - Debt Obligations to our Consolidated Financial Statements.

COVID-19 Pandemic

The global spread of COVID-19 during 2020 and 2021 caused significant commodity market volatility. Although significant progress has been made towards the development, distribution and administration of various COVID-19 vaccines, there continues to be significant uncertainty about the disruptions and other effects related to COVID-19. As a result, we are unable to determine the extent that these events could materially impact our future financial position, operations and/or cash flows.

Impact of Winter Weather

In February 2021, the Central region of the United States experienced unprecedented cold temperatures during a major winter storm that disrupted production operations, midstream infrastructure and many other services. This extreme weather caused wide fluctuations in commodity prices, short-term disruptions to our operations across Texas, New Mexico, Oklahoma and Louisiana, including reduced throughput volumes coming into our systems, and adversely affected the operations and financial condition of some of our counterparties. Though certain of our facilities experienced temporary outages, all facilities have since returned to full operation without sustaining any long-term impacts or significant adverse financial impacts related to the weather event, and throughput volumes have returned to pre-storm levels. The full financial impact of the winter storm still remains uncertain as it is subject to recently proposed regulatory changes and potential customer and counterparty risk.

Corporation Tax Matters

In January 2022, the IRS notified us that it will examine Targa’s net operating loss (“NOL”) carryback previously claimed under the Coronavirus Aid, Relief and Economic Security (“CARES”) Act. The CARES Act was signed into law on March 27, 2020 and provided corporate taxpayers an expanded five-year NOL carryback period for losses generated in tax years 2018 through 2020. We received a cash refund of approximately \$44 million related to the CARES Act provisions in 2020. We are in the process of responding to information requests from the IRS and do not anticipate material changes in prior year taxable income.

FERC Regulatory Matters

On January 20, 2022, FERC issued an order on rehearing of its December 17, 2020 Order Establishing Index Level in which the Commission reduced the oil pricing index factor for oil pipelines to use for the current five-year period. As a result, the ceiling levels computed for July 1, 2021 to June 30, 2022, and the resulting rates currently in effect for certain of Targa’s liquids pipelines were recomputed to account for the reduced index factor.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements that will affect us, see “Recent Accounting Pronouncements” included within Note 3 – Significant Accounting Policies to our Consolidated Financial Statements.

How We Evaluate Our Operations

The profitability of our business is a function of the difference between: (i) the revenues we receive from our operations, including fee-based revenues from services and revenues from the natural gas, NGLs, crude oil and condensate we sell, and (ii) the costs associated with conducting our operations, including the costs of wellhead natural gas, crude oil and mixed NGLs that we purchase as well as operating, general and administrative costs and the impact of our commodity hedging activities. Because commodity price movements tend to impact both revenues and costs, increases or decreases in our revenues alone are not necessarily indicative of increases or decreases in our profitability. Our contract portfolio, the prevailing pricing environment for crude oil, natural gas and NGLs, the impact of our commodity hedging program and its ability to mitigate exposure to commodity price movements, and the volumes of crude oil, natural gas and NGL throughput on our systems are important factors in determining our profitability. Our profitability is also affected by the NGL content in gathered wellhead natural gas, supply and demand for our products and services, utilization of our assets and changes in our customer mix.

Our profitability is also impacted by fee-based contracts. Our growing capital expenditures for pipelines and gathering and processing assets underpinned by fee-based margin, expansion of our Downstream facilities, continued focus on adding fee-based margin to our existing and future gathering and processing contracts, as well as third-party acquisitions of businesses and assets, will continue to increase the number of our contracts that are fee-based. Fixed fees for services such as gathering and processing, transportation, fractionation, storage, terminaling and crude oil gathering are not directly tied to changes in market prices for commodities. Nevertheless, a change in market dynamics such as available commodity throughput does affect profitability.

Management uses a variety of financial measures and operational measurements to analyze our performance. These include: (1) throughput volumes, facility efficiencies and fuel consumption, (2) operating expenses, (3) capital expenditures and (4) the following non-GAAP measures: adjusted EBITDA, distributable cash flow, adjusted free cash flow and adjusted operating margin (segment).

Throughput Volumes, Facility Efficiencies and Fuel Consumption

Our profitability is impacted by our ability to add new sources of natural gas supply and crude oil supply to offset the natural decline of existing volumes from oil and natural gas wells that are connected to our gathering and processing systems. This is achieved by connecting new wells and adding new volumes in existing areas of production, as well as by capturing crude oil and natural gas supplies currently gathered by third parties. Similarly, our profitability is impacted by our ability to add new sources of mixed NGL supply, connected by third-party transportation and Grand Prix, to our Downstream Business fractionation facilities and at times to our export facilities. We fractionate NGLs generated by our gathering and processing plants, as well as by contracting for mixed NGL supply from third-party facilities.

In addition, we seek to increase adjusted operating margin by limiting volume losses, reducing fuel consumption and by increasing efficiency. With our gathering systems’ extensive use of remote monitoring capabilities, we monitor the volumes received at the wellhead or central delivery points along our gathering systems, the volume of natural gas received at our processing plant inlets and the volumes of NGLs and residue natural gas recovered by our processing plants. We also monitor the volumes of NGLs received, stored, fractionated and delivered across our logistics assets. This information is tracked through our processing plants and Downstream Business facilities to determine customer settlements for sales and volume related fees for service and helps us increase efficiency and reduce fuel consumption.

As part of monitoring the efficiency of our operations, we measure the difference between the volume of natural gas received at the wellhead or central delivery points on our gathering systems and the volume received at the inlet of our processing plants as an indicator of fuel consumption and line loss. We also track the difference between the volume of natural gas received at the inlet of the processing plant and the NGLs and residue gas produced at the outlet of such plant to monitor the fuel consumption and recoveries of our facilities. Similar tracking is performed for our crude oil gathering and logistics assets and our NGL pipelines. These volume, recovery and fuel consumption measurements are an important part of our operational efficiency analysis and safety programs.

Operating Expenses

Operating expenses are costs associated with the operation of specific assets. Labor, contract services, repair and maintenance and ad valorem taxes comprise the most significant portion of our operating expenses. These expenses remain relatively stable and

independent of the volumes through our systems, but may increase with system expansions and will fluctuate depending on the scope of the activities performed during a specific period.

Capital Expenditures

Our capital expenditures are classified as growth capital expenditures and maintenance capital expenditures. Growth capital expenditures improve the service capability of the existing assets, extend asset useful lives, increase capacities from existing levels, add capabilities, and reduce costs or enhance revenues. Maintenance capital expenditures are those expenditures that are necessary to maintain the service capability of our existing assets, including the replacement of system components and equipment, which are worn, obsolete or completing their useful life and expenditures to remain in compliance with environmental laws and regulations.

Capital spending associated with growth and maintenance projects is closely monitored. Return on investment is analyzed before a capital project is approved, spending is closely monitored throughout the development of the project, and the subsequent operational performance is compared to the assumptions used in the economic analysis performed for the capital investment approval.

Non-GAAP Measures

We utilize non-GAAP measures to analyze our performance. Adjusted EBITDA, distributable cash flow, adjusted free cash flow and adjusted operating margin (segment) are non-GAAP measures. The GAAP measures most directly comparable to these non-GAAP measures are income (loss) from operations, Net income (loss) attributable to Targa Resources Corp. and segment operating margin. These non-GAAP measures should not be considered as an alternative to GAAP measures and have important limitations as analytical tools. Investors should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because our non-GAAP measures exclude some, but not all, items that affect income and segment operating margin, and are defined differently by different companies within our industry, our definitions may not be comparable with similarly titled measures of other companies, thereby diminishing their utility. Management compensates for the limitations of our non-GAAP measures as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into our decision-making processes.

Adjusted Operating Margin

We define adjusted operating margin for our segments as revenues less product purchases and fuel. It is impacted by volumes and commodity prices as well as by our contract mix and commodity hedging program.

Gathering and Processing adjusted operating margin consists primarily of:

- service fees related to natural gas and crude oil gathering, treating and processing; and
- revenues from the sale of natural gas, condensate, crude oil and NGLs less producer settlements, fuel and transport and our equity volume hedge settlements.

Logistics and Transportation adjusted operating margin consists primarily of:

- service fees (including the pass-through of energy costs included in fee rates);
- system product gains and losses; and
- NGL and natural gas sales, less NGL and natural gas purchases, fuel, third-party transportation costs and the net inventory change.

The adjusted operating margin impacts of mark-to-market hedge unrealized changes in fair value are reported in Other.

Adjusted operating margin for our segments provides useful information to investors because it is used as a supplemental financial measure by management and by external users of our financial statements, including investors and commercial banks, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to financing or capital structure; and
- the viability of capital expenditure projects and acquisitions and the overall rates of return on alternative investment opportunities.

Management reviews adjusted operating margin and operating margin for our segments monthly as a core internal management process. We believe that investors benefit from having access to the same financial measures that management uses in evaluating our operating results. The reconciliation of our adjusted operating margin to the most directly comparable GAAP measure is presented under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – By Reportable Segment.”

Adjusted EBITDA

We define adjusted EBITDA as Net income (loss) attributable to Targa Resources Corp. before interest, income taxes, depreciation and amortization, and other items that we believe should be adjusted consistent with our core operating performance. The adjusting items are detailed in the adjusted EBITDA reconciliation table and its footnotes. Adjusted EBITDA is used as a supplemental financial measure by us and by external users of our financial statements such as investors, commercial banks and others to measure the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness and pay dividends to our investors.

Distributable Cash Flow and Adjusted Free Cash Flow

We define distributable cash flow as adjusted EBITDA less cash interest expense on debt obligations, cash tax (expense) benefit and maintenance capital expenditures (net of any reimbursements of project costs). We define adjusted free cash flow as distributable cash flow less growth capital expenditures, net of contributions from noncontrolling interest and net contributions to investments in unconsolidated affiliates. Distributable cash flow and adjusted free cash flow are performance measures used by us and by external users of our financial statements, such as investors, commercial banks and research analysts, to assess our ability to generate cash earnings (after servicing our debt and funding capital expenditures) to be used for corporate purposes, such as payment of dividends, retirement of debt or redemption of other financing arrangements.

Our Non-GAAP Financial Measures

The following tables reconcile the non-GAAP financial measures used by management to the most directly comparable GAAP measures for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
	(In millions)	
Reconciliation of Net income (loss) attributable to Targa Resources Corp. to Adjusted EBITDA, Distributable Cash Flow and Adjusted Free Cash Flow		
Net income (loss) attributable to Targa Resources Corp.	\$ 88.0	\$ 146.4
Interest (income) expense, net	93.6	98.4
Income tax expense (benefit)	22.9	15.0
Depreciation and amortization expense	209.1	216.2
(Gain) loss on sale or disposition of assets	(1.0)	—
Write-down of assets	0.5	3.5
(Gain) loss from financing activities (1)	15.8	14.7
Equity (earnings) loss	(5.6)	(11.8)
Distributions from unconsolidated affiliates and preferred partner interests, net	12.5	33.3
Compensation on equity grants	13.5	15.0
Risk management activities	178.2	(1.5)
Noncontrolling interests adjustments (2)	(1.7)	(13.5)
Adjusted EBITDA	\$ 625.8	\$ 515.7
Interest expense on debt obligations (3)	(91.7)	(98.8)
Maintenance capital expenditures, net (4)	(37.7)	(19.0)
Cash taxes	(1.8)	(0.5)
Distributable Cash Flow	\$ 494.6	\$ 397.4
Growth capital expenditures, net (4)	(121.4)	(61.0)
Adjusted Free Cash Flow	\$ 373.2	\$ 336.4

(1) Gains or losses on debt repurchases or early debt extinguishments.

(2) Noncontrolling interest portion of depreciation and amortization expense.

(3) Excludes amortization of interest expense.

(4) Represents capital expenditures, net of contributions from noncontrolling interests and includes net contributions to investments in unconsolidated affiliates.

Consolidated Results of Operations

The following table and discussion is a summary of our consolidated results of operations:

	Three Months Ended March 31,			2022 vs. 2021
	2022	2021	(In millions)	
Revenues:				
Sales of commodities	\$ 4,566.2	\$ 3,367.7	\$ 1,198.5	36%
Fees from midstream services	392.9	265.0	127.9	48%
Total revenues	4,959.1	3,632.7	1,326.4	37%
Product purchases and fuel	4,204.1	2,836.3	1,367.8	48%
Operating expenses	183.5	171.1	12.4	7%
Depreciation and amortization expense	209.1	216.2	(7.1)	(3%)
General and administrative expense	67.1	61.4	5.7	9%
Other operating (income) expense	(0.5)	3.6	(4.1)	(114%)
Income (loss) from operations	295.8	344.1	(48.3)	(14%)
Interest expense, net	(93.6)	(98.4)	4.8	5%
Equity earnings (loss)	5.6	11.8	(6.2)	(53%)
Gain (loss) from financing activities	(15.8)	(14.7)	(1.1)	7%
Other, net	(0.5)	0.1	(0.6)	NM
Income tax (expense) benefit	(22.9)	(15.0)	(7.9)	53%
Net income (loss)	168.6	227.9	(59.3)	(26%)
Less: Net income (loss) attributable to noncontrolling interests	80.6	81.5	(0.9)	(1%)
Net income (loss) attributable to Targa Resources Corp.	88.0	146.4	(58.4)	(40%)
Premium on repurchase of noncontrolling interests, net of tax	53.1	—	53.1	100%
Dividends on Series A Preferred Stock	21.8	21.8	—	—
Net income (loss) attributable to common shareholders	\$ 13.1	\$ 124.6	\$ (111.5)	(89%)
Financial data:				
Adjusted EBITDA (1)	\$ 625.8	\$ 515.7	\$ 110.1	21%
Distributable cash flow (1)	494.6	397.4	97.2	24%
Adjusted free cash flow (1)	373.2	336.4	36.8	11%

(1) Adjusted EBITDA, distributable cash flow and adjusted free cash flow are non-GAAP financial measures and are discussed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – How We Evaluate Our Operations.”

NM Due to a low denominator, the noted percentage change is disproportionately high and as a result, considered not meaningful or material.

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

The increase in commodity sales reflects higher NGL, natural gas and condensate prices (\$1,385.7 million) and higher natural gas volumes (\$20.3 million), partially offset by lower NGL volumes (\$20.2 million) and the unfavorable impact of hedges (\$188.0 million).

The increase in fees from midstream services is primarily due to higher gas gathering and processing fees, transportation and fractionation fees and export volumes.

The increase in product purchases and fuel reflects higher NGL, natural gas and condensate prices and higher natural gas volumes, partially offset by lower NGL volumes.

The increase in operating expenses was due to higher labor and maintenance costs primarily due to increased activity and system expansions, partially offset by lower taxes and the reduction in expense from a major winter storm that affected regions across Texas, New Mexico, Oklahoma and Louisiana during the first quarter of 2021.

See “—Results of Operations—By Reportable Segment” for additional information on a segment basis.

The decrease in depreciation and amortization expense is primarily due to a lower depreciable base associated with assets that were impaired during the fourth quarter of 2021.

The increase in general and administrative expense is primarily due to higher insurance costs and professional fees.

The decrease in interest expense, net is primarily due lower net borrowings and an increase in capitalized interest resulting from higher growth capital investments.

The decrease in equity earnings is primarily due to lower earnings from our investments in GCX DevCo JV and the Badlands, partially offset by lower losses from our investments in Gulf Coast Fractionators, T2 Eagle Ford Gathering Company L.L.C. and T2 LaSalle Gathering Company L.L.C. Lower equity earnings from our investments in GCX DevCo JV were due to the DevCo JV Repurchase in 2022. See Note 4 – Investments in Joint Ventures, Divestitures and Acquisitions to our Consolidated Financial Statements for further discussion.

During 2022, we terminated the Previous TRGP Revolver and the Partnership Revolver, and the Partnership redeemed the 5.375% Notes, resulting in a net loss from financing activities. During 2021, the Partnership redeemed its 5.125% Senior Notes due 2025, the Targa Pipeline Partners LP (“TPL”) 4.750% Senior Notes due 2021 and the TPL 5.875% Senior Notes due 2023, resulting in a net loss from financing activities. See Note 7 – Debt Obligations for further discussion.

The increase in income tax expense is primarily due to a smaller release of the valuation allowance in 2022 compared to 2021, partially offset by a decrease in pre-tax book income.

During the first quarter of 2022, we closed on the purchase of all of Stonepeak’s interests in our DevCo JVs for \$926.3 million. The change in our ownership interests was accounted for as an equity transaction representing the acquisition of noncontrolling interests resulting in a \$53.1 million premium on repurchase of noncontrolling interests, net of tax. See Note 4 – Joint Ventures, Divestitures and Acquisitions to our Consolidated Financial Statements for further discussion.

Results of Operations—By Reportable Segment

Our operating margins by reportable segment are:

		Gathering and Processing	Logistics and Transportation		Other
		(In millions)			
Three Months Ended:					
	March 31, 2022	\$ 397.6	\$ 352.1	\$	(178.3)
	March 31, 2021	275.1	348.7		1.5

Gathering and Processing Segment

	Three Months Ended March 31,			
	2022	2021		2022 vs. 2021
	(In millions, except operating statistics and price amounts)			
Operating margin	\$ 397.6	\$ 275.1	\$ 122.5	45%
Operating expenses	116.6	105.5	11.1	11%
Adjusted operating margin	<u>\$ 514.2</u>	<u>\$ 380.6</u>	<u>\$ 133.6</u>	35%
Operating statistics (1):				
Plant natural gas inlet, MMcf/d (2),(3)				
Permian Midland (4)	2,075.1	1,658.3	416.8	25%
Permian Delaware	977.0	737.6	239.4	32%
Total Permian	<u>3,052.1</u>	<u>2,395.9</u>	656.2	
SouthTX (5)	162.1	176.4	(14.3)	(8%)
North Texas	175.3	175.4	(0.1)	—
SouthOK (5)	407.3	375.2	32.1	9%
WestOK	202.5	202.7	(0.2)	—
Total Central	<u>947.2</u>	<u>929.7</u>	17.5	
Badlands (5) (6)	125.0	134.9	(9.9)	(7%)
Total Field	<u>4,124.3</u>	<u>3,460.5</u>	663.8	
Coastal	602.1	652.6	(50.5)	(8%)
Total	<u>4,726.4</u>	<u>4,113.1</u>	613.3	15%
NGL production, MBbl/d (3)				
Permian Midland (4)	300.8	237.0	63.8	27%
Permian Delaware	129.8	96.5	33.3	35%
Total Permian	<u>430.6</u>	<u>333.5</u>	97.1	
SouthTX (5)	20.3	17.6	2.7	15%
North Texas	19.2	19.2	—	—
SouthOK (5)	50.5	43.8	6.7	15%
WestOK	14.9	16.1	(1.2)	(7%)
Total Central	<u>104.9</u>	<u>96.7</u>	8.2	
Badlands (5)	14.7	15.5	(0.8)	(5%)
Total Field	<u>550.2</u>	<u>445.7</u>	104.5	
Coastal	37.1	40.0	(2.9)	(7%)
Total	<u>587.3</u>	<u>485.7</u>	101.6	21%
Crude oil, Badlands, MBbl/d	122.7	136.2	(13.5)	(10%)
Crude oil, Permian, MBbl/d	30.6	34.9	(4.3)	(12%)
Natural gas sales, BBTu/d (3)	2,126.3	1,956.0	170.3	9%
NGL sales, MBbl/d (3)	424.8	349.0	75.8	22%
Condensate sales, MBbl/d	14.4	15.2	(0.8)	(5%)
Average realized prices - inclusive of hedges (7):				
Natural gas, \$/MMBtu	4.09	2.51	1.58	63%
NGL, \$/gal	0.79	0.46	0.33	72%
Condensate, \$/Bbl	75.72	46.80	28.92	62%

- (1) Segment operating statistics include the effect of intersegment amounts, which have been eliminated from the consolidated presentation. For all volume statistics presented, the numerator is the total volume sold during the period and the denominator is the number of calendar days during the period.
- (2) Plant natural gas inlet represents our undivided interest in the volume of natural gas passing through the meter located at the inlet of a natural gas processing plant, other than Badlands.
- (3) Plant natural gas inlet volumes and gross NGL production volumes include producer take-in-kind volumes, while natural gas sales and NGL sales exclude producer take-in-kind volumes.
- (4) Permian Midland includes operations in WestTX, of which we own 72.8%, and other plants that are owned 100% by us. Operating results for the WestTX undivided interest assets are presented on a pro-rata net basis in our reported financials.
- (5) Operations include facilities that are not wholly owned by us.
- (6) Badlands natural gas inlet represents the total wellhead volume and includes the Targa volumes processed at the Little Missouri 4 plant.
- (7) Average realized prices include the effect of realized commodity hedge gain/loss attributable to our equity volumes. The price is calculated using total commodity sales plus the hedge gain/loss as the numerator and total sales volume as the denominator.

The following table presents the realized commodity hedge gain (loss) attributable to our equity volumes that are included in the adjusted operating margin of the Gathering and Processing segment:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	(In millions, except volumetric data and price amounts)					
	Volume Settled	Price Spread (1)	Gain (Loss)	Volume Settled	Price Spread (1)	Gain (Loss)
Natural gas (BBtu)	17.5	\$ (1.78)	\$ (31.2)	18.0	\$ (0.72)	\$ (12.8)
NGL (MMgal)	170.4	(0.46)	(78.0)	122.7	(0.19)	(22.9)
Crude oil (MBbl)	0.5	(39.40)	(19.7)	0.5	(4.00)	(2.2)
			<u>\$ (128.9)</u>			<u>\$ (37.9)</u>

(1) The price spread is the differential between the contracted derivative instrument pricing and the price of the corresponding settled commodity transaction.

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

The increase in adjusted operating margin was due to higher realized commodity prices, natural gas inlet volumes and fees predominantly in the Permian. The increase in natural gas inlet volumes in the Permian was attributable to higher production, higher producer activity and the addition of the Heim plant during the third quarter of 2021. Prior year natural gas inlet volumes were impacted by the short-term operational disruption associated with a major winter storm that affected regions across Texas, New Mexico, Oklahoma and Louisiana, that reduced our Permian and Central region volumes during the first quarter of 2021. In the Badlands, the decrease in volumes was attributable to lower production and the impact of winter weather, while lower volumes in the Coastal region were due to lower production and continued low producer activity.

Operating expenses were higher due to increased activity levels in the Permian and the addition of the Heim plant in the third quarter of 2021, which resulted in increased labor costs, materials and chemicals.

Logistics and Transportation Segment

	Three Months Ended March 31,		2022 vs. 2021	
	2022	2021		
	(In millions, except operating statistics)			
Operating margin	\$ 352.1	\$ 348.7	\$ 3.4	1%
Operating expenses	66.9	65.8	1.1	2%
Adjusted operating margin	<u>\$ 419.0</u>	<u>\$ 414.5</u>	<u>\$ 4.5</u>	<u>1%</u>
Operating statistics MBbl/d (1):				
NGL pipeline transportation volumes (2)	459.7	342.5	117.2	34%
Fractionation volumes	702.8	545.8	157.0	29%
Export volumes (3)	340.8	283.3	57.5	20%
NGL sales	872.8	827.3	45.5	5%

(1) Segment operating statistics include intersegment amounts, which have been eliminated from the consolidated presentation. For all volume statistics presented, the numerator is the total volume sold during the period and the denominator is the number of calendar days during the period.

(2) Represents the total quantity of mixed NGLs that earn a transportation margin.

(3) Export volumes represent the quantity of NGL products delivered to third-party customers at our Galena Park Marine Terminal that are destined for international markets.

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

The increase in adjusted operating margin was primarily due to higher pipeline transportation and fractionation volumes and higher LPG export volumes, partially offset by lower marketing margin. Pipeline transportation and fractionation volumes benefited from higher supply volumes primarily from our Permian Gathering and Processing systems. Prior year Downstream system volumes were impacted by the short-term operational disruption and impacts associated with a major winter storm that affected regions across Texas, New Mexico, Oklahoma and Louisiana, that reduced our Permian and Central region volumes during the first quarter of 2021. Higher optimization margin attributable to the winter storm resulted in higher marketing margin in the first quarter of 2021.

Operating expenses were slightly higher due to higher repairs and maintenance.

Other

	Three Months Ended March 31,		2022 vs. 2021
	2022	2021	
	(In millions)		
Operating margin	\$ (178.3)	\$ 1.5	\$ (179.8)
Adjusted operating margin	\$ (178.3)	\$ 1.5	\$ (179.8)

Other contains the results of commodity derivative activity mark-to-market gains/losses related to derivative contracts that were not designated as cash flow hedges. We have entered into derivative instruments to hedge the commodity price associated with a portion of our future commodity purchases and sales and natural gas transportation basis risk within our Logistics and Transportation segment. See further details of our risk management program in “Item 3. – Quantitative and Qualitative Disclosures About Market Risk.”

Our Liquidity and Capital Resources

As of March 31, 2022, inclusive of our consolidated joint venture accounts, we had \$135.9 million of Cash and cash equivalents on our Consolidated Balance Sheets. We believe our cash positions, our cash flows from operating activities, our free cash flow after dividends and remaining borrowing capacity on our credit facilities (discussed below in “Short-term Liquidity”) are adequate to allow us to manage our day-to-day cash requirements and anticipated obligations as discussed further below.

Our liquidity and capital resources are managed on a consolidated basis. We have the ability to access the Partnership’s liquidity as well as the ability to contribute capital to the Partnership.

On a consolidated basis, our ability to finance our operations, including funding capital expenditures and acquisitions, meeting our indebtedness obligations, refinancing or repaying our indebtedness, meeting our collateral requirements and to pay dividends declared by our board of directors will depend on our ability to generate cash in the future. Our ability to generate cash is subject to a number of factors, some of which are beyond our control. These include commodity prices and ongoing efforts to manage operating costs and maintenance capital expenditures, as well as general economic, financial, competitive, legislative, regulatory and other factors. For additional discussion on recent factors impacting our liquidity and capital resources, please see “Recent Developments.”

We are entitled to the entirety of distributions made by the Partnership on its equity interests. The actual amount we declare as dividends depends on our consolidated financial condition, results of operations, cash flow, the level of our capital expenditures, future business prospects, compliance with our debt covenants and any other matters that our board of directors deems relevant.

On a consolidated basis, our main sources of liquidity and capital resources are internally generated cash flows from operations, borrowings under the TRGP Revolver and the Partnership’s Securitization Facility and access to debt and equity capital markets. We supplement these sources of liquidity with joint venture arrangements and proceeds from asset sales. For companies involved in hydrocarbon production, transportation and other oil and gas related services, the capital markets have experienced and may continue to experience volatility. Our exposure to adverse credit conditions includes our credit facilities, cash investments, hedging abilities, customer performance risks and counterparty performance risks.

Short-term Liquidity

Our short-term liquidity on a consolidated basis as of May 3, 2022, was:

	Consolidated Total
	(In millions)
Cash on hand (1)	\$ 250.1
Total availability under the TRGP Revolver	2,750.0
Total availability under the Securitization Facility	400.0
	3,400.1
Less: Outstanding borrowings under the TRGP Revolver	(1,620.0)
Outstanding borrowings under the Securitization Facility	(400.0)
Outstanding letters of credit under the TRGP Revolver	(44.8)
Total liquidity	\$ 1,335.3

(1) Includes cash held in our consolidated joint venture accounts.

Other potential capital resources associated with our existing arrangements includes our right to request an additional \$500.0 million in commitment increases under the TRGP Revolver, subject to the terms therein. The TRGP Revolver matures on February 17, 2027.

A portion of our capital resources are allocated to letters of credit to satisfy certain counterparty credit requirements. They reflect certain counterparties' views of our financial condition and ability to satisfy our performance obligations, as well as commodity prices and other factors.

Working Capital

Working capital is the amount by which current assets exceed current liabilities. On a consolidated basis, at the end of any given month, accounts receivable and payable tied to commodity sales and purchases are relatively balanced, with receivables from customers being offset by plant settlements payable to producers. The factors that typically cause overall variability in our reported total working capital are: (i) our cash position; (ii) liquids inventory levels and valuation, which we closely manage; (iii) changes in payables and accruals related to major growth capital projects; (iv) changes in the fair value of the current portion of derivative contracts; (v) monthly swings in borrowings under the Partnership's Securitization Facility; and (vi) major structural changes in our asset base or business operations, such as certain organic growth capital projects and acquisitions or divestitures.

Working capital as of March 31, 2022 decreased \$481.2 million compared to December 31, 2021. The decrease was primarily due to higher product purchases and fuel payables as a result of higher commodity prices, an increase in the current liability position of our derivative contracts and higher net borrowing on the Securitization Facility, partially offset by higher receivables resulting from higher commodity prices.

Based on our anticipated levels of operations and absent any disruptive events, we believe that our internally generated cash flow, borrowings available under the TRGP Revolver and the Partnership's Securitization Facility and proceeds from debt and equity offerings, as well as joint ventures and/or asset sales, should provide sufficient resources to finance our operations, capital expenditures, long-term debt obligations, collateral requirements and quarterly cash dividends for at least the next twelve months.

Long-term Financing

Our long-term financing consists of potentially raising funds through long-term debt obligations, the issuance of common stock, preferred stock, or joint venture arrangements.

In February 2022, we entered into the TRGP Revolver with Bank of America, N.A., as the Administrative Agent, Collateral Agent and Swing Line Lender, and the other lenders party thereto. The TRGP Revolver provides for a revolving credit facility in an initial aggregate principal amount up to \$2.75 billion, with an option to increase such maximum aggregate principal amount by up to \$500.0 million in the future, subject to the terms of the TRGP Revolver, including a swing line sub-facility of up to \$100.0 million. The TRGP Revolver matures in February 2027. In February 2022, TRGP and the Partnership received a corporate investment grade credit rating from S&P and Fitch, and in March 2022, the Partnership received a corporate investment grade credit rating from Moody's. As a result, in accordance with the TRGP Revolver, the collateral under the TRGP Revolver was released from the liens securing our obligations thereunder. In connection with our entry into the TRGP Revolver, we terminated the Previous TRGP Revolver and the Partnership Revolver. As a result of the termination of the Previous TRGP Revolver and the Partnership Revolver, we recorded a loss due to debt extinguishment of \$0.8 million.

In February 2022, we and certain of our subsidiaries entered into a parent guarantee whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of all of the obligations of the Partnership Issuers under the respective indentures governing the Partnership Issuers' senior unsecured notes. As of March 31, 2022, \$6.0 billion of the Partnership Issuers' senior unsecured notes was outstanding.

In March 2022, the Partnership redeemed all of the outstanding 5.375% Notes with available liquidity under the TRGP Revolver. As a result of the redemption of the 5.375% Notes, we recorded a loss due to debt extinguishment of \$15.0 million comprised of \$12.6 million of premiums paid and a write-off of \$2.4 million of debt issuance costs.

In April 2022, we, along with certain of our subsidiaries as guarantors thereto, completed an underwritten public offering of \$750.0 million aggregate principal amount of our 4.200% Notes and \$750.0 million aggregate principal amount of our 4.950% Notes, resulting in net proceeds of approximately \$1.5 billion. A portion of the net proceeds from the issuance were used to fund the concurrent March Tender Offer and the subsequent redemption payment of the Partnership's 5.875% Notes, with the remainder used for repayment of borrowings under the TRGP Revolver. As a result of the March Tender Offer and the subsequent redemption of the 5.875% Notes, we will record a loss due to debt extinguishment of \$33.5 million during the second quarter of 2022.

In April 2022, the Partnership amended the Securitization Facility to, among other things, extend the facility termination date to April 19, 2023 and replace the LIBOR-based interest rate option with SOFR-based interest rate options, including term SOFR and daily simple SOFR.

In the future, we or the Partnership may redeem, purchase or exchange certain of our and the Partnership's outstanding debt through redemption calls, cash purchases and/or exchanges for other debt, in open market purchases, privately negotiated transactions or otherwise. Such calls, repurchases, exchanges or redemptions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of \$1,050.00 per share, plus \$8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of \$973.4 million (including unpaid dividends of \$8.2 million) and the net carrying value of the shares redeemed was \$223.7 million, which will be recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated. See Note 9 - Preferred Stock to our Consolidated Financial Statements.

To date, our debt balances and our subsidiaries' debt balances have not adversely affected our operations, ability to grow or ability to repay or refinance indebtedness.

For additional information about our debt-related transactions, see Note 7 - Debt Obligations to our Consolidated Financial Statements. For information about our interest rate risk, see "Item 3. Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk."

Compliance with Debt Covenants

As of March 31, 2022, both we and the Partnership were in compliance with the covenants contained in our various debt agreements.

Cash Flow

Cash Flows from Operating Activities

Three Months Ended March 31,			
2022	2021		2022 vs. 2021
(In millions)			
\$ 748.2	\$ 679.8		\$ 68.4

The primary drivers of cash flows from operating activities are (i) the collection of cash from customers from the sale of NGLs and natural gas, as well as fees for processing, gathering, export, fractionation, terminaling, storage and transportation, (ii) the payment of amounts related to the purchase of NGLs, natural gas and crude oil (iii) changes in payables and accruals related to major growth capital projects; and (iv) the payment of other expenses, primarily field operating costs, general and administrative expense and interest expense. In addition, we use derivative instruments to manage our exposure to commodity price risk. Changes in the prices of the commodities we hedge impact our derivative settlements as well as our margin deposit requirements on unsettled futures contracts.

The increase in net cash provided by operations was primarily due to higher commodity prices, resulting in higher collections from customers, partially offset by an increase in payments for product purchases and fuel and hedge transactions.

Cash Flows from Investing Activities

Three Months Ended March 31,			
2022	2021		2022 vs. 2021
(In millions)			
\$ (197.0)	\$ (90.0)		\$ (107.0)

The increase in net cash used in investing activities was primarily due to higher outlays for property, plant and equipment resulting from construction activities of the Legacy, Legacy II and Midway plants.

Cash Flows from Financing Activities

	Three Months Ended March 31,	
	2022	2021
	(In millions)	
Source of Financing Activities, net		
Repurchase of noncontrolling interests	\$ (926.3)	\$ —
Debt, including financing costs	620.2	(400.2)
Dividends and distributions	(108.0)	(48.0)
Contributions from (distributions to) noncontrolling interests	(87.5)	(127.3)
Other	(72.2)	(8.6)
Net cash provided by (used in) financing activities	<u>\$ (573.8)</u>	<u>\$ (584.1)</u>

The decrease in net cash used in financing activities was primarily due to higher borrowings of debt and lower distributions to noncontrolling interests, partially offset by the repurchase of the non-controlling interests in the DevCo JVs, and higher dividends and distributions paid in 2022. The higher dividends and distributions were due to the increase of our common dividends from \$0.10 to \$0.35 in January 2022.

Summarized Combined Financial Information for Guarantee of Securities of Subsidiaries

Our subsidiaries that guarantee our obligations under the TRGP Revolver (the “Obligated Group”) also fully and unconditionally guarantee, jointly and severally, the payment of TRGP’s senior notes, subject to certain limited exceptions.

In lieu of providing separate financial statements for the Obligated Group, we have presented the following supplemental summarized Combined Balance Sheet and Statement of Operations information for the Obligated Group based on Rule 13-01 of the SEC’s Regulation S-X.

All significant intercompany items among the Obligated Group have been eliminated in the supplemental summarized combined financial information. The Obligated Group’s investment balances in our non-guarantor subsidiaries have been excluded from the supplemental summarized combined financial information. Significant intercompany balances and activity for the Obligated Group with other related parties, including our non-guarantor subsidiaries (referred to as “affiliates”), are presented separately in the following supplemental summarized combined financial information.

Summarized Combined Balance Sheet and Statement of Operations information for the Obligated Group follows:

Summarized Combined Balance Sheet Information

	March 31, 2022	December 31, 2021
	(In millions)	
ASSETS		
Current assets	\$ 773.1	\$ 832.9
Current assets - affiliates	10.4	24.4
Long-term assets	6,226.8	6,253.9
Long-term assets - affiliates	10.5	10.5
Total assets	<u>\$ 7,020.8</u>	<u>\$ 7,121.7</u>
LIABILITIES, SERIES A PREFERRED STOCK AND OWNERS' EQUITY		
Current liabilities	\$ 2,069.2	\$ 1,525.6
Current liabilities - affiliates	218.2	195.8
Long-term liabilities	7,471.3	6,875.5
Series A Preferred	749.7	749.7
Targa Resources Corp. stockholders' equity	(3,487.6)	(2,224.9)
Total liabilities and owners' equity	<u>\$ 7,020.8</u>	<u>\$ 7,121.7</u>

Summarized Combined Statement of Operations Information

	Three Months Ended March 31, 2022	Year Ended December 31, 2021
	(In millions)	
Revenues	\$ 5,040.7	\$ 16,900.5
Operating income (loss)	(66.4)	5.7
Net loss	(157.9)	(371.0)
Dividends on Series A Preferred	21.8	87.3

Common Stock Dividends

The following table details the dividends on common stock declared and/or paid by us for the three months ended March 31, 2022:

Three Months Ended	Date Paid or To Be Paid	Total Common Dividends Declared	Amount of Common Dividends Paid or To Be Paid	Accrued Dividends (1)	Dividends Declared per Share of Common Stock
(In millions, except per share amounts)					
March 31, 2022	May 16, 2022	\$ 81.2	\$ 79.8	\$ 1.4	\$ 0.35000
December 31, 2021	February 15, 2022	81.4	80.1	1.3	0.35000

(1) Represents accrued dividends on restricted stock and restricted stock units that are payable upon vesting.

Preferred Dividends

Our Series A Preferred has a liquidation value of \$1,000 per share and bears a cumulative 9.5% fixed dividend payable quarterly 45 days after the end of each fiscal quarter.

Cash dividends of \$21.8 million were paid to holders of the Series A Preferred during the three months ended March 31, 2022. As of March 31, 2022, cash dividends accrued for our Series A Preferred were \$21.8 million, which were paid on May 2, 2022.

Series A Preferred Redemption

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of \$1,050.00 per share, plus \$8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of \$973.4 million (including unpaid dividends of \$8.2 million) and the net carrying value of the shares redeemed was \$223.7 million, which will be recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated. See Note 9 - Preferred Stock to our Consolidated Financial Statements.

Capital Expenditures

The following table details cash outlays for capital projects for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(In millions)	
Capital expenditures:		
Growth (1)	\$ 123.3	\$ 62.5
Maintenance (2)	39.2	20.9
Gross capital expenditures	162.5	83.4
Transfers from materials and supplies inventory to property, plant and equipment	—	(0.1)
Change in capital project payables and accruals, net	41.9	12.9
Cash outlays for capital projects	<u>\$ 204.4</u>	<u>\$ 96.2</u>

(1) Growth capital expenditures, net of contributions from noncontrolling interests and including net contributions to investments in unconsolidated affiliates, were \$121.4 million and \$61.0 million for the three months ended March 31, 2022 and 2021.

(2) Maintenance capital expenditures, net of contributions from noncontrolling interests, were \$37.7 million and \$19.0 million for the three months ended March 31, 2022 and 2021.

The increase in total growth capital expenditures was primarily due to system expansions in the Permian in response to increasing activity levels. The increase in total maintenance capital expenditures was primarily due to our growing infrastructure footprint.

We currently estimate that in 2022 we will invest between \$700 to \$800 million in net growth capital expenditures for announced projects. Future growth capital expenditures may vary based on investment opportunities. We expect that 2022 maintenance capital expenditures, net of noncontrolling interests, will be approximately \$150 million.

Off-Balance Sheet Arrangements

As of March 31, 2022, there were \$67.6 million in surety bonds outstanding related to various performance obligations. These are in place to support various performance obligations as required by (i) statutes within the regulatory jurisdictions where we operate and (ii) counterparty support. Obligations under these surety bonds are not normally called, as we typically comply with the underlying performance requirement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our principal market risks are our exposure to changes in commodity prices, particularly to the prices of natural gas, NGLs and crude oil, changes in interest rates, as well as nonperformance by our customers.

Risk Management

We evaluate counterparty risks related to our commodity derivative contracts and trade credit. All of our commodity derivatives are with major financial institutions or major energy companies. Should any of these financial counterparties not perform, we may not realize the benefit of some of our hedges under lower commodity prices, which could have a material adverse effect on our results of operations. We sell our natural gas, NGLs and condensate to a variety of purchasers. Non-performance by a trade creditor could result in losses.

Crude oil, NGL and natural gas prices are volatile. In an effort to reduce the variability of our cash flows, we have entered into derivative instruments to hedge the commodity price associated with a portion of our expected natural gas, NGL and condensate equity volumes, future commodity purchases and sales, and transportation basis risk through 2027. Market conditions may also impact our ability to enter into future commodity derivative contracts.

Commodity Price Risk

A portion of our revenues are derived from percent-of-proceeds contracts under which we receive a portion of the proceeds from the sale of commodities as payment for services. The prices of natural gas, NGLs and crude oil are subject to fluctuations in response to changes in supply, demand, market uncertainty and a variety of additional factors beyond our control. We monitor these risks and enter into hedging transactions designed to mitigate the impact of commodity price fluctuations on our business. Cash flows from a derivative instrument designated as a hedge are classified in the same category as the cash flows from the item being hedged.

The primary purpose of our commodity risk management activities is to hedge some of the exposure to commodity price risk and reduce fluctuations in our operating cash flow due to fluctuations in commodity prices. In an effort to reduce the variability of our cash flows, as of March 31, 2022, we have hedged the commodity price associated with a portion of our expected (i) natural gas, NGL, and condensate equity volumes in our Gathering and Processing operations that result from our percent-of-proceeds processing arrangements, (ii) future commodity purchases and sales in our Logistics and Transportation segment and (iii) natural gas transportation basis risk in our Logistics and Transportation segment. We hedge a higher percentage of our expected equity volumes in the current year compared to future years, for which we hedge incrementally lower percentages of expected equity volumes. We also enter into commodity financial instruments to help manage other short-term commodity-related business risks of our ongoing operations and in conjunction with marketing opportunities available to us in the operations of our logistics and transportation assets. With swaps, we typically receive an agreed fixed price for a specified notional quantity of commodities and we pay the hedge counterparty a floating price for that same quantity based upon published index prices. Since we receive from our customers substantially the same floating index price from the sale of the underlying physical commodity, these transactions are designed to effectively lock-in the agreed fixed price in advance for the volumes hedged. In order to avoid having a greater volume hedged than our actual equity volumes, we typically limit our use of swaps to hedge the prices of less than our expected equity volumes. We utilize purchased puts (or floors) and calls (or caps) to hedge additional expected equity commodity volumes without creating volumetric risk. We may buy calls in connection with swap positions to create a price floor with upside. We intend to continue to manage our exposure to commodity prices in the future by entering into derivative transactions using swaps, collars, purchased puts (or floors), futures or other derivative instruments as market conditions permit.

When entering into new hedges, we intend to generally match the NGL product composition and the NGL and natural gas delivery points to those of our physical equity volumes. The NGL hedges cover specific NGL products based upon the expected equity NGL composition. We believe this strategy avoids uncorrelated risks resulting from employing hedges on crude oil or other petroleum products as “proxy” hedges of NGL prices. The fair value of our natural gas and NGL hedges are based on published index prices for delivery at various locations, which closely approximate the actual natural gas and NGL delivery points. A portion of our condensate sales are hedged using crude oil hedges that are based on the NYMEX futures contracts for West Texas Intermediate light, sweet crude.

A majority of these commodity price hedges are documented pursuant to a standard International Swap Dealers Association form with customized credit and legal terms. The principal counterparties (or, if applicable, their guarantors) have investment grade credit ratings. While we have no current obligation to post cash, letters of credit or other additional collateral to secure these hedges so long as we maintain our current credit rating, we could be obligated to post collateral to secure the hedges in the event of an adverse change in our creditworthiness where a counterparty's exposure to our credit increases over the term of the hedge as a result of higher commodity prices. A purchased put (or floor) transaction does not expose our counterparties to credit risk, as we have no obligation to make future payments beyond the premium paid to enter into the transaction; however, we are exposed to the risk of default by the counterparty, which is the risk that the counterparty will not honor its obligation under the put transaction.

We also enter into commodity price hedging transactions using futures contracts on futures exchanges. Exchange traded futures are subject to exchange margin requirements, so we may have to increase our cash deposit due to a rise in natural gas, NGL or crude oil prices. Unlike bilateral hedges, we are not subject to counterparty credit risks when using futures on futures exchanges.

These contracts may expose us to the risk of financial loss in certain circumstances. Generally, our hedging arrangements provide us protection on the hedged volumes if prices decline below the prices at which these hedges are set. If prices rise above the prices at which they have been hedged, we will receive less revenue on the hedged volumes than we would receive in the absence of hedges (other than with respect to purchased calls).

To analyze the risk associated with our derivative instruments, we utilize a sensitivity analysis. The sensitivity analysis measures the change in fair value of our derivative instruments based on a hypothetical 10% change in the underlying commodity prices, but does not reflect the impact that the same hypothetical price movement would have on the related hedged items. The financial statement impact on the fair value of a derivative instrument resulting from a change in commodity price would normally be offset by a corresponding gain or loss on the hedged item under hedge accounting. The fair values of our derivative instruments are also influenced by changes in market volatility for option contracts and the discount rates used to determine the present values.

The following table shows the effect of hypothetical price movements on the estimated fair value of our derivative instruments as of March 31, 2022:

	Fair Value	Result of 10% Price Decrease	Result of 10% Price Increase
	(In millions)		
Natural gas	\$ (333.3)	\$ (257.0)	\$ (409.6)
NGLs	(309.9)	(222.0)	(397.8)
Crude oil	(94.5)	(65.8)	(123.2)
Total	<u>\$ (737.7)</u>	<u>\$ (544.8)</u>	<u>\$ (930.6)</u>

The table above contains all derivative instruments outstanding as of the stated date for the purpose of hedging commodity price risk, which we are exposed to due to our equity volumes and future commodity purchases and sales, as well as basis differentials related to our gas transportation arrangements.

During the three months ended March 31, 2022 and 2021, our operating revenues decreased by (\$322.7) million and (\$134.7) million as a result of transactions accounted for as derivatives. The estimated fair value of our risk management position has moved from a net liability position of (\$316.7) million at December 31, 2021 to a net liability position of (\$737.7) million at March 31, 2022. Forward commodity prices have moved unfavorably relative to the fixed prices on our derivative contracts, creating this net liability position.

Interest Rate Risk

We are exposed to the risk of changes in interest rates, primarily as a result of variable rate borrowings under the TRGP Revolver and the Securitization Facility. As of March 31, 2022, we do not have any interest rate hedges. However, we may enter into interest rate hedges in the future with the intent to mitigate the impact of changes in interest rates on cash flows. To the extent that interest rates increase, interest expense for the TRGP Revolver and the Securitization Facility will also increase. As of March 31, 2022, we had \$1.3 billion in outstanding variable rate borrowings. A hypothetical change of 100 basis points in the rate of our variable interest rate debt would impact our consolidated annual interest expense by \$12.7 million based on our March 31, 2022 debt balances.

Counterparty Credit Risk

We are subject to risk of losses resulting from nonpayment or nonperformance by our counterparties. The credit exposure related to commodity derivative instruments is represented by the fair value of the asset position (i.e. the fair value of expected future receipts) at the reporting date. Our futures contracts have limited credit risk since they are cleared through an exchange and are margined daily. Should the creditworthiness of one or more of the counterparties decline, our ability to mitigate nonperformance risk is limited to a counterparty agreeing to either a voluntary termination and subsequent cash settlement or a novation of the derivative contract to a third party. In the event of a counterparty default, we may sustain a loss and our cash receipts could be negatively impacted. We have master netting provisions in the International Swap Dealers Association agreements with our derivative counterparties. These netting provisions allow us to net settle asset and liability positions with the same counterparties within the same Targa entity. As of March 31, 2022, all of our commodity derivative instruments with the exception of our futures contracts were in a net liability position, and as such, we had no counter-party risk exposure as of that date.

Customer Credit Risk

We extend credit to customers and other parties in the normal course of business. We have established various procedures to manage our credit exposure, including performing initial and subsequent credit risk analyses, setting maximum credit limits and terms and requiring credit enhancements when necessary. We use credit enhancements including (but not limited to) letters of credit, prepayments, parental guarantees and rights of offset to limit credit risk to ensure that our established credit criteria are followed and financial loss is mitigated or minimized.

We have an active credit management process, which is focused on controlling loss exposure due to bankruptcies or other liquidity issues of counterparties. Our allowance for doubtful accounts was \$0.1 million as of both March 31, 2022 and December 31, 2021. Changes in the allowance for doubtful accounts were not material for the three months ended March 31, 2022.

During the three months ended March 31, 2022, sales of commodities and fees from midstream services provided to Petredec (Europe) Limited comprised approximately 10% of our consolidated revenues. No customer comprised 10% or greater of our consolidated revenues during the three months ended March 31, 2021.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the design and effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of the end of the period covered in this Quarterly Report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2022, the design and operation of our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, during our most recent fiscal quarter.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

On December 26, 2018, Vitol Americas Corp. (“Vitol”) filed a lawsuit in the 80th District Court of Harris County (the “District Court”), Texas against Targa Channelview LLC, then a subsidiary of the Company (“Targa Channelview”), seeking recovery of \$129.0 million in payments made to Targa Channelview, additional monetary damages, attorneys’ fees and costs. Vitol alleges that Targa Channelview breached an agreement, dated December 27, 2015, for crude oil and condensate between Targa Channelview and Noble Americas Corp. (the “Splitter Agreement”), which provided for Targa Channelview to construct a crude oil and condensate splitter (the “Splitter”) adjacent to a barge dock owned by Targa Channelview to provide services contemplated by the Splitter Agreement. In January 2018, Vitol acquired Noble Americas Corp. and on December 23, 2018, Vitol voluntarily elected to terminate the Splitter Agreement claiming that Targa Channelview failed to timely achieve start-up of the Splitter. Vitol’s lawsuit also alleges Targa Channelview made a series of misrepresentations about the capability of the barge dock that would service crude oil and condensate volumes to be processed by the Splitter and Splitter products. Vitol seeks return of \$129.0 million in payments made to Targa Channelview prior to the start-up of the Splitter, as well as additional damages. On the same date that Vitol filed its lawsuit, Targa Channelview filed a lawsuit against Vitol seeking a judicial determination that Vitol’s sole and exclusive remedy was Vitol’s voluntary termination of the Splitter Agreement and, as a result, Vitol was not entitled to the return of any prior payments under the Splitter Agreement or other damages as alleged. Targa also seeks recovery of its attorneys’ fees and costs in the lawsuit.

On October 15, 2020, the District Court awarded Vitol \$129.0 million (plus interest) following a bench trial. In addition, the District Court awarded Vitol \$10.5 million in damages for losses and demurrage on crude oil that Vitol purchased for start-up efforts. The Company has filed an appeal challenging the award, and the appeal is currently pending in the Fourteenth Court of Appeals in Houston, Texas.

In October 2020, we sold Targa Channelview but, under the agreements governing the sale, we retained the liabilities associated with the Vitol proceedings.

Additional information required for this item is provided in Note 15 – Contingencies, under the heading “Legal Proceedings” included in the Notes to Consolidated Financial Statements included under Part I, Item 1 of this Quarterly Report, which is incorporated by reference into this item.

Item 1A. Risk Factors.

For an in-depth discussion of our risk factors, see “Part I—Item 1A. Risk Factors” of our Annual Report. All of these risks and uncertainties could adversely affect our business, financial condition and/or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities.

None.

Repurchase of Equity by Targa Resources Corp. or Affiliated Purchasers.

Period	Total number of shares purchased (1)	Average price per share	Total number of shares purchased as part of publicly announced plans (2)	Maximum approximate dollar value of shares that may yet be purchased under the plan (in thousands) (2)
January 1, 2022 - January 31, 2022	490,076	\$ 55.97	104,482	\$ 362,839.2
February 1, 2022 - February 28, 2022	—	\$ —	—	\$ 362,839.2
March 1, 2022 - March 31, 2022	644,304	\$ 69.41	633,317	\$ 318,839.2

(1) Includes 737,799 shares repurchased under our \$500 million common share repurchase program, as well as 396,581 shares that were withheld by us to satisfy tax withholding obligations of certain of our officers, directors and key employees that arose upon the lapse of restrictions on restricted stock.

(2) In the fourth quarter 2020, our board of directors approved a share repurchase program for the repurchase of up to \$500 million of our outstanding common stock. We may discontinue this share repurchase program at any time and are not obligated to repurchase any specific dollar amount or number of shares.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On May 3, 2022, our board of directors adopted amended and restated bylaws, effective May 3, 2022 (the “Second Amended and Restated Bylaws”). The Second Amended and Restated Bylaws amended and restated our Amended and Restated Bylaws, as adopted and amended by our board of directors on December 10, 2010 (the “Amended and Restated Bylaws”) and amended by our board of directors on January 12, 2016 (the “First Amendment”). The Second Amended and Restated Bylaws (a) encompass the changes made to the Amended and Restated Bylaws pursuant to the First Amendment and (b) replace the threshold in the Amended and Restated Bylaws of an affirmative vote of the holders of at least 66.67 percent of the voting power for the removal for cause of any director with a threshold of the affirmative vote of the holders of a majority of the voting power.

The foregoing description of the Second Amended and Restated Bylaws is qualified in its entirety by reference to the full text of the Second Amended and Restated Bylaws, which is attached here as Exhibit 3.4 and incorporated herein by reference.

Item 6. Exhibits.

Number	Description
3.1	<u>Amended and Restated Certificate of Incorporation of Targa Resources Corp. (incorporated by reference to Exhibit 3.1 to Targa Resources Corp.’s Current Report on Form 8-K filed December 16, 2010 (File No. 001-34991)).</u>
3.2	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Targa Resources Corp. (incorporated by reference to Exhibit 3.1 to Targa Resources Corp.’s Current Report on Form 8-K filed May 26, 2021 (File No. 001-34991)).</u>
3.3	<u>Certificate of Designations of Series A Preferred Stock of Targa Resources Corp., filed with the Secretary of State of the State of Delaware on March 16, 2016 (incorporated by reference to Exhibit 3.1 to Targa Resources Corp.’s Current Report on Form 8-K/A filed March 17, 2016 (File No. 001-34991)).</u>
3.4*	<u>Second Amended and Restated Bylaws of Targa Resources Corp.</u>
4.1	<u>Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Targa Resources Corp.’s Registration Statement on Form S-1/A filed November 12, 2010 (File No. 333-169277)).</u>
4.2	<u>Parent Guarantee dated as of February 18, 2022, by and among Targa Resources Corp. and certain of its subsidiaries (incorporated by reference to Exhibit 4.1 to Targa Resources Corp.’s Current Report on Form 8-K filed February 23, 2022 (File No. 001-34991)).</u>
4.3	<u>Indenture, dated as of April 6, 2022, among Targa Resources Corp., as issuer, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Targa Resources Corp.’s Current Report on Form 8-K filed April 6, 2022 (File No. 001-34991)).</u>
4.4	<u>First Supplemental Indenture, dated as of April 6, 2022, among Targa Resources Corp., as issuer, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Targa Resources Corp.’s Current Report on Form 8-K filed April 6, 2022 (File No. 001-34991)).</u>
4.5	<u>Form of Notes (included in Exhibit 4.4 hereto) (incorporated by reference to Exhibit 4.3 to Targa Resources Corp.’s Current Report on Form 8-K filed April 6, 2022 (File No. 001-34991)).</u>
10.1	<u>Supplemental Indenture dated January 28, 2022 to Indenture dated October 6, 2016 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 10.32 to Targa Resources Corp.’s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>
10.2	<u>Supplemental Indenture dated January 28, 2022 to Indenture dated October 17, 2017 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 10.43 to Targa Resources Corp.’s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>

Number	Description
10.3	<u>Supplemental Indenture dated January 28, 2022 to Indenture dated April 12, 2018 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 10.52 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>
10.4	<u>Supplemental Indenture dated January 28, 2022 to Indenture dated January 17, 2019 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 10.61 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>
10.5	<u>Supplemental Indenture dated January 28, 2022 to Indenture dated November 27, 2019 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 10.68 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>
10.6	<u>Supplemental Indenture dated January 28, 2022 to Indenture dated August 18, 2020 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 10.74 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>
10.7	<u>Supplemental Indenture dated January 28, 2022 to Indenture dated February 2, 2021 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 10.80 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>
10.8+	<u>Form of Performance Share Unit Grant Agreement, dated as of January 20, 2022 under Targa Resources Corp. 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.12 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 24, 2022 (File No. 001-34991)).</u>
10.9	<u>Credit Agreement dated as of February 17, 2022, by and among Targa Resources Corp., Bank of America, N.A., and the other parties signatory thereto (incorporated by reference to Exhibit 10.1 to Targa Resources Corp.'s Current Report on Form 8-K filed February 23, 2022 (File No. 001-34991)).</u>
10.10	<u>Twelfth Amendment to Receivables Purchase Agreement, dated April 19, 2022, by and among Targa Receivables LLC, as seller, Targa Resources Partners LP, as servicer, the various conduit purchasers, committed purchasers, purchaser agents and LC participants party thereto and PNC Bank, National Association, as administrator and LC Bank (incorporated by reference to Exhibit 10.1 to Targa Resources Corp.'s Current Report on Form 8-K filed April 22, 2022 (File No. 001-34991)).</u>
22.1*	<u>List of Subsidiary Guarantors.</u>
31.1*	<u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document

Number	Description
104*	The cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31,2022, formatted in Inline XBRL (included with Exhibit 101 attachments).

* Filed herewith

** Furnished herewith

+ Management contract or compensatory plan or arrangement

SIGNATURES

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

Targa Resources Corp.
(Registrant)

Date: May 5, 2022

By: /s/ Jennifer R. Kneale
Jennifer R. Kneale
Chief Financial Officer
(Principal Financial Officer)

**SECOND AMENDED AND RESTATED
BYLAWS
OF
TARGA RESOURCES CORP.**

Incorporated under the Laws of the State of Delaware

**ARTICLE I
OFFICES AND RECORDS**

Section 1.1 Registered Office. The address of Targa Resources Corp.'s (the "Corporation") registered office in the State of Delaware is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The name of the Corporation's registered agent for service of process in the State of Delaware at such address is The Corporation Trust Company. The registered office and registered agent of the Corporation may be changed from time to time by the board of directors of the Corporation (the "Board") in the manner provided by law.

Section 1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board may designate or as the business of the Corporation may from time to time require.

Section 1.3 Books and Records. The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board.

**ARTICLE II
STOCKHOLDERS**

Section 2.1 Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on such date and at such place and time as may be fixed by resolution of the Board.

Section 2.2 Special Meeting. Subject to the rights of the holders of any series of stock having a preference over the common stock of the Corporation as to dividends or upon liquidation ("Preferred Stock") with respect to such series of Preferred Stock, special meetings of the stockholders may be called only in accordance with the Corporation's Certificate of Incorporation as it may be amended and restated from time to time.

Section 2.3 Place of Meeting. The Board, the Chairman of the Board or the Chief Executive Officer, as the case may be, may designate the place of meeting for any special meeting of the stockholders called by the Board, the Chairman of the Board or the Chief Executive Officer. If no designation is made for an annual or special meeting, the place of meeting, if any, shall be the principal executive offices of the Corporation.

Section 2.4 Notice of Meeting. Written or printed notice, stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered by the Corporation not less than 10 days nor more than 60 days before the date of the meeting, in a manner pursuant to Section 7.7 hereof, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States

mail with postage thereon prepaid, addressed to the stockholder at the stockholder's address as it appears on the stock transfer books of the Corporation. Such further notice shall be given as may be required by law. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 7.4 of these Bylaws. Any previously scheduled meeting of the stockholders may be postponed, and (unless the Certificate of Incorporation otherwise provides) any special meeting of the stockholders may be cancelled, by resolution of the Board upon public notice given prior to the date previously scheduled for such meeting of stockholders.

Section 2.5 Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the meeting or a majority of the shares so represented may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of the time and place of adjourned meetings need be given except as required by law. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to notice of such adjourned meeting. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.6 Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or by any means of electronic communication permitted by law) by the stockholder, or by his duly authorized attorney in fact. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 2.7 Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (a) by or at the direction of the Board or (a) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in this Section 2.7 and at the time of the annual meeting, (i) is entitled to vote at the meeting and (i) complies with the notice procedures set forth in this Section 2.7 as to such business or nomination; clause (1)(c) of this Section 2.7(A) shall be the exclusive means for a stockholder to

make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and included in the Corporation’s notice of meeting) before an annual meeting of the stockholders.

(1) Without qualification, for any nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.7(A)(2)(c), the stockholder must have given timely notice thereof in writing to the Secretary and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder’s notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year’s annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder’s notice as described above. To be in proper form, a stockholder’s notice (whether given pursuant to this Section 2.7(A)(2) or Section 2.7(B)) to the Secretary must:

(a) set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation’s books, and of such beneficial owner, if any, (i) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and such beneficial owner, (A) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a “Derivative Instrument”) directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (A) a description of any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any shares of any security of the Corporation, (A) any short interest in any security of the Corporation (for purposes of this Section 2.7 a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (A) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (A) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and

(A) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (i) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (i) a representation that the stockholder was a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting, and (i) a representation as to whether such stockholder or any such beneficial owner intends or is part of a group that intends to (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or to elect each such nominee and/or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination. If requested by the Corporation, the information required under clauses (a)(i) and (ii) of the preceding sentence of this Section 2.7 shall be supplemented by such stockholder and any such beneficial owner not later than 10 days after the record date for notice of the meeting to disclose such information as of such record date;

(b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and beneficial owner, if any, in such business and (i) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(c) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (i) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under

Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(d) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement required by Section 2.8. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such nominee.

(2) Notwithstanding anything in the second sentence of Section 2.7(A)(2) to the contrary, in the event that the number of directors to be elected to the Board is increased effective after the time period for which nominations would otherwise be due under Section 2.7(A)(2) and there is no public announcement by the Corporation naming the nominees for director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year’s annual meeting, a stockholder’s notice required by this Section 2.7 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation’s notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation’s notice of meeting (a) by or at the direction of the Board or (a) provided, that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice provided for in this Section 2.7 and at the time of the special meeting, (i) is entitled to vote at the meeting, and (i) complies with the notice procedures set forth in this Section 2.7. In the event a special meeting of stockholders is called for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation’s notice of meeting, if the stockholder’s notice required by Section 2.7(A)(2) with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 2.8) is delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a stockholder’s notice as described above.

(C) General. (1) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in Section 2.7 are eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.7. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in Section 2.7 and, if any proposed nomination or business is not in compliance Section 2.7, to declare that such defective proposal or nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.7, unless otherwise required by applicable law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, the nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.7, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(1) For purposes of this Section 2.7, “public announcement” shall mean disclosure in a press release reported by Dow Jones News Service, the Associated Press, or any other national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(2) Notwithstanding the foregoing provisions of this Section 2.7, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.7; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2.7(A)(1)(c) or Section 2.7(B). Compliance with Section 2.7 shall be the exclusive means for a stockholder to make nominations or submit other business (other than business other than nominations brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in Section 2.7 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (i) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these Bylaws.

(D) Conduct of Business. The Chief Executive Officer, or in the alternative, the Chairman of the Board or, in the absence (or inability or refusal to act) of the Chief Executive Officer and the Chairman of the Board, such other person appointed by the Board (each, a “Chairman of the Meeting”) shall conduct meetings of stockholders in an orderly manner, rule on

the precedence of, and procedure on, motions and other procedural matters, and exercise discretion with respect to such procedural matters. Without limiting the foregoing, the Chairman of the Meeting may (a) restrict attendance at any time to bona fide stockholders of record and their proxies and other persons in attendance at the invitation of the presiding officer or Board, (a) restrict use of audio or video recording devices at the meeting, and (a) impose reasonable limits on the amount of time taken up at the meeting on discussion in general or on remarks by any one stockholder. Should any person in attendance become unruly or obstruct the meeting proceedings, the Chairman of the Meeting shall have the power to have such person removed from the meeting. Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Article II. The Chairman of the Meeting may determine and declare to the meeting that any proposed item of business was not brought before the meeting in accordance with the provisions of this Article II, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate.

(E) Meetings by Remote Communication. If authorized by the Board, and subject to such guidelines and procedures as the Board may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication, participate in the meeting and be deemed present in person and vote at the meeting, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (i) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (i) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.8 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 2.7) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (1) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (A) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (A) in such person's individual capacity and on

behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

Section 2.9 Procedure for Election of Directors; Required Vote.

(A) Procedure and Required Vote. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, each director shall be elected by the vote of a majority of the votes cast with respect to that director's election at any meeting for the election of directors at which a quorum is present, provided that if, as of the tenth (10th) day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders of the Corporation, the number of nominees exceeds the number of directors to be elected (a "Contested Election"), the directors shall be elected by the vote of a plurality of the votes cast. Except as otherwise provided by law, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

In order for any incumbent director to become a nominee of the Board for further service on the Board, such person must submit an irrevocable resignation, contingent on (i) that person not receiving a majority of the votes cast in an election that is not a Contested Election, and (ii) acceptance of that proffered resignation by the Board in accordance with the following policies and procedures: In the event an incumbent director fails to receive a majority of the votes cast in an election that is not a Contested Election, the Nominating and Governance Committee, or such other committee designated by the Board, shall make a recommendation to the Board as to whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board shall act on the proffered resignation, taking into account such committee's recommendation, and publicly disclose (by a press release and filing an appropriate disclosure with the Securities and Exchange Commission) its decision regarding the resignation and, if such resignation is rejected, the rationale behind the decision within ninety (90) days following certification of the election results. Such committee, in making its recommendation, and the Board, in making its decision, each may consider any factors and other information that they consider appropriate and relevant. The director whose resignation is being considered shall not participate in the deliberations of such committee or the Board with respect to whether to accept such director's resignation. If the director's resignation is not accepted by the Board, such director shall continue to serve until his or her successor is duly elected, or until his or her earlier resignation or removal.

(B) General. For purposes of this Section 2.9, "a majority of the votes cast" shall mean that the number of the votes cast "for" a director's election exceeds the number of the votes cast "against" that director's election (with "abstentions" and "broker non-votes" not counted as votes cast either "for" or "against" that director's election).

Section 2.10 Inspectors of Elections; Opening and Closing the Polls. If required by law, the Board by resolution shall appoint one or more inspectors, which inspector or inspectors may

include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as an alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the Chairman of the Meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The Chairman of the Meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

Section 2.11 Stockholder Action by Written Consent. Except as otherwise provided by law or by the Certificate of Incorporation and subject to the rights of holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly held annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders in lieu of a meeting by such stockholders.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be managed under the direction of the Board. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

Section 3.2 Number, Tenure and Qualifications. Subject to the rights of the holders of any Preferred Stock, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies (the "Whole Board").

Section 3.3 Regular Meetings. A regular meeting of the Board shall be held without other notice than these Bylaws immediately after, and at the same place as, the Annual Meeting of Stockholders. Subject to Section 3.5, the Board may, by resolution, provide the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 3.4 Special Meetings. Except as otherwise provided by law or by the Certificate of Incorporation and subject to Section 3.5, special meetings of the Board may be called only by the Chairman of the Board, the Chief Executive Officer or the Board pursuant to a resolution adopted by a majority of the Whole Board. The person or persons authorized to call special meetings of the Board may fix the place and time of the meetings.

Section 3.5 Notice. Notice of any meeting of directors shall be given to each director at his business or residence in writing by hand delivery, first-class or overnight mail or courier service, telegram or facsimile transmission, electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the

United States mails so addressed, with postage thereon prepaid, at least five days before such meeting. If by telegram, overnight mail or courier service, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company or the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 12 hours before such meeting. If by telephone, orally or by hand delivery, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these Bylaws, as provided under Section 9.1. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 7.4 of these Bylaws. The term "Electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, including but not limited to transmission by telex, facsimile telecommunication, electronic mail, telegram and cablegram.

Section 3.6 Action by Consent of Board. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or the electronic transmission are filed with the minutes of proceedings of the Board or committee. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used.

Section 3.7 Conference Telephone Meetings. Members of the Board, or any committee thereof, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 3.8 Quorum. Subject to Section 3.9, a whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 3.9 Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock, and unless the Board otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a

quorum of the Board, or by a sole remaining director (and not by stockholders). Directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

Section 3.10 Executive and Other Committees. The Board may, by resolution adopted by a majority of the Whole Board, designate an Executive Committee to exercise, subject to applicable provisions of law, all the powers of the Board in the management of the business and affairs of the Corporation when the Board is not in session, including without limitation the power to declare dividends, to authorize the issuance of the Corporation's capital stock and to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of the State of Delaware (the "DGCL"), and may, by resolution similarly adopted, designate one or more other committees. The Executive Committee and each such other committee shall consist of one or more directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, other than the Executive Committee (the powers of which are expressly provided for herein), may to the extent permitted by law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such proceedings to the Board when required.

A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 3.5 of these Bylaws. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board.

Section 3.11 Removal. Subject to the rights of the holders of any series of Preferred Stock, for so long as the Board is classified under the DGCL, any director, or the Whole Board, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of Voting Stock, voting together as a single class.

Section 3.12 Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

Section 3.13 Compensation. Unless otherwise restricted by applicable law, the Certificate of Incorporation or these Bylaws, the Board shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

Section 3.14 Organization. Meetings of the Board shall be presided over by the Chairman of the Board or, in his absence, by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence, the chairman of the meeting may appoint any person to act as secretary of the meeting.

ARTICLE IV OFFICERS

Section 4.1 Elected Officers. The officers of the Corporation elected by the Board shall be a Chairman of the Board, a Chief Executive Officer, a President, a Chief Financial Officer, a Secretary, a Treasurer, and such other officers (including, without limitation, Assistant Secretaries and Assistant Treasurers) as the Board from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board or by any committee thereof. The Board or any committee thereof may from time to time elect, or the Chairman of the Board, Chief Executive Officer or President may appoint, such other officers (including one or more Vice Presidents and Controllers) as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers shall have such powers and duties and shall hold their offices for such terms as may be provided in these Bylaws or as may be prescribed by the Board or, if such officer has been appointed by the Chairman of the Board, Chief Executive Officer or President, as may be prescribed by the appointing officer.

Section 4.2 Election and Term of Office. The elected officers of the Corporation shall be elected annually by the Board at the regular meeting of the Board held after the annual meeting of the stockholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his successor has been duly elected and is qualified or until his death or resignation.

Section 4.3 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office which may be required by law and all such other duties as are properly required of him by the Board. He shall make reports to the Board and the stockholders, and shall see that all orders and resolutions of the Board and of any committee thereof are carried into effect. The Chairman of the Board may hold the title Executive Chairman of the Board and also serve as Chief Executive Officer or President, if so elected by the Board.

Section 4.4 Chief Executive Officer. The Chief Executive Officer shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The Chief Executive Officer shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of stockholders and of the Board.

Section 4.5 President. The President shall have such powers and shall perform such duties as shall be assigned to him by the Board.

Section 4.6 Vice-Presidents. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him by the Board.

Section 4.7 Chief Financial Officer. The Chief Financial Officer shall act in an executive financial capacity. He shall assist the Chairman of the Board and the Chief Executive Officer in the general supervision of the Corporation's financial policies and affairs.

Section 4.8 Treasurer. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board. He shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board, the Chairman of the Board, the Chief Executive Officer or the President.

Section 4.9 Secretary. The Secretary shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; he shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board, the Chief Executive Officer or the President.

Section 4.10 Removal. Any officer elected, or agent appointed, by the Board may be removed by the affirmative vote of a majority of the Whole Board whenever, in their judgment, the best interests of the Corporation would be served thereby. Any officer or agent appointed by the Chairman of the Board, the Chief Executive Officer or the President may be removed by him whenever, in his judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

Section 4.11 Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board. Any vacancy in an office appointed by the Chairman of the Board, the Chief Executive Officer or the President because of death, resignation, or removal may be filled by the Chairman of the Board, the Chief Executive Officer or the President.

Section 4.12 Additional Matters. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide. Officers need not be stockholders or residents of the State of Delaware.

ARTICLE V STOCK CERTIFICATES AND TRANSFERS

Section 5.1 Uncertificated Shares and Transfers. The shares of the Corporation shall be uncertificated, provided that the Corporation shall be permitted to issue such nominal number of certificates to securities depositories and further provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be represented by certificates. The shares of the stock of the Corporation shall be transferred on the books of the Corporation, which may be maintained by a third party registrar or transfer agent, by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require or upon receipt of proper transfer instructions from the registered holder of uncertificated shares and upon compliance with appropriate procedures for transferring shares in uncertificated form.

Each certificated share of stock shall be signed, countersigned and registered in such manner as the Board may by resolution or the Chief Executive Officer, President, or Executive Vice President-Finance and Administration may prescribe, which may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 5.2 Lost, Stolen or Destroyed Certificates. No certificate for shares or uncertificated shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft, on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board or any financial officer may in its or his discretion require and upon the satisfaction of any other reasonable requirements imposed by the Corporation.

ARTICLE VI INDEMNIFICATION AND INSURANCE

Section 6.1 Indemnification and Insurance. (A)(1) Each person who was or is a party or is threatened to be made a party to or is involved in any Proceeding (other than a Proceeding by or in the right of the Corporation), by reason of the fact that he or a person of whom he is the legal representative is or was a director, officer, employee, agent or fiduciary of a Subject Enterprise (as defined below), or by reason of any act or omission by such person in such capacity, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the

extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all Expenses (as defined below), liabilities and amounts paid in settlement which were actually and reasonably incurred by, or in the case of retainers, to be incurred by, such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators.

(1) Each person who was or is a party or is threatened to be made a party to or is involved in any Proceeding brought by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she or a person of whom he is the legal representative is or was a director, officer, employee, agent or fiduciary of a Subject Enterprise, or by reason of any act of omission by such person in such capacity, shall be indemnified against all Expenses actually and reasonably incurred by, or in the case of retainers, to be incurred by, such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his heirs, executors and administrators.

(2) Notwithstanding Section 6.1(A)(1) and (2), no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in a final adjudication by a court of competent jurisdiction from which there is no further right of appeal, unless and to the extent that the Court of Chancery of the State of Delaware, or the court in which such Proceeding (as defined below) shall have been brought or is pending, shall determine that such indemnification may be made.

(3) Notwithstanding Section 6.1(A)(1) and (2), except as provided in paragraph (C) of these Bylaws, the Corporation shall indemnify any such person seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Board.

(4) The right to indemnification conferred in these Bylaws shall be a contract right and shall include the right to be paid by the Corporation the Expenses incurred or, in the case of retainer or similar fees, reasonably expected to be incurred, in defending any such Proceeding in advance of its final disposition, such advances to be paid by the Corporation within seven days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the DGCL requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such person of such person's good faith belief that such person has met the standard of conduct necessary for indemnification under these Bylaws and an undertaking by or on behalf of such person to repay such amount if it is ultimately determined that such person is not entitled to be indemnified against such Expenses by the Corporation pursuant to this Bylaw or otherwise.

(B) To obtain indemnification under these Bylaws, a claimant shall submit to the Corporation a written request, including documentation and information which is reasonably

available to the claimant and is reasonably necessary to determine whether the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this paragraph (B), a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as defined below) in a written opinion to the Board, a copy of which shall be delivered to the claimant, or (1) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board by a majority vote of a quorum consisting of Disinterested Directors (as defined below), or (i) if a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to the claimant. The Independent Counsel shall be selected by the Board unless there shall have occurred within two years prior to the date of the commencement of the Proceeding for which indemnification is claimed a "Change of Control" as defined in the Corporation's 2010 Long Term Incentive Plan, in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board. Such determination of entitlement to indemnification shall be made not later than 45 days after receipt by the Corporation of a written request for indemnification. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 15 days after such determination.

(C) If the Board or the Independent Counsel, as applicable, shall have failed to make a determination as to entitlement to indemnification within 45 days after receipt by the Corporation of such request, the requisite determination of entitlement to indemnification shall be deemed to have been made and the claimant shall be absolutely entitled to such indemnification, absent actual and material fraud in the request for indemnification, a prohibition of indemnification under applicable law in effect, or a subsequent determination that such indemnification is prohibited by applicable law. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself: (i) create a presumption that the claimant acted in bad faith or in a manner which he/she reasonably believed to be opposed to the best interests of the Corporation, or, with respect to any criminal Proceeding, that the claimant has reasonable cause to believe that the claimant's conduct was unlawful; or (i) otherwise adversely affect the rights of the claimant to indemnification, except as may be provided herein

(D) If a determination shall have been made pursuant to paragraph (B) of these Bylaws that the claimant is entitled to indemnification, the Corporation shall be bound by such determination and shall be precluded from asserting that such determination has not been made in any judicial Proceeding commenced pursuant to paragraph (C) of these Bylaws.

(E) The Corporation shall be precluded from asserting in any judicial Proceeding commenced pursuant to paragraph (C) of these Bylaws that the procedures and presumptions of these Bylaws are not valid, binding and enforceable and shall stipulate in such Proceeding that the Corporation is bound by all the provisions of these Bylaws.

(F) The right to indemnification and the payment of Expenses incurred, or in the case of retainers or similar Expenses, reasonably expected to be incurred, in defending a Proceeding in advance of its final disposition conferred in this Bylaw shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the

Certificate of Incorporation, Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise. No repeal or modification of this Bylaw shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(G) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. To the extent that the Corporation maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (H) of these Bylaws, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

(H) The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any Proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of these Bylaws with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(I) If any provision or provisions of these Bylaws shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of these Bylaws (including, without limitation, each portion of any paragraph of these Bylaws containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (1) to the fullest extent possible, the provisions of these Bylaws (including, without limitation, each such portion of any paragraph of these Bylaws containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(J) For purposes of these Bylaws:

(1) “Disinterested Director” means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought.

(2) “Expenses” means judgments, penalties (including, but not limited to, excise and similar taxes) and fines against such person and all reasonable attorneys’ fees, accountants’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating or being or preparing to be a witness in any Proceeding or establishing such person’s right of entitlement to indemnification for any of the foregoing.

(3) “Independent Counsel” means a law firm of at least 50 attorneys or a member of a law firm of at least 50 attorneys that is experienced in matters of corporate law and

that neither is presently nor in the past five years has been retained to represent (i) the Corporation or the claimant or any affiliate thereof in any matter material to either such party or (i) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant’s right to indemnification under these Bylaws.

(4) “Proceeding” means any threatened, pending or completed action, suit, arbitration, investigation, inquiry, alternate dispute resolution mechanism, administrative or legislative hearing, or any other proceeding (including, without limitation, any securities laws action, suit, arbitration, investigation, inquiry, alternative dispute resolution mechanism, hearing or procedure) whether civil, criminal, administrative, arbitative or investigative and whether or not based upon events occurring, or actions taken, before the date hereof, and any appeal in or related to any such action, suit, arbitration, investigation, inquiry, alternate dispute resolution mechanism, hearing or proceeding and any inquiry or investigation (including discovery), whether conducted by or in the right of the Corporation or any other person, that such person in good faith believes could lead to any such action, suit, arbitration, investigation, inquiry, alternative dispute resolution mechanism, hearing or other proceeding or appeal thereof.

(5) “Subject Enterprise” means the Corporation or any of the Corporation’s direct or indirect wholly-owned subsidiaries or any other entity, including, but not limited to, another corporation, partnership, limited liability company, employee benefit plan, joint venture, trust or other enterprise for which a person is or was serving as a director, officer, employee, agent or fiduciary at the request of the Corporation.

(K) Any notice, request or other communication required or permitted to be given to the Corporation under these Bylaws shall be in writing and either delivered in person or sent by facsimile, electronic transmission, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

Section 7.2 Dividends. Except as otherwise provided by law or the Certificate of Incorporation, the Board may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of capital stock, which dividends may be paid in either cash, property or shares of capital stock of the Corporation.

Section 7.3 Seal. The corporate seal, if adopted, shall have enscribed thereon the words “Corporate Seal”, the year of incorporation and around the margin thereof the words “Targa Resources Corp. — Delaware.”

Section 7.4 Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice, or a waiver by electronic transmission by the person entitled to the notice shall be deemed equivalent to such required notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.5 Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board, and it shall be the duty of the Board to cause such audit to be done annually.

Section 7.6 Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice or notice via electronic transmission of such resignation to the Chairman of the Board, the President, or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the President, or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board or the stockholders to make any such resignation effective.

Section 7.7 Notices. Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by commercial courier service, or by facsimile or other electronic transmission, provided that notice to stockholders by electronic transmission shall be given in the manner provided in Section 232 of the DGCL. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice shall be deemed to given shall be the time such notice is received by such stockholder, director, officer employee or agent, or by any person accepting such notice on behalf of such person, if delivered by hand, facsimile, other electronic transmission or commercial courier service, or the time such notice is dispatched, if delivered through the mails. Without limiting the manner by which notice otherwise may be given effectively, notice to any stockholder shall be deemed given: (1) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (1) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (1) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (A) the giving of such separate notice; (1) if by any other form of electronic transmission, when directed to the stockholder; and (1) if by mail, when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 7.8 Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof.

Section 7.9 Time Periods. In applying any provision of these Bylaws which require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 7.10 Reliance Upon Books, Reports and Records. Each director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation as provided by law, including reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care.

ARTICLE VIII CONTRACTS; SECURITIES OF OTHER CORPORATIONS

Section 8.1 Contracts. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board may from time to time direct. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, the President or any Executive Vice President, Senior Vice President, Vice President and Assistant Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board or the Chairman of the Board, the Chief Executive Officer, the President or any Executive Vice President, Senior Vice President or Vice President of the Corporation may delegate contractual powers to others under his jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

Section 8.2 Securities of Other Entities. Unless otherwise provided by resolution adopted by the Board, the Chairman of the Board, the Chief Executive Officer, the President or any Executive Vice President, Senior Vice President or Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation or other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

**ARTICLE IX
AMENDMENTS**

Section 9.1 Amendments. These Bylaws may be altered, amended, or repealed at any meeting of the Board or of the stockholders as set forth in these Bylaws or in the Corporation's Certificate of Incorporation, as it may be amended or restated from time to time, provided notice of the proposed change was given in the notice of the meeting and, in the case of a meeting of the Board, in a notice given not less than two days prior to the meeting; provided, however, that, in the case of amendments by stockholders, notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of at least $66\frac{2}{3}$ percent of the voting power of all the then outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal any provision of these Bylaws.

May 3, 2022

List of Subsidiary Guarantors

Name	State of Incorporation or Organization
F CPP Pipeline, LLC	Delaware
Flag City Processing Partners, LLC	Delaware
Grand Prix Development LLC	Delaware
Legend Gas Pipeline LLC	Delaware
Slider WestOk Gathering, LLC	Delaware
Targa Capital LLC	Delaware
Targa Cayenne LLC	Delaware
Targa Chaney Dell LLC	Delaware
Targa Cogen LLC	Delaware
Targa Delaware LLC	Delaware
Targa Downstream LLC	Delaware
Targa Energy GP LLC	Delaware
Targa Energy LP	Delaware
Targa Gas Marketing LLC	Delaware
Targa Gas Pipeline LLC	Delaware
Targa Gas Processing LLC	Delaware
Targa GP Inc.	Delaware
Targa Gulf Coast NGL Pipeline LLC	Delaware
Targa Intrastate Pipeline LLC	Delaware
Targa LA Holdings LLC	Delaware
Targa LA Operating LLC	Delaware
Targa Liquids Marketing and Trade LLC	Delaware
Targa Louisiana Intrastate LLC	Delaware
Targa LP Inc.	Delaware
Targa Midkiff LLC	Delaware
Targa Midland Crude LLC	Delaware
Targa Midland LLC	Delaware
Targa Midstream Services LLC	Delaware
Targa MLP Capital LLC	Delaware
Targa NGL Pipeline Company LLC	Delaware
Targa Permian Condensate Pipeline LLC	Delaware
Targa Pipeline Mid-Continent Holdings LLC	Delaware
Targa Pipeline Mid-Continent LLC	Delaware
Targa Pipeline Operating Partnership LP	Delaware
Targa Pipeline Partners GP LLC	Delaware
Targa Pipeline Partners LP	Delaware
Targa Resources Finance Corporation	Delaware
Targa Resources GP LLC	Delaware
Targa Resources LLC	Delaware
Targa Resources Operating GP LLC	Delaware
Targa Resources Operating LLC	Delaware
Targa Resources Partners LP	Delaware
Targa Southern Delaware LLC	Delaware
Targa SouthOk NGL Pipeline LLC	Oklahoma
Targa SouthTex Midstream Company LP	Texas
Targa Train 6 LLC	Delaware
Targa Train 8 LLC	Delaware
Targa Transport LLC	Delaware
TPL Arkoma Holdings LLC	Delaware
TPL Arkoma Inc.	Delaware
TPL Arkoma Midstream LLC	Delaware
TPL Gas Treating LLC	Delaware
TPL SouthTex Gas Utility Company LP	Texas
TPL SouthTex Midstream Holding Company LP	Texas

TPL SouthTex Midstream LLC	Delaware
TPL SouthTex Pipeline Company LLC	Texas
TPL SouthTex Processing Company LP	Texas
TPL SouthTex Transmission Company LP	Texas
Velma Gas Processing Company, LLC	Delaware
Velma Intrastate Gas Transmission Company, LLC	Delaware
Versado Gas Processors, L.L.C.	Delaware

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Matthew J. Meloy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Targa Resources Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 5, 2022

By: /s/ Matthew J. Meloy

Name: Matthew J. Meloy

Title: Chief Executive Officer of Targa Resources Corp.

(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Jennifer R. Kneale, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Targa Resources Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 5, 2022

By: /s/ Jennifer R. Kneale

Name: Jennifer R. Kneale

Title: Chief Financial Officer of Targa Resources Corp.

(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Targa Resources Corp., for the three months ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Matthew J. Meloy, as Chief Executive Officer of Targa Resources Corp., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Targa Resources Corp.

By: /s/ Matthew J. Meloy

Name: Matthew J. Meloy

Title: Chief Executive Officer of Targa Resources Corp.

Date: May 5, 2022

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Targa and will be retained by Targa and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Targa Resources Corp. for the three months ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jennifer R. Kneale, as Chief Financial Officer of Targa Resources Corp., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Targa Resources Corp.

By: /s/ Jennifer R. Kneale
Name: Jennifer R. Kneale
Title: Chief Financial Officer of
Targa Resources Corp.

Date: May 5, 2022

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Targa and will be retained by Targa and furnished to the Securities and Exchange Commission or its staff upon request.