

**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, 2011**

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.)

**1000 Louisiana St, Suite 4300, Houston, Texas**

(Address of principal executive offices)

**77002**

(Zip Code)

**(713) 584-1000**

(Registrant's telephone number, including area code)

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 R No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):  
Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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 4, 2011, there were 42,349,738 shares of the registrant's common stock, \$0.001 par value, outstanding.

## **PART I—FINANCIAL INFORMATION**

Item 1. Financial Statements.	
Consolidated Balance Sheets as of March 31, 2011 and December 31, 2010	4
Consolidated Statements of Operations for the three months ended March 31, 2011 and 2010	5
Consolidated Statements of Comprehensive Income for the three months ended March 31, 2011 and 2010	6
Consolidated Statement of Changes in Owners' Equity for the three months ended March 31, 2011	7
Consolidated Statements of Cash Flows for the three months ended March 31, 2011 and 2010	8
Notes to Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	40
Item 4. Controls and Procedures.	43

## **PART II—OTHER INFORMATION**

Item 1. Legal Proceedings.	44
Item 1A. Risk Factors.	44
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	44
Item 3. Defaults Upon Senior Securities.	44
Item 4. (Removed and Reserved.)	44
Item 5. Other Information.	44
Item 6. Exhibits.	44

## **SIGNATURES**

Signatures	47
------------	----

## CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Targa Resources Corp.'s (together with its subsidiaries, other than Targa Resources Partners LP, collectively "we," "us," "Targa," "TRC," 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 words, 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 risks set forth in "Part II-Other Information, 1A. Risk Factors" as well as the following risks and uncertainties:

- Targa Resources Partners LP's (the "Partnership") and our ability to access the debt and equity markets, which will depend on general market conditions and the credit ratings for our debt obligations;
- the amount of collateral required to be posted from time to time in the Partnership's transactions;
- the Partnership's success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks;
- the level of creditworthiness of counterparties to transactions;
- changes in laws and regulations, particularly with regard to taxes, safety and protection of the environment;
- the timing and extent of changes in natural gas, natural gas liquids ("NGL") and other commodity prices, interest rates and demand for the Partnership's services;
- weather and other natural phenomena;
- industry changes, including the impact of consolidations and changes in competition;
- the Partnership's ability to obtain necessary licenses, permits and other approvals;
- the level and success of oil and natural gas drilling around the Partnership's assets and its success in connecting natural gas supplies to its gathering and processing systems and NGL supplies to its logistics and marketing facilities;
- the Partnership's and our ability to grow through acquisitions or internal growth projects and the successful integration and future performance of such assets;
- general economic, market and business conditions; and
- the risks described elsewhere in "Part II-Other Information, Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q ("Quarterly Report") and our Annual Report on Form 10-K for the year ended December 31, 2010 ("Annual Report").

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 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 "Part II-Other Information, Item 1A. Risk Factors" in this Quarterly Report and 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 gallons)
Btu	British thermal units, a measure of heating value
BBtu	Billion British thermal units
/d	Per day
gal	Gallons
LPG	Liquefied petroleum gas
MBbl	Thousand barrels
MMBtu	Million British thermal units
MMcf	Million cubic feet
NGL(s)	Natural gas liquid(s)
NYMEX	New York Mercantile Exchange

#### **Price Index**

##### **Definitions**

IF-NGPL MC	Inside FERC Gas Market Report, Natural Gas Pipeline, Mid-Continent
IF-PB	Inside FERC Gas Market Report, Permian Basin
IF-WAHA	Inside FERC Gas Market Report, West Texas WAHA
NY-WTI	NYMEX, West Texas Intermediate Crude Oil
OPIS-MB	Oil Price Information Service, Mont Belvieu, Texas

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

TARGA RESOURCES CORP.  
CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
	<u>(Unaudited)</u> <u>(In millions)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 147.7	\$ 188.4
Trade receivables, net of allowances of \$7.6 million and \$7.9 million	444.6	466.6
Inventory	5.2	50.4
Deferred income taxes	14.6	3.6
Assets from risk management activities	19.6	25.2
Other current assets	7.0	16.3
Total current assets	<u>638.7</u>	<u>750.5</u>
Property, plant and equipment, at cost	3,409.5	3,331.4
Accumulated depreciation	<u>(865.8)</u>	<u>(822.4)</u>
Property, plant and equipment, net	2,543.7	2,509.0
Long-term assets from risk management activities	14.9	18.9
Other long-term assets	125.1	115.4
Total assets	<u>\$ 3,322.4</u>	<u>\$ 3,393.8</u>
<b>LIABILITIES AND OWNERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 191.2	\$ 254.2
Accrued liabilities	292.7	335.8
Liabilities from risk management activities	56.1	34.2
Total current liabilities	<u>540.0</u>	<u>624.2</u>
Long-term debt	1,268.4	1,534.7
Long-term liabilities from risk management activities	55.5	32.8
Deferred income taxes	119.6	111.6
Other long-term liabilities	57.3	54.4
Commitments and contingencies (see Note 10)		
Owners' equity:		
Targa Resources Corp. stockholders' equity:		
Common stock		
(\$0.001 par value, 300.0 million shares authorized, 42.3 million shares issued and outstanding at March 31, 2011 and December 31, 2010)	-	-
Preferred stock		
(\$0.001 par value, 100.0 million shares authorized, no shares issued and outstanding at March 31, 2011 and December 31, 2010)	-	-
Additional paid-in capital	267.4	244.5
Accumulated deficit	(94.0)	(100.8)
Accumulated other comprehensive income	(4.4)	0.6
Total Targa Resources Corp. stockholders' equity	<u>169.0</u>	<u>144.3</u>
Noncontrolling interests in subsidiaries	1,112.6	891.8
Total owners' equity	<u>1,281.6</u>	<u>1,036.1</u>
Total liabilities and owners' equity	<u>\$ 3,322.4</u>	<u>\$ 3,393.8</u>

See notes to consolidated financial statements

**TARGA RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
	<b>(In millions, except per share amounts)</b>	
Revenues	\$ 1,618.1	\$ 1,483.6
Costs and expenses:		
Product purchases	1,400.6	1,297.7
Operating expenses	66.0	62.3
Depreciation and amortization expenses	43.4	42.8
General and administrative expenses	34.6	26.0
	<u>1,544.6</u>	<u>1,428.8</u>
Income from operations	73.5	54.8
Other income (expense):		
Interest expense, net	(28.5)	(27.5)
Equity in earnings of unconsolidated investment	1.7	0.3
Loss on debt repurchases (see Note 5)	-	(17.4)
Gain on early debt extinguishment, net (see Note 5)	-	28.9
Loss on mark-to-market derivative instruments	-	(0.3)
Other income (expense), net	(0.1)	0.1
Income before income taxes	<u>46.6</u>	<u>38.9</u>
Income tax expense:		
Current	(5.5)	(0.8)
Deferred	(0.3)	(2.2)
	<u>(5.8)</u>	<u>(3.0)</u>
Net income	40.8	35.9
Less: Net income attributable to noncontrolling interests	34.0	14.0
Net income attributable to Targa Resources Corp.	6.8	21.9
Dividends on Series B preferred stock	-	(4.6)
Undistributed earnings attributable to preferred shareholders	-	(17.3)
Net income available to common shareholders	<u>\$ 6.8</u>	<u>\$ -</u>
Net income available per common share - basic	<u>\$ 0.17</u>	<u>\$ -</u>
Net income available per common share - diluted	<u>\$ 0.16</u>	<u>\$ -</u>
Weighted average shares outstanding - basic	40.9	3.9
Weighted average shares outstanding - diluted	41.3	3.9

See notes to consolidated financial statements

**TARGA RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
	<b>(In millions)</b>	
Net income attributable to Targa Resources Corp.	\$ 6.8	\$ 21.9
Other comprehensive income attributable to Targa Resources Corp.		
Commodity hedging contracts:		
Change in fair value	(9.2)	35.5
Settlements reclassified to revenues	0.1	2.7
Interest rate hedges:		
Change in fair value	0.3	(1.8)
Settlements reclassified to interest expense, net	0.4	0.5
Related income taxes	3.4	-
Other comprehensive income (loss) attributable to Targa Resources Corp.	(5.0)	36.9
Comprehensive income attributable to Targa Resources Corp.	<u>1.8</u>	<u>58.8</u>
Net income attributable to noncontrolling interests	34.0	14.0
Other comprehensive income attributable to noncontrolling interests		
Commodity hedging contracts:		
Change in fair value	(52.0)	22.4
Settlements reclassified to revenues	3.9	2.1
Interest rate swaps:		
Change in fair value	(0.1)	(4.9)
Settlements reclassified to interest expense, net	2.1	1.1
Other comprehensive income (loss) attributable to noncontrolling interests	(46.1)	20.7
Comprehensive income (loss) attributable to noncontrolling interests	<u>(12.1)</u>	<u>34.7</u>
Total comprehensive income (loss)	<u>\$ (10.3)</u>	<u>\$ 93.5</u>

See notes to consolidated financial statements

**TARGA RESOURCES CORP.**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Non Controlling Interests</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>					
(Unaudited)							
(In millions, except shares in thousands)							
<b>Balance, December 31, 2010</b>	42,292	\$ -	\$ 244.5	\$ (100.8)	\$ 0.6	\$ 891.8	\$ 1,036.1
Compensation on equity grants	58	-	3.3				3.3
Sale of limited partner interests in the Partnership						298.1	298.1
Impact of equity transactions of the Partnership			22.2			(22.2)	-
Dividends			(2.6)				(2.6)
Distributions to noncontrolling interests						(43.6)	(43.6)
Contributions from noncontrolling interests						0.6	0.6
Other comprehensive income					(5.0)	(46.1)	(51.1)
Net income				6.8		34.0	40.8
<b>Balance, March 31, 2011</b>	<u>42,350</u>	<u>\$ -</u>	<u>\$ 267.4</u>	<u>\$ (94.0)</u>	<u>\$ (4.4)</u>	<u>\$ 1,112.6</u>	<u>\$ 1,281.6</u>

See notes to consolidated financial statements



**TARGA RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
	<b>(In millions)</b>	
<b>Cash flows from operating activities</b>		
Net income	\$ 40.8	\$ 35.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization in interest expense	1.9	2.3
Paid-in-kind interest expense	0.7	2.9
Compensation on equity grants	3.3	0.2
Depreciation and amortization expense	43.4	42.8
Accretion of asset retirement obligations	0.9	0.8
Deferred income tax expense	0.3	2.2
Equity in earnings (losses) of unconsolidated investment, net of distributions	(1.7)	0.4
Risk management activities	(0.3)	6.9
Loss on sale of assets	-	0.1
Loss on debt repurchases	-	17.4
Gain on early debt extinguishment	-	(28.9)
Payments of interest on Holdco loan facility	(0.7)	(22.8)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	32.4	79.9
Inventory	47.3	14.2
Accounts payable and other liabilities	(98.2)	(78.3)
Net cash provided by operating activities	<u>70.1</u>	<u>76.0</u>
<b>Cash flows from investing activities</b>		
Outlays for property, plant and equipment	(57.0)	(19.5)
Business acquisition	(29.0)	-
Investment in unconsolidated affiliate	(4.4)	-
Other	-	1.9
Net cash used in investing activities	<u>(90.4)</u>	<u>(17.6)</u>
<b>Cash flows from financing activities</b>		
Loan Facilities of the Partnership:		
Borrowings	268.0	63.9
Repayments	(832.0)	(225.2)
Proceeds from issuance of senior notes of the Partnership	325.0	-
Cash paid on note exchange	(27.7)	-
Loan Facilities- Non-Partnership:		
Borrowings	-	495.0
Repayments	-	(432.9)
Contributions from noncontrolling interests	0.6	140.1
Distributions to noncontrolling interests	(43.6)	(26.7)
Sale of limited partner interests in the Partnership	298.1	-
Repurchases of common stock	-	(0.1)
Dividends to common and common equivalent shareholders	(2.6)	-
Costs incurred in connection with financing arrangements	(6.2)	(19.3)
Net cash used in financing activities	<u>(20.4)</u>	<u>(5.2)</u>
Net change in cash and cash equivalents	(40.7)	53.2
Cash and cash equivalents, beginning of period	188.4	252.4
Cash and cash equivalents, end of period	<u>\$ 147.7</u>	<u>\$ 305.6</u>

See notes to consolidated financial statements

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

*The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. 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**

Targa Resources Corp., formerly Targa Resources Investments Inc. (“TRC”), is a Delaware corporation formed in October, 2005. Unless the context requires otherwise, references to “we,” “us,” “our,” “the Company” or “Targa” are intended to mean our consolidated business and operations, including our wholly-owned subsidiary TRI Resources Inc. (“TRI”).

**Note 2 — Basis of Presentation**

We have prepared these unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. While we derived the year-end balance sheet data from audited financial statements, this interim report does not include all disclosures required by GAAP for annual periods. The unaudited consolidated financial statements for the three months ended March 31, 2011 and 2010 include all adjustments which we believe are necessary for a fair presentation of the results for interim periods. All significant intercompany balances and transactions have been eliminated in consolidation. Our financial results for the three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2011. These unaudited consolidated financial statements and other information included in this Quarterly Report should be read in conjunction with our consolidated financial statements and notes thereto included in our Annual Report for the year ended December 31, 2010.

Targa Resources GP LLC (the “General Partner”), an indirectly wholly owned subsidiary of ours, is the general partner of Targa Resources Partners LP (the “Partnership”). Because we control the General Partner of the Partnership, under GAAP, we must reflect our ownership interest in the Partnership on a consolidated basis. Accordingly, our financial results are combined with the Partnership’s financial results in our consolidated financial statements even though the distribution or transfer of Partnership assets are limited by the terms of the partnership agreement, as well as restrictive covenants in the Partnership’s lending agreements. The limited partner interests in the Partnership not owned by our controlled affiliates are reflected in our results of operations as net income attributable to non-controlling interests and in our balance sheet equity section as noncontrolling interests in subsidiaries. Throughout these footnotes, we make a distinction where relevant between financial results of the Partnership versus those of a standalone parent and its non-partnership subsidiaries.

As of March 31, 2011, our interests in the Partnership consist of the following:

- a 2% general partner interest, which we hold through our 100% ownership interest in the general partner of the Partnership;
- all Incentive Distribution Rights (IDRs); and
- 11,645,659 common units of the Partnership, representing a 13.7% limited partnership interest.

**Note 3 — Significant Accounting Policies**

*Accounting Policy Updates/Revisions*

The accounting policies followed by the Company are set forth in Note 4 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2010. There have been no significant changes to these policies during the three months ended March 31, 2011.

**Note 4 — Property, Plant and Equipment**

	March 31, 2011			December 31, 2010			Estimated Useful Lives (In Years)
	Targa Resources Partners LP	TRC Non-Partnership	Targa Resources Corp-Consolidated	Targa Resources Partners LP	TRC Non-Partnership	Targa Resources Corp-Consolidated	
Natural gas gathering systems	\$ 1,651.6	\$ -	\$ 1,651.6	\$ 1,630.9	\$ -	\$ 1,630.9	5 to 20
Processing and fractionation facilities	967.8	6.6	974.4	961.9	6.6	968.5	5 to 25
Terminaling and storage facilities (1)	276.4	-	276.4	244.7	-	244.7	5 to 25
Transportation assets	276.4	-	276.4	275.6	-	275.6	10 to 25
Other property, plant and equipment	48.4	22.6	71.0	46.8	22.6	69.4	3 to 25
Land	51.9	-	51.9	51.2	-	51.2	
Construction in progress	104.6	3.2	107.8	88.4	2.7	91.1	
	<u>\$ 3,377.1</u>	<u>\$ 32.4</u>	<u>\$ 3,409.5</u>	<u>\$ 3,299.5</u>	<u>\$ 31.9</u>	<u>\$ 3,331.4</u>	

(1) Includes the March 15, 2011 acquisition of a refined petroleum products and crude oil storage facility, for which the Partnership paid \$29.0 million.

**Note 5 — Debt Obligations**

	March 31, 2011	December 31, 2010
<b>Long-term debt:</b>		
Non-Partnership obligations:		
TRC Holdco loan facility, variable rate, due February 2015	\$ 89.3	\$ 89.3
TRI Senior secured revolving credit facility, variable rate, due July 2014 (1)	-	-
Obligations of the Partnership: (2)		
Senior secured revolving credit facility, variable rate, due July 2015 (3)	201.3	765.3
Senior unsecured notes, 8¼% fixed rate, due July 2016	209.1	209.1
Senior unsecured notes, 11¼% fixed rate, due July 2017	72.7	231.3
Unamortized discounts	(3.1)	(10.3)
Senior unsecured notes, 7¾% fixed rate, due October 2018	250.0	250.0
Senior unsecured notes, 6¾% fixed rate, due February 2021	483.6	-
Unamortized discounts	(34.5)	-
Total long-term debt	<u>\$ 1,268.4</u>	<u>\$ 1,534.7</u>
<b>Irrevocable standby letters of credit:</b>		
Letters of credit outstanding under TRI's Senior secured credit facility (1)	\$ -	\$ -
Letters of credit outstanding under the Partnership's Senior secured revolving credit facility (3)	113.6	101.3
	<u>\$ 113.6</u>	<u>\$ 101.3</u>

(1) As of March 31, 2011, the entire amount of TRI's \$75.0 million credit facility was available for letters of credit and includes a limited borrowing capacity for borrowings on same-day notice referred to as swing line loans. Our available capacity under this facility was \$75.0 million.

(2) While we consolidate the debt of the Partnership in our financial statements, we do not have the obligation to make interest payments or debt payments with respect to the debt of the Partnership.

(3) As of March 31, 2011, availability under the Partnership's \$1.1 billion Senior secured revolving credit facility was \$785.1 million.

The following table shows the range of interest rates paid and weighted average interest rate paid on our variable-rate debt obligations during the three months ended March 31, 2011:

	<b>Range of Interest Rates Paid</b>	<b>Weighted Average Interest Rate Paid</b>
Holdco loan facility of Targa	3.3%	3.3%
Senior secured term loan facility of TRI, due 2014	N/A	N/A
Senior secured revolving credit facility of the Partnership	2.7% to 3.1%	3.0%

#### *Compliance with Debt Covenants*

As of March 31, 2011, both we and the Partnership are in compliance with the covenants contained in our various debt agreements.

#### *Holdco Credit Agreement*

During the three months ended March 31, 2010, we completed transactions that have been recognized in our consolidated financial statements as a debt extinguishment, and recognized a pretax gain of \$31.6 million. The transactions included payments of \$131.4 million to acquire \$164.2 million of outstanding borrowings (including accrued interest of \$22.8 million) under our Holdco credit agreement and write offs of associated debt issue costs totaling \$1.2 million.

#### *Senior Secured Credit Agreement of TRI*

During the three months ended March 31, 2010, we incurred a loss on debt repurchases of \$17.4 million comprising \$10.9 million of premiums paid and \$6.5 million from the write-off of debt issue costs related to the repurchase of our 8½% senior notes. The premiums paid were included as a cash outflow from a financing activity in the Statement of Cash Flows.

During the three months ended March 31, 2010, we also incurred a loss on debt extinguishments of \$2.7 million from the write-off of debt issue costs related to the repayments of our term loan and terminations of our synthetic letter of credit and revolving credit facilities.

#### *6½% Senior Notes of the Partnership*

On February 2, 2011, the Partnership closed a private placement of \$325 million in aggregate principal amount of 6½% Senior Notes due 2021 (“the 6½% Notes”). The net proceeds of this offering were \$319.0 million after deducting expenses of the offering. The Partnership used the net proceeds from the offering to reduce borrowings under the Partnership’s senior secured credit facility and for general partnership purposes.

On February 4, 2011, the Partnership exchanged an additional \$158.6 million principal amount of its 6½% Notes plus payments of \$28.6 million including \$0.9 million of accrued interest for \$158.6 million aggregate principal amount of its 11¼% Senior Notes due 2017 (the “11¼% Notes”). The holders of the exchanged Notes are subject to the provisions of the 6½% Notes described below. The debt covenants related to the remaining \$72.7 million of face value of the 11¼% Notes were removed. This exchange was accounted for as a debt modification whereby the financial effects of the exchange will be recognized over the term of the new debt issue.

The 6½% Notes are unsecured senior obligations that rank pari passu in right of payment with existing and future senior indebtedness, including indebtedness under the Partnership’s credit facility. They are senior in right of payment to any of the Partnership’s future subordinated indebtedness and are unconditionally guaranteed by certain of the Partnership’s subsidiaries. These notes are effectively subordinated to all secured indebtedness under our credit agreement, which is secured by substantially all of the Partnership’s assets, to the extent of the value of the collateral securing that indebtedness.

Interest on the 6½% Notes accrues at the rate of 6½% per annum and is payable semi-annually in arrears on February 1 and August 1, commencing on August 1, 2011.

The Partnership may redeem 35% of the aggregate principal amount of the 6% Notes at any time prior to February 1, 2014, with the net cash proceeds of one or more equity offerings. The Partnership must pay a redemption price of 106.875% of the principal amount, plus accrued and unpaid interest and liquidated damages, if any, to the redemption date provided that:

- 1) at least 65% of the aggregate principal amount of the notes (excluding notes held by the Partnership) remains outstanding immediately after the occurrence of such redemption; and
- 2) the redemption occurs within 90 days of the date of the closing of such equity offering.

The Partnership may also redeem all or part of the 6% Notes on or after August 1, 2016 at the redemption prices set forth below plus accrued and unpaid interest and liquidated damages, if any, on the notes redeemed, if redeemed during the twelve-month period beginning on August 1 of each year indicated below:

Year	Percentage
2016	103.44%
2017	102.29%
2018	101.15%
2019 and thereafter	100.00%

#### Note 6 — Partnership Units and Related Matters

On January 24, 2011, the Partnership completed a public offering of 8,000,000 common units representing limited partner interests in the Partnership (“common units”) under an existing shelf registration statement on Form S-3 at a price of \$33.67 per common unit (\$32.41 per common unit, net of underwriting discounts), providing net proceeds of \$259.3 million. Pursuant to the exercise of the underwriters’ over-allotment option, on February 3, 2011, the Partnership issued an additional 1,200,000 common units, providing net proceeds of \$38.8 million. In addition, we contributed \$6.3 million to the Partnership for 187,755 general partner units to maintain our 2% interest in the Partnership.

Distributions for the three months ended March 31, 2011 and 2010 were as follows:

Date Paid	For the Three Months Ended	Distributions				Total	Distributions to Targa Resources Corp.	Distributions per limited partner unit
		Limited Partners	General Partner		Common			
		Common	Incentive	2%				
(In millions, except per unit amounts)								
May 13, 2011 (1)	March 31, 2011	\$ 47.3	\$ 6.8	\$ 1.1	\$ 55.2	\$ 14.4	\$ 0.5575	
February 14, 2011	December 31, 2010	46.4	6.0	1.1	53.5	13.5	0.5475	
May 14, 2010	March 31, 2010	35.2	2.8	0.8	38.8	9.6	0.5175	
February 12, 2010	December 31, 2009	35.2	2.8	0.8	38.8	14.0	0.5175	

(1) To be paid May 13, 2011.

*Subsequent Event.* On April 11, 2011, the Partnership announced a cash distribution of \$0.5575 per common unit on outstanding common units for the three months ended March 31, 2011. We expect to receive \$14.4 million from this distribution by the Partnership.

#### Note 7 — Derivative Instruments and Hedging Activities

##### Commodity Hedges

The primary purpose of the Partnership’s commodity risk management activities is to hedge the exposure to commodity price risk and reduce fluctuations in the Partnership’s operating cash flow despite fluctuations in commodity prices. In an effort to reduce the variability of cash flows, the Partnership has hedged the commodity price associated with a portion of its expected natural gas and NGL equity volumes through 2013 and condensate equity volumes through 2014 by entering into derivative financial instruments including swaps and purchased puts (floors).

The hedges 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 baskets of ethane, propane, normal butane, isobutane and natural gasoline based upon the Partnership’s expected equity NGL composition, as well as specific NGL hedges of ethane and propane. We believe this strategy avoids uncorrelated risks resulting from employing hedges on crude oil or other petroleum products as “proxy” hedges of NGL prices. Additionally, the NGL hedges are based on published index prices for delivery at Mont Belvieu and the natural gas hedges are based on published index prices for delivery at Permian Basin, Mid-Continent and WAHA, which closely approximate the Partnership’s actual NGL and natural gas delivery points.

The Partnership hedges a portion of its condensate sales 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 necessarily exposes the Partnership to a market differential risk if the NYMEX futures do not move in exact parity with the sales price of its underlying West Texas condensate equity volumes.

Hedge ineffectiveness has been immaterial for all periods.

At March 31, 2011, the notional volumes of the Partnership’s commodity hedges were:

<b>Commodity</b>	<b>Instrument</b>	<b>Unit</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Natural Gas	Swaps	MMBtu/d	38,470	31,790	17,089	-
NGL	Swaps	Bbl/d	10,118	8,611	4,150	-
NGL	Floors	Bbl/d	253	294	-	-
Condensate	Swaps	Bbl/d	1,630	1,460	1,595	700

*Interest Rate Swaps*

As of March 31, 2011, the Partnership had \$201.3 million outstanding under its credit facility, with interest accruing at a base rate plus an applicable margin. In order to mitigate the risk of changes in cash flows attributable to changes in market interest rates, the Partnership has entered into interest rate swaps and interest rate basis swaps that effectively fix the base rate on \$300.0 million as shown below:

<b>Period</b>	<b>Fixed Rate</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Remainder of 2011	3.52%	\$ 300	\$ (7.3)
2012	3.40%	300	(5.9)
2013	3.39%	300	(3.6)
1/1/2014 - 4/24/2014	3.39%	300	(0.6)
			<u>\$ (17.4)</u>

*Derivative Instruments Not Designated as Hedging Instruments*

All interest rate swaps and interest rate basis swaps had been designated as cash flow hedges of variable rate interest payments on borrowings under the Partnership’s credit facility until February 11, 2011, when the Partnership de-designated \$125.0 million notional principal of fixed interest rate swaps and \$25.0 million notional principal of interest rate basis swaps. There is an immaterial impact to earnings in the first quarter of 2011 as a result of the de-designation. The de-designated swaps will receive mark-to-market treatment, with changes in fair value recorded immediately to interest expense. The Partnership de-designated the swaps as its borrowings under its credit facility reduced below \$300.0 million, which is the total notional amount of the Partnership’s fixed interest rate swaps.

The Partnership frequently enters into derivative instruments to manage location basis differentials. The Partnership does not account for these derivatives as hedges, and records changes in fair value in Other Income (Expense).

The following schedules reflect the fair values of the Partnership's derivative instruments in our financial statements:

	Derivative Assets			Derivative Liabilities		
	Balance Sheet Location	Fair Value as of March 31, 2011	Fair Value as of December 31, 2010	Balance Sheet Location	Fair Value as of March 31, 2011	Fair Value as of December 31, 2010
<b>Derivatives designated as hedging instruments</b>						
Commodity contracts	Current assets	\$ 19.1	\$ 24.8	Current liabilities	\$ 48.0	\$ 25.5
	Long-term assets	14.9	18.9	Long-term liabilities	45.9	20.5
Interest rate contracts	Current assets	-	-	Current liabilities	4.3	7.8
	Long-term assets	-	-	Long-term liabilities	5.1	12.3
<b>Total derivatives designated as hedging instruments</b>		<u>\$ 34.0</u>	<u>\$ 43.7</u>		<u>\$ 103.3</u>	<u>\$ 66.1</u>
<b>Derivatives not designated as hedging instruments</b>						
Commodity contracts	Current assets	\$ 0.5	\$ 0.4	Current liabilities	\$ 0.3	\$ 0.9
	Long-term assets	-	-	Long-term liabilities	-	-
Interest rate contracts	Current assets	-	-	Current liabilities	3.5	-
	Long-term assets	-	-	Long-term liabilities	4.5	-
<b>Total derivatives not designated as hedging instruments</b>		<u>\$ 0.5</u>	<u>\$ 0.4</u>		<u>\$ 8.3</u>	<u>\$ 0.9</u>
<b>Total derivatives</b>		<u>\$ 34.5</u>	<u>\$ 44.1</u>		<u>\$ 111.6</u>	<u>\$ 67.0</u>

The fair value of 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 following tables reflect amounts recorded in Other Comprehensive Income ("OCI") and amounts reclassified from OCI to revenue and expense:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivatives (Effective Portion) Three Months Ended March 31,	
	2011	2010
Interest rate contracts	\$ 0.2	\$ (6.7)
Commodity contracts	(61.2)	57.9
	<u>\$ (61.0)</u>	<u>\$ 51.2</u>
	<b>Loss Reclassified from OCI into Income (Effective Portion) Three Months Ended March 31,</b>	
Location of Loss	2011	2010
Interest expense, net	\$ (2.5)	\$ (1.6)
Revenues	(4.0)	(4.8)
	<u>\$ (6.5)</u>	<u>\$ (6.4)</u>

<b>Location of Loss</b>	<b>Loss Recognized in Income on Derivatives (Ineffective Portion)</b>	
	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Revenues	\$ -	\$ (0.3)

Our earnings are also affected by the use of the mark-to-market method of accounting for the Partnership’s derivative financial 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 (i.e., using the “mark-to-market” method) 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. Mark-to-market gains were immaterial during the three months ended March 31, 2011. During the same period of 2010, mark-to-market losses amounted to \$0.3 million.

The following table shows the unrealized gains (losses) included in accumulated other comprehensive income (loss):

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
Unrealized gain (loss) on commodity hedges, before tax	\$ (4.6)	\$ 4.5
Unrealized gain (loss) on commodity hedges, net of tax	(2.7)	2.7
Unrealized gain (loss) on interest rate swaps, before tax	(2.7)	(3.4)
Unrealized gain (loss) on interest rate swaps, net of tax	(1.6)	(2.1)

As of March 31, 2011, deferred net losses of \$28.1 million on commodity hedges and \$7.8 million on interest rate swaps recorded in OCI are expected to be reclassified to revenue and interest expense during the next twelve months.

In July 2008, Targa and the Partnership paid \$87.4 million to terminate certain out-of-the-money natural gas and NGL commodity swaps. Targa and the Partnership also entered into new natural gas and NGL commodity swaps at then current market prices that match the production volumes of the terminated swaps. Prior to the terminations, these swaps were designated as hedges. During the three months ended March 31, 2011 and 2010, deferred losses of \$0.1 million and \$7.6 million related to the terminated swaps were reclassified from OCI as a non-cash reduction to revenue.

See Note 3 and Note 8 for additional disclosures related to derivative instruments and hedging activities.

**Note 8 — Fair Value Measurements**

We categorize the inputs to the fair value of financial assets and liabilities 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 are either directly or indirectly observable; and
- Level 3 – unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Partnership’s derivative instruments consist of financially settled commodity and interest rate swap and option contracts and fixed price commodity contracts with certain counterparties. The Partnership determines the value of its derivative contracts utilizing a discounted cash flow model for swaps and a standard option pricing model for options, based on inputs that are readily available in public markets. We have consistently applied these valuation techniques in all periods presented and believe we have obtained the most accurate information available for the types of derivative contracts we hold.



Contracts classified as Level 3 are valued using price inputs available from public markets to the extent that the markets are liquid for the relevant settlement periods.

The following tables present the fair value of the Partnership's financial assets and liabilities according to the fair value hierarchy. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Partnership's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value assets and liabilities and their placement within the fair value hierarchy levels.

	<b>March 31, 2011</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets from commodity derivative contracts	\$ 34.5	\$ -	\$ 34.5	\$ -
Total assets	<u>\$ 34.5</u>	<u>\$ -</u>	<u>\$ 34.5</u>	<u>\$ -</u>
Liabilities from commodity derivative contracts	\$ 94.2	\$ -	\$ 63.8	\$ 30.4
Liabilities from interest rate derivatives	17.4	-	17.4	-
Total liabilities	<u>\$ 111.6</u>	<u>\$ -</u>	<u>\$ 81.2</u>	<u>\$ 30.4</u>

	<b>December 31, 2010</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets from commodity derivative contracts	\$ 44.1	\$ -	\$ 43.9	\$ 0.2
Total assets	<u>\$ 44.1</u>	<u>\$ -</u>	<u>\$ 43.9</u>	<u>\$ 0.2</u>
Liabilities from commodity derivative contracts	\$ 46.9	\$ -	\$ 35.1	\$ 11.8
Liabilities from interest rate derivatives	20.1	-	20.1	-
Total liabilities	<u>\$ 67.0</u>	<u>\$ -</u>	<u>\$ 55.2</u>	<u>\$ 11.8</u>

The following table sets forth a reconciliation of the changes in the fair value of the Partnership's financial instruments classified as Level 3 in the fair value hierarchy:

	<b>Commodity Derivative Contracts</b>
Balance, December 31, 2010	\$ (11.6)
Unrealized losses included in OCI	(20.0)
Settlements included in Net Income	1.2
Balance, March 31, 2011	<u>\$ (30.4)</u>

There have been no transfers of derivative assets or liabilities between the three levels of the fair value hierarchy during the three months ended March 31, 2011.

The Partnership designated all Level 3 derivative instruments as cash flow hedges, and, as such, all changes in their fair value are reflected in OCI. Therefore, there are no unrealized gains or losses reflected in revenues or other income (expense) with respect to Level 3 derivative instruments.

**Note 9 — Fair Value of Financial Instruments**

The estimated fair values of assets and liabilities classified as financial instruments have been determined using available market information and valuation methodologies described below. Considerable judgment is required in interpreting market data to develop the estimates of fair value. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

The carrying values of items comprising current assets and current liabilities approximate fair values due to the short-term maturities of these instruments. Derivative financial instruments included in our financial statements are stated at fair value.

The carrying value of the senior secured revolving credit facilities approximate their fair value, as its interest rate is based on prevailing market rates. The fair value of the Partnership's senior unsecured notes is based on quoted market prices based on trades of such debt as of the dates indicated in the following table:

	March 31, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Holdco loan facility (1)	\$ 89.3	\$ 87.5	\$ 89.3	\$ 86.8
Senior unsecured notes of the Partnership, 8¼% fixed rate	209.1	222.8	209.1	219.4
Senior unsecured notes of the Partnership, 11¼% fixed rate	69.6	85.0	231.3	265.0
Senior unsecured notes of the Partnership, 7% fixed rate	250.0	262.0	250.0	259.7
Senior unsecured notes of the Partnership, 6% fixed rate	449.1	481.5	NA	NA

(1) The Holdco Loan is not widely held, and we are not able to obtain an indicative quote from external sources. The December 31, 2010 fair value was based on the November 2010 repurchases that we made at 98% of face value. The March 31, 2011 fair value is based on management's consideration of changes in settlement value given the trades that took place in November 2010.

**Note 10 — Commitments and Contingencies****Environmental**

For environmental matters, we record liabilities when remedial efforts are probable and the costs can be reasonably estimated. Environmental reserves do not reflect management's assessment of any insurance coverage that may be applicable to the matters at issue. Management has assessed each of the matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought and the probability of success.

Our environmental liability at March 31, 2011 and December 31, 2010 was \$1.6 million. Our March 31, 2011 liability consisted of \$0.1 million for gathering system leaks and \$1.5 million for ground water assessment and remediation.

In May 2007, the NMED alleged air emissions violations at the Eunice, Monument and Saunders gas processing plants, which are operated by the Partnership and owned by Versado Gas Processors, LLC ("Versado"), a joint venture that owns these plants and in which the Partnership owns a 63% interest, were identified in the course of an inspection of the Eunice plant conducted by the NMED in August 2005.

In January 2010, Versado settled the alleged violations with NMED for a penalty of approximately \$1.5 million. As part of the settlement, Versado agreed to install two acid gas injection wells, additional emission control equipment and monitoring equipment. We estimate the total cost to complete these projects to be approximately \$33.4 million, of which the Partnership's portion of the cost is projected to be \$21.0 million. As of March 31, 2011, \$10.7 million has been paid by Versado (\$6.7 million by the Partnership).

Under the terms of the Versado acquisition purchase and sale agreement between us and the Partnership, we are obligated to reimburse the Partnership for maintenance capital expenditures required pursuant to the NMED settlement agreement.

**Legal Proceedings**

We are a party to various legal proceedings and/or regulatory proceedings and certain claims, suits and complaints arising in the ordinary course of business that have been filed or are pending against us. We believe all such matters are without merit or involve amounts which, if resolved unfavorably, would not have a material effect on our financial position, results of operations, or cash flows, except for the items more fully described below.

On December 8, 2005, WTG Gas Processing, L.P. (“WTG”) filed suit in the 333rd District Court of Harris County, Texas (the “District Court”) against several defendants, including Targa and two other Targa entities and private equity funds affiliated with Warburg Pincus LLC (“Warburg Pincus”), seeking damages. The suit alleges that Targa and private equity funds affiliated with Warburg Pincus, along with ConocoPhillips Company (“ConocoPhillips”) and Morgan Stanley, tortiously interfered with (i) a contract WTG claims to have had to purchase SAOU from ConocoPhillips and (ii) prospective business relations of WTG. WTG claims the alleged interference resulted from Targa’s competition to purchase the ConocoPhillips’ assets and its successful acquisition of those assets in 2004. In October 2007, the District Court granted defendants’ motions for summary judgment on all of WTG’s claims. In February 2010, the 14th Court of Appeals affirmed the District Court’s final judgment in favor of defendants in its entirety. In January 2011, the Texas Supreme Court denied WTG’s petition for review of the lower court’s judgment and in March 2011, the Texas Supreme Court denied WTG’s motion for rehearing of the Court’s denial to review WTG’s appeal. We have agreed to indemnify the Partnership for any claim or liability arising out of the WTG suit.

**Note 11 — Supplemental Cash Flow Information**

Supplemental cash flow information was as follows for the periods indicated:

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Interest paid	\$ 29.2	\$ 37.8
Taxes paid	28.9	0.1
Non-cash adjustment to line-fill	(2.1)	-

**Note 12 — Segment Information**

With the conveyance of all of our remaining operating assets to the Partnership in September 2010, all operating assets are now owned by the Partnership.

The Partnership reports its operations in two divisions: (i) Natural Gas Gathering and Processing, consisting of two reportable segments – (a) Field Gathering and Processing and (b) Coastal Gathering and Processing; and (ii) Logistics and Marketing consisting of two reportable segments – (a) Logistics Assets and (b) Marketing and Distribution. The financial results of our hedging activities are reported in Other.

The Partnership’s Natural Gas Gathering and Processing division includes assets used in the gathering of natural gas produced from oil and gas wells and processing this raw natural gas into merchantable natural gas by extracting natural gas liquids and removing impurities. The Field Gathering and Processing segment’s assets are located in North Texas and the Permian Basin of West Texas and New Mexico. The Coastal Gathering and Processing segment’s assets are located in the onshore and near offshore region of the Louisiana Gulf Coast and the Gulf of Mexico.

The Partnership’s Logistics and Marketing division is also referred to as the Downstream Business. Downstream includes all the activities necessary to convert raw natural gas liquids into NGL products and provides certain value added services such as storage, terminaling, transportation, distribution and marketing of NGLs, crude and refined products. It also includes certain natural gas supply and marketing activities in support of the Partnership’s other businesses.

The Partnership’s Logistics Assets segment is involved in transporting, storing, and fractionating mixed NGLs; storing, terminaling, and transporting finished NGLs; and storing and terminaling crude and refined products. These assets are generally connected to and supplied, in part, by the Partnership’s Natural Gas Gathering and Processing segments and are predominantly located in Mont Belvieu, Texas and Southwestern Louisiana. This segment includes the activities associated with the March 15, 2011 acquisition of a refined petroleum products and crude oil storage and terminaling facility.

The Partnership's Marketing and Distribution segment covers all activities required to distribute and market raw and finished natural gas liquids and all natural gas marketing activities. It includes (1) marketing the Partnership's natural gas liquids production and purchasing natural gas liquids products in selected United States markets; (2) providing liquefied petroleum gas balancing services to refinery customers; (3) transporting, storing and selling propane and providing related propane logistics services to multi-state retailers, independent retailers and other end users; and (4) marketing natural gas available to the Partnership from the Partnership's Natural Gas Gathering and Processing division and the purchase and resale of natural gas in selected United States markets.

Other contains the results of the Partnership's derivative and hedging transactions. Eliminations of inter-segment transactions are reflected in the eliminations column.

Segment information is shown in the following tables. We have segregated the following segment information between Partnership and non-Partnership activities. Partnership activities have been presented on a common control accounting basis which reflects the dropdown transactions as if they occurred in prior periods similar to a pooling of interests. The non-Partnership results include activities related to certain assets and liabilities contractually excluded from the dropdown transactions and certain historical hedge activities that could not be reflected under GAAP in the Partnership common control results.

**Three Months Ended March 31, 2011**

<b>Partnership</b>								
	<b>Field Gathering and Processing</b>	<b>Coastal Gathering and Processing</b>	<b>Logistics Assets</b>	<b>Marketing and Distribution</b>	<b>Other</b>	<b>Corporate and Eliminations</b>	<b>TRC Non- Partnership</b>	<b>Consolidated</b>
Revenues	\$ 52.0	\$ 84.0	\$ 23.2	\$ 1,459.7	\$ (4.4)	\$ -	\$ 3.6	\$ 1,618.1
Intersegment revenues	299.7	217.4	19.1	112.3	-	(648.5)	-	-
Revenues	<u>\$ 351.7</u>	<u>\$ 301.4</u>	<u>\$ 42.3</u>	<u>\$ 1,572.0</u>	<u>\$ (4.4)</u>	<u>\$ (648.5)</u>	<u>\$ 3.6</u>	<u>\$ 1,618.1</u>
Operating margin	<u>\$ 61.1</u>	<u>\$ 36.3</u>	<u>\$ 22.3</u>	<u>\$ 32.7</u>	<u>\$ (4.4)</u>	<u>\$ -</u>	<u>\$ 3.5</u>	<u>\$ 151.5</u>
<b>Other financial information:</b>								
Total assets	\$ 1,641.8	\$ 431.3	\$ 506.6	\$ 458.7	\$ 34.5	\$ 67.8	\$ 181.7	\$ 3,322.4
Capital expenditures	\$ 31.8	\$ 1.4	\$ 45.2	\$ 0.1	\$ -	\$ -	\$ 0.6	\$ 79.1

**Three Months Ended March 31, 2010**

<b>Partnership</b>								
	<b>Field Gathering and Processing</b>	<b>Coastal Gathering and Processing</b>	<b>Logistics Assets</b>	<b>Marketing and Distribution</b>	<b>Other</b>	<b>Corporate and Eliminations</b>	<b>TRC Non- Partnership</b>	<b>Consolidated</b>
Revenues	\$ 55.1	\$ 133.6	\$ 16.7	\$ 1,281.4	\$ (3.0)	\$ -	\$ (0.2)	\$ 1,483.6
Intersegment revenues	292.0	204.9	21.0	138.7	-	(656.6)	-	-
Revenues	<u>\$ 347.1</u>	<u>\$ 338.5</u>	<u>\$ 37.7</u>	<u>\$ 1,420.1</u>	<u>\$ (3.0)</u>	<u>\$ (656.7)</u>	<u>\$ (0.2)</u>	<u>\$ 1,483.6</u>
Operating margin	<u>\$ 68.3</u>	<u>\$ 27.5</u>	<u>\$ 11.2</u>	<u>\$ 19.7</u>	<u>\$ (3.0)</u>	<u>\$ -</u>	<u>\$ (0.1)</u>	<u>\$ 123.6</u>
<b>Other financial information:</b>								
Total assets	\$ 1,667.4	\$ 487.6	\$ 415.4	\$ 350.2	\$ 70.3	\$ 95.8	\$ 307.1	\$ 3,393.8
Capital expenditures	\$ 12.6	\$ 2.8	\$ 3.0	\$ -	\$ -	\$ -	\$ (1.0)	\$ 17.4

The following table shows our revenues by product and service for each period presented:

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Natural gas sales	\$ 248.1	\$ 312.9
NGL sales	1,302.8	1,112.2
Condensate sales	21.5	25.3
Fractionating and treating fees	11.0	13.0
Storage and terminaling fees	13.9	9.5
Transportation fees	10.7	7.3
Gas processing fees	7.2	7.1
Hedge settlements	(3.8)	(4.7)
Business interruption insurance	3.0	1.6
Other	3.7	(0.6)
	<u>\$ 1,618.1</u>	<u>\$ 1,483.6</u>

The following table is a reconciliation of operating margin to net income for each period presented:

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Reconciliation of operating margin to net income</b>		
Operating margin	\$ 151.5	\$ 123.6
Depreciation and amortization expense	(43.4)	(42.8)
General and administrative expense	(34.6)	(26.0)
Interest expense, net	(28.5)	(27.5)
Income tax expense	(5.8)	(3.0)
Other, net	1.6	11.6
Net income	<u>\$ 40.8</u>	<u>\$ 35.9</u>

#### **Note 13 — Subsequent Events**

On April 11, 2011, we announced a cash dividend of \$0.2725 per share of common stock for the three months ended March 31, 2011 to be paid on May 17, 2011 to holders of our outstanding common stock as of April 21, 2011. The declared dividend totals \$11.5 million.

On April 26, 2011, certain of our stockholders sold, in a secondary public offering, 5,650,000 shares of our common stock under a new registration statement on Form S-1 at a price of \$31.73 per share of common stock (\$30.65 per share, net of underwriting discounts), providing net proceeds of \$173.2 million to selling stockholders. We received no proceeds from the sale of shares by the selling stockholders. Pursuant to the exercise of the underwriters' overallotment option, selling stockholders also sold an additional 847,500 shares of our common stock, providing net proceeds of \$26.0 million. We incurred approximately \$0.8 million of expenses in connection with the offering, including all expenses of the selling stockholders which we have agreed to pay.

## 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 as well as the unaudited consolidated financial statements and notes hereto included in this Quarterly Report.*

### Overview

#### *Financial Presentation*

We own general and limited partner interests, including Incentive Distribution Rights (“IDRs”), in Targa Resources Partners LP (NYSE: NGLS), a publicly traded Delaware limited partnership that is a leading provider of midstream natural gas and natural gas liquid services in the United States. The Partnership is engaged in the business of gathering, compressing, treating, processing and selling natural gas, storing, fractionating, treating, transporting and selling natural gas liquids, or NGLs, and NGL products and storing and terminaling refined petroleum products and crude oil.

Our primary business objective is to increase our cash available for dividends to our stockholders by assisting the Partnership in executing its business strategy. We may facilitate the Partnership’s growth through various forms of financial support, including, but not limited to, modifying the Partnership’s IDRs, exercising the Partnership’s IDR reset provision contained in its partnership agreement, making loans, making capital contributions in exchange for yielding or non-yielding equity interests or providing other financial support to the Partnership, if needed, to support its ability to make distributions. We also may enter into other economic transactions intended to increase our ability to make cash available for dividends over time. In addition, we may acquire assets that could be candidates for acquisition by the Partnership, potentially after operational or commercial improvement or further development.

An indirect subsidiary of ours is the sole member of Targa Resources GP LLC (the “General Partner”). Because we control the General Partner, under generally accepted accounting principles we must reflect our ownership interest in the Partnership on a consolidated basis. Accordingly, our financial results are combined with the Partnership’s financial results in our consolidated financial statements even though the distribution or transfer of Partnership assets are limited by the terms of the partnership agreement, as well as restrictive covenants in the Partnership’s lending agreements. The limited partner interests in the Partnership not owned by us are reflected in our results of operations as net income attributable to non-controlling interests. Therefore, throughout this discussion, we make a distinction where relevant between financial results of the Partnership versus those of us as a standalone parent including our non-Partnership subsidiaries.

#### *General*

The Partnership is engaged in the business of gathering, compressing, treating, processing and selling natural gas; storing fractionating, treating, transporting and selling NGLs and NGL products; and storing and terminaling refined petroleum products and crude oil.

The Partnership reports its operations in two divisions: (i) Natural Gas Gathering and Processing, consisting of two reportable segments – (a) Field Gathering and Processing and (b) Coastal Gathering and Processing; and (ii) Logistics and Marketing consisting of two reportable segments – (a) Logistics Assets and (b) Marketing and Distribution. The financial results of our hedging activities are reported in Other.

The Partnership’s Natural Gas Gathering and Processing division includes assets used in the gathering of natural gas produced from oil and gas wells and processing this raw natural gas into merchantable natural gas by extracting natural gas liquids and removing impurities. The Field Gathering and Processing segment’s assets are located in North Texas and the Permian Basin of West Texas and New Mexico. The Coastal Gathering and Processing segment’s assets are located in the onshore and near offshore region of the Louisiana Gulf Coast and the Gulf of Mexico.

The Partnership’s Logistics and Marketing division is also referred to as the Downstream Business. Downstream includes all the activities necessary to convert raw natural gas liquids into NGL products and provides certain value added services such as storage, terminaling, transportation, distribution and marketing of NGLs, crude and refined products. It also includes certain natural gas supply and marketing activities in support of the Partnership’s other businesses.

The Partnership's Logistics Assets segment is involved in transporting, storing, and fractionating mixed NGLs; storing, terminaling, and transporting finished NGLs; and storing and terminaling crude and refined products. These assets are generally connected to and supplied, in part, by the Partnership's Natural Gas Gathering and Processing segments and are predominantly located in Mont Belvieu, Texas and Southwestern Louisiana. This segment includes the activities associated with the recent acquisition of a refined petroleum products and crude oil storage and terminaling facility.

The Partnership's Marketing and Distribution segment covers all activities required to distribute and market raw and finished natural gas liquids and all natural gas marketing activities. It includes (1) marketing the Partnership's natural gas liquids production and purchasing natural gas liquids products in selected United States markets; (2) providing liquefied petroleum gas balancing services to refinery customers; (3) transporting, storing and selling propane and providing related propane logistics services to multi-state retailers, independent retailers and other end users; and (4) marketing natural gas available to the Partnership from the Partnership's Natural Gas Gathering and Processing division and the purchase and resale of natural gas in selected United States markets.

Other contains the results of the Partnership's derivative and hedging transactions.

We have no separate, direct operating activities apart from those conducted by the Partnership. As such, our cash inflows will primarily consist of cash distributions from our interests in the Partnership. The Partnership is required to distribute all available cash at the end of each quarter after establishing reserves to provide for the proper conduct of its business or to provide for future distributions.

The Partnership files its own separate quarterly reports. The results of operations included in our consolidated financial statements will differ from the results of operations of the Partnership primarily due to the financial effects of: non-controlling interests in the Partnership, our separate debt obligations, certain general and administrative costs applicable to us as a separate public company, and certain non-operating assets and liabilities that we retained and were not included in the asset conveyances to the Partnership.

### **Recent Developments**

On January 24, 2011, the Partnership completed a public offering of 8,000,000 common units representing limited partner interests in the Partnership ("common units") under an existing shelf registration statement on Form S-3 at a price of \$33.67 per common unit (\$32.41 per common unit, net of underwriting discounts), providing net proceeds of \$259.3 million. Pursuant to the exercise of the underwriters' overallotment option, the Partnership sold an additional 1,200,000 common units, providing net proceeds of \$38.8 million. In addition, we contributed \$6.3 million to the Partnership for 187,755 general partner units to maintain our 2% general partner interest in the Partnership. The Partnership used the net proceeds from the offering to reduce borrowings under its senior secured credit facility.

On February 2, 2011, the Partnership closed a private placement of \$325.0 million in aggregate principal amount of 6% Senior Notes due 2021 ("the 6% Notes"). The net proceeds of this offering were \$319.0 million after deducting expenses of the offering. The Partnership used the net proceeds from the offering to reduce borrowings under its senior secured credit facility.

On February 4, 2011, the Partnership exchanged an additional \$158.6 million principal amount of its 6% Notes plus payments of \$28.6 million, including \$0.9 million of accrued interest, for \$158.6 million aggregate principal amount of its 11¼% Senior Notes due 2017 ("11¼% Notes"). The debt covenants related to the remaining \$72.7 million of face value of the 11¼% Notes were removed as we received sufficient consents in connection with the exchange offer to amend the indenture. This exchange was accounted for as a debt modification whereby the financial effects of the exchange will be recognized over the term of the new debt issue.

On March 15, 2011, we broadened our Logistics Assets segment portfolio with the acquisition of a refined petroleum products and crude oil storage and terminaling facility (the "Terminal") in Channelview, Texas on Carpenter's Bayou along the Houston Ship Channel for \$29.0 million. The terminal can handle multiple grades of blend stocks, products and crude and has potential for expansion, as well as integration with our other logistics operations. The transaction was paid entirely with cash funded through borrowings under our senior secured revolving credit facility.

## Recent Accounting Pronouncements

None

## How We Evaluate Our Operations

Our consolidated operations include the operations of the Partnership due to our ownership and control of the General Partner. We have no separate, direct operating activities from those conducted by the Partnership. Our financial results differ from the Partnership's due to the financial effects of non-controlling interests in the Partnership, our separate debt obligations, certain non-operating costs associated with assets and liabilities that we retained and were not included in asset conveyances to the Partnership, and certain general and administrative costs applicable to us as a separate public company.

*Distributable Cash Flow.* We define distributable cash flow as net income attributable to us excluding the Partnership earnings, plus depreciation and amortization of Non-Partnership assets, Non-Partnership deferred taxes, distributions that are attributable to the current period of the Partnership, losses (gains) on mark to market derivative contracts and certain pre-IPO tax impacts. Distributable cash flow is a significant performance metric used by us and by external users of our financial statements, such as investors, commercial banks, research analysts and others to compare basic cash flows generated by us to the cash dividends we expect to pay our shareholders. Using this metric, management can quickly compute the coverage ratio of estimated cash flows to planned cash dividends. Distributable cash flow is also an important financial measure for our shareholders since it serves as an indicator of our success in providing a cash return on investment. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly dividend rates. Distributable cash flow is also a quantitative standard used throughout the investment community because the share value is generally determined by the share's yield (which in turn is based on the amount of cash dividends the entity pays to a shareholder).

The economic substance behind our use of distributable cash flow is to measure the ability of our assets to generate cash flow sufficient to pay dividends to our investors.

The GAAP measure most directly comparable to distributable cash flow is net income. Distributable cash flow should not be considered as an alternative to GAAP net income. Distributable cash flow is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider distributable cash flow in isolation or as a substitute for analysis of our results as reported under GAAP. Because distributable cash flow excludes some, but not all, items that affect net income and is defined differently by different companies in our industry, our definition of distributable cash flow may not be compatible to similarly titled measures of other companies, thereby diminishing its utility.

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



**Three Months Ended  
March 31, 2011**  
**(In millions)**

**Reconciliation of net income attributable to  
Targa Resources Corp. to Distributable Cash Flow**

Net income of Targa Resources Corp.	\$	40.8
Less: Net income of Targa Resources Partners LP		(45.7)
Net income (loss) for TRC Non-Partnership		(4.9)
Plus: TRC Non-Partnership income tax expense		4.0
Plus: Distributions declared by the Partnership (1)		14.4
Plus: Non-cash loss (gain) on hedges		(0.6)
Plus: Depreciation - Non-Partnership assets		0.7
Current cash tax expense for TRC Non-Partnership (2)		(0.4)
<b>Distributable cash flow</b>	<b>\$</b>	<b>13.2</b>

- (1) Distributions from the Partnership's earnings for the three months ended March 31, 2011. The distributions were announced on April 11, 2011 and will be paid on May 13, 2011.
- (2) Excludes \$1.2 million of non-cash current tax expense arising from amortization of deferred tax assets from drop down gains realized for tax purposes and paid in 2010. Also, excludes \$2.5 million of current tax expense from the \$88.0 million reserve established at the IPO to fund taxes related to deferred tax gains.

The following table presents the separate Partnership and Non-Partnership components of cash and cash equivalents and long-term debt.

**Three Months Ended  
March 31, 2011**  
**(In millions)**

**Key Targa Resources Corp.**

**Non-Partnership Balance Sheet Items**

**Cash and cash equivalents:**

TRC Non-Partnership	\$	84.1
Targa Resources Partners		63.6
Total cash and cash equivalents	<b>\$</b>	<b>147.7</b>

**Long-term Debt:**

TRC Non-Partnership	\$	89.3
Targa Resources Partners		1,179.1
Total long-term debt	<b>\$</b>	<b>1,268.4</b>

**How We Evaluate the Partnership's Operations**

The Partnership's profitability is a function of the difference between the revenues it receives from our operations, including revenues from the natural gas, NGLs and condensate it sells, and the costs associated with conducting its operations, including the costs of wellhead natural gas and mixed NGLs that it purchases as well as operating and general and administrative costs, and the impact of the Partnership's commodity hedging activities. Because commodity price movements tend to impact both revenues and costs, increases or decreases in the Partnership's revenues alone are not necessarily indicative of increases or decreases in its profitability. The Partnership's contract portfolio, the prevailing pricing environment for natural gas and NGLs, and the volumes of natural gas and NGL throughput on its systems are important factors in determining its profitability. The Partnership's profitability is also affected by the NGL content in gathered wellhead natural gas, supply and demand for its products and services and changes in its customer mix.

Management uses a variety of financial measures and operational measurements to analyze the Partnership's performance. These measurements include: (1) throughput volumes, facility efficiencies and fuel consumption, (2) operating expenses and (3) the following non-GAAP measures—gross margin, operating margin, adjusted EBITDA and distributable cash flow.

*Throughput Volumes, Facility Efficiencies and Fuel Consumption.* The Partnership's profitability is impacted by its ability to add new sources of natural gas supply to offset the natural decline of existing volumes from natural gas wells that are connected to its 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 natural gas supplies currently gathered by third parties. Similarly, the Partnership's profitability is impacted by its ability to add new sources of mixed NGL supply, typically connected by third-party transportation, to its Downstream Business' fractionation facilities. The Partnership fractionates NGLs generated by its gathering and processing plants as well as by contracting for mixed NGL supply from third-party gathering or fractionation facilities.

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

As part of monitoring the efficiency of its operations, the Partnership measures the difference between the volume of natural gas received at the wellhead or central delivery points on its gathering systems and the volume received at the inlet of its processing plants as an indicator of fuel consumption and line loss. The Partnership also tracks 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 the facilities. Similar tracking is performed for its logistics assets. These volume, recovery and fuel consumption measurements are an important part of the Partnership's operational efficiency analysis.

*Operating Expenses.* Operating expenses are costs associated with the operation of a specific asset. Labor, contract services, repair and maintenance, utilities and ad valorem taxes comprise the most significant portion of the Partnership's operating expenses. These expenses generally remain relatively stable and independent of the volumes through its systems but fluctuate depending on the scope of the activities performed during a specific period.

*Gross Margin.* Gross margin is defined as revenues less purchases. It is impacted by volumes and commodity prices as well as the Partnership's contract mix and hedging program. We define Natural Gas Gathering and Processing gross margin as total operating revenues from the sales of natural gas and NGLs plus service fee revenues, less product purchases, which consist primarily of producer payments and other natural gas purchases. Logistics Assets gross margin consists primarily of service fee revenue. Gross margin for Marketing and Distribution equals total revenue from service fees and NGL sales, less cost of sales, which consists primarily of NGL purchases, transportation costs and changes in inventory valuation. The gross margin impacts of cash flow hedge settlements are reported in Other.

*Operating Margin.* Operating margin is an important performance measure of the core profitability of the Partnership's operations. We define operating margin as gross margin less operating expenses. Natural gas and NGL sales revenue includes settlement gains and losses on commodity hedges.

Gross margin and operating margin are non-GAAP measures. The GAAP measure most directly comparable to gross margin and operating margin is net income. Gross margin and operating margin are not alternatives to GAAP net income and have important limitations as analytical tools. You should not consider gross margin and operating margin in isolation or as a substitute for analysis of our results as reported under GAAP. Because gross margin and operating margin exclude some, but not all, items that affect net income and are defined differently by different companies in our industry, our definition of gross margin and operating margin may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Our senior management reviews business segment gross margin and operating margin monthly as a core internal management process. We believe that investors benefit from having access to the same financial measures that our management uses in evaluating our operating results. Gross margin and operating margin provide useful information to investors because they are used as supplemental financial measures by us and by external users of our financial statements, including investors and commercial banks, to assess:

- the financial performance of the Partnership's assets without regard to financing methods, capital structure or historical cost basis;
- the Partnership's 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 acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

Management compensates for the limitations of gross margin and operating margin as analytical tools by reviewing the comparable GAAP measure, understanding the differences between the measures and incorporating these insights into its decision-making processes.

*Adjusted EBITDA.* The Partnership defines Adjusted EBITDA as net income before interest, income taxes, depreciation and amortization, gains or losses on debt repurchases and non-cash risk management activities related to derivative instruments. Adjusted EBITDA is used as a supplemental financial measure by the Partnership and by external users of our financial statements such as investors, commercial banks and others.

The economic substance behind the Partnership's use of Adjusted EBITDA is to measure the ability of its assets to generate cash sufficient to pay interest costs, support its indebtedness and make distributions to its investors.

The GAAP measures most directly comparable to Adjusted EBITDA are net cash provided by operating activities and net income. Adjusted EBITDA should not be considered as an alternative to GAAP net cash provided by operating activities or GAAP net income. Adjusted EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and net cash provided by operating activities and is defined differently by different companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

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

### **Consolidated Results of Operations**

Our management uses a variety of financial and operational measurements to analyze our performance. These measurements include both measures for the Partnership activities and measures for the Parent. Partnership measures include gross margin, operating margin, plant inlet, gross NGL production, adjusted EBITDA and distributable cash flow, among others.

The following table and discussion is a summary of our consolidated results of operations for the three months ended March 31, 2011 and 2010 (in millions, except operating and price amounts):

	<b>Three Months Ended March 31,</b>		<b>Variance</b>	
	<b>2011</b>	<b>2010</b>	<b>\$ Change</b>	<b>% Change</b>
Revenues	\$ 1,618.1	\$ 1,483.6	\$ 134.5	9%
Product purchases	1,400.6	1,297.7	102.9	8%
Gross margin (1)	217.5	185.9	31.6	17%
Operating expenses	66.0	62.3	3.7	6%
Operating margin (2)	151.5	123.6	27.9	23%
Depreciation and amortization expenses	43.4	42.8	0.6	1%
General and administrative expenses	34.6	26.0	8.6	33%
Income from operations	73.5	54.8	18.7	34%
Interest expense, net	(28.5)	(27.5)	(1.0)	4%
Equity in earnings of unconsolidated investment	1.7	0.3	1.4	467%
Loss on debt repurchases	-	(17.4)	17.4	(100%)
Gain on early debt extinguishment, net	-	28.9	(28.9)	(100%)
Loss on mark-to-market derivative instruments	-	(0.3)	0.3	(100%)
Other	(0.1)	0.1	(0.2)	(200%)
Income tax expense	(5.8)	(3.0)	(2.8)	93%
Net income	40.8	35.9	4.9	14%
Less: Net income attributable to noncontrolling interests	34.0	14.0	20.0	143%
Net income attributable to Targa Resources Corp.	6.8	21.9	(15.1)	(69%)
Less:				
Dividends on Series B preferred stock	-	(4.6)	4.6	(100%)
Undistributed earnings attributable to preferred Series B shareholders	-	(17.3)	17.3	(100%)
Net income available to common shareholders	\$ 6.8	\$ -	\$ 6.8	-

**Operating statistics:**

Plant natural gas inlet, MMcf/d (3) (4)	2,168.6	2,331.6	(163.0)	(7%)
Gross NGL production, MBbl/d	119.1	118.7	0.4	NM
Natural gas sales, BBtu/d (4)	682.2	664.5	17.7	3%
NGL sales, MBbl/d	275.6	252.9	22.7	9%
Condensate sales, MBbl/d	2.6	3.7	(1.1)	(30%)

(1) Gross margin is a non-GAAP financial measure and is discussed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – How We Evaluate the Partnership’s Operations” and “- Non-GAAP Financial Measures.”

(2) Operating margin is a non-GAAP financial measure and is discussed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – How We Evaluate the Partnership’s Operations” and “- Non-GAAP Financial Measures.”

(3) Plant natural gas inlet represents the volume of natural gas passing through the meter located at the inlet of a natural gas processing plant.

(4) Plant natural gas inlet volumes include producer take-in-kind volumes, while natural gas sales exclude producer take-in-kind volumes.

**Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010**

Consolidated revenues (including the impacts of hedging) increased due to higher net impact of realized commodity prices (\$20.8 million), higher NGL and natural gas sales volumes (\$107.8 million) and higher fee-based and other revenues (\$13.0 million), partially offset by lower condensate sales volumes (\$7.1 million).

Consolidated operating margin increased \$27.9 million, reflecting higher gross margin partially offset by increased operating expenses. The increase in consolidated gross margin reflects higher revenues of \$134.5 million partially offset by increases in product purchase costs of \$102.9 million. The increase in consolidated operating expenses of \$3.7 million primarily reflects increased compensation and benefits and fuel, utilities and catalyst costs.

See “Results of Operations—By Segment” for additional information regarding changes in the components of operating margin on a disaggregated basis.

The increase in depreciation and amortization expenses of \$0.6 million reflects \$2.1 million of depreciation expense related to new assets placed in service since the first quarter of 2010 less the \$1.5 million impact of assets that have become fully depreciated.

General and administrative expenses increased \$8.6 million reflecting higher salaries, burden and non-cash compensation.

The increase in interest expense was primarily due to a higher effective interest rate, partially offset by lower borrowings.

See “Liquidity and Capital Resources” for information regarding our outstanding debt obligations.

**Consolidating Results of Operations – Partnership versus Non-Partnership**

The following table breaks down the consolidated results of operations for the three months ended March 31, 2011 and 2010 into Partnership and our standalone (“TRC Non-Partnership”) financial results. Partnership results are presented on a common control accounting basis – the same basis reported in the separate Partnership Form 10-Q. A discussion of the TRC Non-Partnership financial results follows this table.

	2011			2010		
	Targa Resources Corp. Consolidated	Targa Resources Partners, LP	TRC - Non-partnership	Targa Resources Corp. Consolidated	Targa Resources Partners, LP	TRC - Non-partnership
	(In millions)					
Revenues (1)	\$ 1,618.1	1,614.5	\$ 3.6	\$ 1,483.6	1,483.8	\$ (0.2)
Costs and Expenses:						
Product purchases	1,400.6	1,400.6	-	1,297.7	1,297.9	(0.2)
Operating expenses	66.0	65.9	0.1	62.3	62.2	0.1
Depreciation and amortization	43.4	42.7	0.7	42.8	42.0	0.8
General and administrative	34.6	31.8	2.8	26.0	25.0	1.0
	<u>1,544.6</u>	<u>1,541.0</u>	<u>3.6</u>	<u>1,428.8</u>	<u>1,427.1</u>	<u>1.7</u>
Income from operations	73.5	73.5	(0.0)	54.8	56.7	(1.9)
Other income (expense):						
Interest expense, net - third party	(28.5)	(27.5)	(1.0)	(27.5)	(15.4)	(12.1)
Interest expense - intercompany	-	-	-	-	(15.6)	15.6
Equity in earnings of unconsolidated investment	1.7	1.7	-	0.3	0.3	-
Loss on debt repurchases	-	-	-	(17.4)	-	(17.4)
Gain on early debt extinguishment	-	-	-	28.9	-	28.9
Gain (loss) on mark-to-market derivative instruments	-	-	-	(0.3)	25.4	(25.7)
Other income (expense)	(0.1)	(0.2)	0.1	0.1	-	0.1
Income before income taxes	<u>46.6</u>	<u>47.5</u>	<u>(0.9)</u>	<u>38.9</u>	<u>51.4</u>	<u>(12.5)</u>
Income tax (expense) benefit						
Current	(5.5)	(1.4)	(4.1)	(0.8)	(0.8)	-
Deferred	(0.3)	(0.4)	0.1	(2.2)	(0.7)	(1.5)
	<u>(5.8)</u>	<u>(1.8)</u>	<u>(4.0)</u>	<u>(3.0)</u>	<u>(1.5)</u>	<u>(1.5)</u>
Net income (loss)	40.8	45.7	(4.9)	35.9	49.9	(14.0)
Less: Net income attributable to noncontrolling interests	<u>34.0</u>	<u>7.9</u>	<u>26.1</u>	<u>14.0</u>	<u>7.3</u>	<u>6.7</u>
Net income (loss) after noncontrolling interests	<u>\$ 6.8</u>	<u>\$ 37.8</u>	<u>\$ (31.0)</u>	<u>\$ 21.9</u>	<u>\$ 42.6</u>	<u>\$ (20.7)</u>

(1) TRC Non-Partnership includes hurricane related business interruption insurance proceeds of \$3.0 million and \$1.6 million for the three months ended March 31, 2011, and 2010. All claims related to Hurricanes Gustav and Ike have been completed.

## Results of Operations—By Segment

We have segregated the following segment operating margin between Partnership and TRC Non-Partnership activities. Partnership activities have been presented on a common control accounting basis which reflects the dropdown transactions as if they occurred in prior periods. TRC Non-Partnership segment results include certain assets and liabilities contractually excluded from the dropdown transactions and certain historical hedge activities that could not be reflected as such under GAAP in the Partnership common control results.

Three Months Ended	Partnership					TRC Non-Partnership	Consolidated Operating Margin
	Field Gathering and Processing	Coastal Gathering and Processing	Logistics Assets	Marketing and Distribution	Other		
March 31, 2011	\$ 61.1	\$ 36.3	\$ 22.3	\$ 32.7	\$ (4.4)	\$ 3.5	\$ 151.5
March 31, 2010	68.3	27.5	11.2	19.7	(3.0)	(0.1)	123.6

A discussion of the Partnership segments results follows:

### Results of Operations of the Partnership – By Segment

#### Natural Gas Gathering and Processing Segments

##### Field Gathering and Processing

	Three Months Ended March 31,		2011 vs. 2010	
	2011	2010	\$ Change	% Change
	(\$ in millions)			
Gross margin	\$ 87.9	\$ 90.1	\$ (2.2)	(2%)
Operating expenses	26.8	21.8	5.0	23%
Operating margin	\$ 61.1	\$ 68.3	\$ (7.2)	(11%)
<b>Operating statistics:</b>				
Plant natural gas inlet, MMcf/d (1),(2)	572.8	576.5	(3.7)	(1%)
Gross NGL production, MBbl/d	69.5	69.3	0.2	NM
Natural gas sales, BBtu/d (2),(3)	263.1	253.5	9.6	4%
NGL sales, MBbl/d (3)	56.4	55.2	1.2	2%
Condensate sales, MBbl/d (3)	2.3	2.5	(0.2)	(8%)
<b>Average realized prices (4):</b>				
Natural gas, \$/MMBtu	3.81	5.17	(1.36)	(26%)
NGL, \$/gal	1.11	1.00	0.11	11%
Condensate, \$/Bbl	91.04	76.04	15.00	20%

(1) Plant natural gas inlet represents the volume of natural gas passing through the meter located at the inlet of a natural gas processing plant.

(2) Plant natural gas inlet volumes include producer take-in-kind volumes, while natural gas sales exclude producer take-in-kind volumes.

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

(4) Average realized prices exclude the impact of hedging activities.

#### Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

The \$2.2 million decrease in gross margin for 2011 was primarily due to lower natural gas sales prices (\$32.1 million), lower condensate sales volumes (\$1.5 million) and higher product purchases (\$6.7 million), partially offset by higher NGL and condensate sales prices (\$28.2 million), higher natural gas and NGL sales volumes (\$9.1 million) and higher fee based and other revenues (\$1.0 million). Plant inlet volumes were essentially flat, with the impact of volumes associated with new well connects at the North Texas and SAOU systems offset by volume decreases due to severe cold weather in January and February 2011 and operational outages combined with production declines at the Partnership's Versado system. The increased natural gas and NGL sales volumes were due primarily to higher NGL content in supply from new well connects and slightly lower plant recoveries offsetting the impact of lower plant inlet volumes.

The \$5.0 million increase in operating expenses was primarily due to higher fuel, utilities and catalyst costs (\$1.6 million), higher system maintenance expenses (\$1.4 million) driven by severe cold weather and operational outages, as well as higher compensation and benefit costs (\$1.0 million), and higher contract and professional service expenses (\$1.0 million).

*Coastal Gathering and Processing*

	<b>Three Months Ended March 31,</b>		<b>2011 vs. 2010</b>	
	<b>2011</b>	<b>2010</b>	<b>\$ Change</b>	<b>% Change</b>
	<b>(\$ in millions)</b>			
Gross margin	\$ 46.5	\$ 37.4	\$ 9.1	24%
Operating expenses	10.2	9.9	0.3	3%
Operating margin	<u>\$ 36.3</u>	<u>\$ 27.5</u>	<u>\$ 8.8</u>	<u>32%</u>
<b>Operating statistics:</b>				
Plant natural gas inlet, MMcf/d (1),(2),(3)	1,595.8	1,755.1	(159.3)	(9%)
Gross NGL production, MBbl/d	49.6	49.4	0.2	NM
Natural gas sales, Bbtu/d (3),(4)	254.2	313.9	(59.7)	(19%)
NGL sales, MBbl/d (4)	43.5	43.4	0.1	NM
Condensate sales, MBbl/d (4)	0.3	1.2	(0.9)	(75%)
<b>Average realized prices (5):</b>				
Natural gas, \$/MMBtu	4.15	5.26	(1.11)	(21%)
NGL, \$/gal	1.21	1.09	0.12	11%
Condensate, \$/Bbl	92.23	77.28	14.95	19%

- (1) Plant natural gas inlet represents the volume of natural gas passing through the meter located at the inlet of a natural gas processing plant.
- (2) The majority of our Coastal Straddle plant volumes are gathered on third-party offshore pipeline systems and delivered to the plant inlets.
- (3) Plant natural gas inlet volumes include producer take-in-kind volumes, while natural gas sales exclude producer take-in-kind volumes.
- (4) Segment operating statistics include the effect of intersegment sales, which have been eliminated from the consolidated presentation. For all volume statistics presented, the numerator is the total volume sold during the quarter and the denominator is the number of calendar days during the quarter.
- (5) Average realized prices exclude the impact of hedging activities.

**Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010**

The \$9.1 million increase in gross margin for the three months ended March 31, 2011 is primarily due to an increase in NGL and condensate sales prices (\$20.3 million), an increase in NGL sales volumes (\$0.6 million), an increase in fee-based and other revenues (\$1.5 million) and a decrease in commodity sales purchases (\$46.3 million), partially offset by a decrease in natural gas sales prices (\$25.5 million) and a decrease in natural gas and condensate sales volumes (\$34.1 million). The decreases in plant inlet volumes was largely attributable to a decline in traditional wellhead and offshore supply volumes but higher liquids pricing more than offset the volume declines resulting in higher operating margin.

Operating expenses were flat.



**Logistics and Marketing Segments**

*Logistics Assets*

	<b>Three Months Ended March 31,</b>		<b>2011 vs. 2010</b>	
	<b>2011</b>	<b>2010</b>	<b>\$ Change</b>	<b>% Change</b>
	( <b>\$ in millions</b> )			
Gross margin	\$ 42.3	\$ 37.6	\$ 4.7	13%
Operating expenses	20.0	26.4	(6.4)	(24%)
Operating margin	<u>\$ 22.3</u>	<u>\$ 11.2</u>	<u>\$ 11.1</u>	<u>99%</u>
<b>Operating statistics: (1)</b>				
Fractionation volumes, MBbl/d	209.3	209.6	(0.3)	NM
Treating volumes, MBbl/d	10.2	7.6	2.6	34%

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

**Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010**

The \$4.7 million increase in gross margin reflects higher terminaling and storage revenue (\$4.9 million) at the Partnership's Mont Belvieu and Galena Park terminals. The increase in terminaling revenue at the Partnership's Mont Belvieu terminal is primarily due to supply services to petrochemical customers. At our Galena Park terminal, the increase is due to expanded LPG export services. The acquisition of the Channelview Terminal also contributed to the higher terminaling and storage revenues.

The \$6.4 million decrease in operating expenses was primarily due to a favorable system product gain/loss (\$2.6 million), lower natural gas price for fuel to fractionators (\$1.7 million) and less cost associated with fractionation maintenance.

*Marketing and Distribution*

	<b>Three Months Ended March 31,</b>		<b>2011 vs. 2010</b>	
	<b>2011</b>	<b>2010</b>	<b>\$ Change</b>	<b>% Change</b>
	( <b>\$ in millions</b> )			
Gross margin	\$ 44.6	\$ 30.9	\$ 13.7	44%
Operating expenses	11.9	11.2	0.7	6%
Operating margin	<u>\$ 32.7</u>	<u>\$ 19.7</u>	<u>\$ 13.0</u>	<u>66%</u>
<b>Operating statistics: (1)</b>				
Natural gas sales, BBtu/d	664.3	609.3	55.0	9%
NGL sales, MBbl/d	272.4	246.4	26.0	11%
<b>Average realized prices:</b>				
Natural gas, \$/MMBtu	4.07	5.23	(1.16)	(22%)
NGL realized price, \$/gal	1.28	1.20	0.08	7%

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

**Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010**

The \$13.7 million increase in gross margin was due to higher NGL volumes (\$118.0 million) and natural gas volumes (\$25.9 million), higher NGL prices (\$76.4 million) offset by lower natural gas prices (\$69.7 million), and higher fee-based and other revenues (\$1.2 million), offset by increased product purchases (\$138.2 million). Factors contributing to higher operating margins in the first quarter of 2011 included increased west coast propane sales and increased export sales.

Other

	<b>Three Months Ended March 31,</b>		<b>2011 vs. 2010</b>	
	<b>2011</b>	<b>2010</b>	<b>\$ Change</b>	<b>% Change</b>
	<b>(\$ in millions)</b>			
Gross margin	\$ (4.4)	\$ (3.0)	\$ (1.4)	46.7%
Operating margin	\$ (4.4)	\$ (3.0)	\$ (1.4)	46.7%

Other contains the financial effects of the Partnership's hedging program on profitability. The primary purpose of the Partnership's commodity risk management activities is to hedge its exposure to commodity price risk and reduce fluctuations in its operating cash flow despite fluctuations in commodity prices. The Partnership has hedged the commodity price associated with a portion of its expected natural gas, NGL and condensate equity volumes by entering into derivative financial instruments. As such, these hedge positions will enhance the Partnership's margins in periods of falling prices and decrease its margins in periods of rising prices.

The following table provides a breakdown of the Partnership's hedge results by product:

	<b>Three Months Ended March 31,</b>		<b>\$ Change</b>
	<b>2011</b>	<b>2010</b>	
	<b>(In millions)</b>		
Natural Gas	\$ 6.2	\$ 1.1	\$ 5.1
NGL	(8.9)	(3.7)	(5.2)
Crude	(1.7)	(0.4)	(1.3)
	<u>\$ (4.4)</u>	<u>\$ (3.0)</u>	<u>\$ (1.4)</u>

### Liquidity and Capital Resources

As a result of our conveyances of all of our remaining operating assets to the Partnership, we have no separate, direct operating activities apart from those conducted by the Partnership. As such, our ability to finance our operations, including payment of dividends to our common stockholders, funding capital expenditures and acquisitions, or to meet our indebtedness obligations, will depend on cash inflows from future cash distributions to us from our interests in the Partnership. The Partnership is required to distribute all available cash at the end of each quarter after establishing reserves to provide for the proper conduct of its business or to provide for future distributions. See "Item 1A. Risk Factors" in this Quarterly Report and our Annual Report for the year ended December 31, 2010. As of March 31, 2011, our interests in the Partnership consist of the following:

- a 2% general partner interest, which we hold through our 100% ownership interest in the general partner of the Partnership;
- all of the outstanding IDRs; and
- 11,645,659 of the 84,756,009 outstanding common units of the Partnership, representing a 13.7% limited partnership interest.

Our ownership of the general partner interest entitles us to receive:

- 2% of all cash distributed in respect for that quarter.

Our ownership in respect to the IDR's of the Partnership that we hold, entitles us to receive:

- 13% of all cash distributed in a quarter after \$0.3881 has been distributed in respect of each common unit of the Partnership for that quarter;
- 23% of all cash distributed in a quarter after \$0.4219 has been distributed in respect of each common unit of the Partnership for that quarter; and
- 48% of all cash distributed in a quarter after \$0.50625 has been distributed in respect of each common unit of the Partnership for that quarter.

The General Partner's Board of Directors declared a quarterly distribution for the first quarter 2011 of \$0.5575 per common unit, or an annual rate of \$2.23 per common unit. Based on these distribution rates, we will receive quarterly distributions of (i) \$6.5 million, or \$26.0 million on an annualized basis, in respect of our common units in the Partnership, and (ii) based on these distribution rates, we will receive quarterly distributions of \$6.8 million and \$1.1 million, or \$27.2 million and \$4.4 million on an annualized basis, based on our IDRs and 2% general partner interests.

We intend to pay to our stockholders, on a quarterly basis, dividends equal to the cash the Partnership distributes to us based on our ownership of Partnership securities, less the expenses of being a public company, other general and administrative expenses, federal income taxes, capital contributions to the Partnership and reserves established by our board of directors. On April 11, 2011, we announced a quarterly dividend of \$0.2725 per share of our common stock for the three months ended March 31, 2011, or \$1.09 per share on an annualized basis. The declared dividend totals \$11.5 million, including \$0.3 million with respect to deferred dividends related to unvested restricted stock grants. Vested stockholders will receive \$11.2 million, which will be paid on May 17, 2011.

As of March 31, 2011, we had \$147.7 million of cash on hand, including \$63.6 million of cash belonging to the Partnership. We do not have access to the Partnership's cash as it is restricted for the use of the Partnership. We have the ability to use \$84.1 million of the cash on hand and available to us to satisfy our aggregate tax liability of approximately \$88.0 million over the next fourteen years associated with our sales of assets to the Partnership and related financings as well as to fund the reimbursement of certain capital expenditures to the Partnership associated with its acquisition of Versado. In addition, we have a contingent obligation to contribute to the Partnership limited distribution support in any quarter through 2011 if and to the extent the Partnership has insufficient available cash to fund a distribution of \$0.5175 per unit, limited to \$8.0 million per quarter. We have not yet and do not currently expect to make any payments pursuant to this distribution support obligation.

Our and the Partnership's cash generated from operations has been sufficient to finance operating expenditures and non-acquisition related capital expenditures. Based on our anticipated levels of operations and absent any disruptive events, we believe that internally generated cash flow, primarily from distributions received from the Partnership and borrowings available under our senior secured credit facility should provide sufficient resources to finance our operations, non-acquisition related capital expenditures, long-term indebtedness obligations and collateral requirements. Our future cash flows will consist of distributions to us from our interests in the Partnership, from which we intend to make quarterly cash dividends to our stockholders from available cash.

The impact on us of changes in the Partnership's distribution levels will vary depending on several factors, including the Partnership's total outstanding partnership interests on the record date for the distribution, the aggregate cash distributions made by the Partnership and the interests in the Partnership owned by us. If the Partnership increases distributions to its unitholders, including us, we would expect to increase dividends to our stockholders, although the timing and amount of such increased dividends, if any, will not necessarily be comparable to the timing and amount of the increase in distributions made by the Partnership. In addition, the level of distributions we receive and of dividends we pay to our stockholders may be affected by the various risks associated with an investment in us and the underlying business of the Partnership. Please read "Item 1A. Risk Factors" in this Quarterly Report and our Annual Report for the year ended December 31, 2010 for more information about the risks that may impact your investment in us.

A significant portion of the Partnership's capital resources are utilized in the form of cash and letters of credit to satisfy counterparty collateral demands. These counterparty collateral demands reflect our non-investment grade status, as assigned to us and the Partnership by Moody's Investors Service, Inc. and Standard & Poor's Corporation, and counterparties' views of our financial condition and ability to satisfy our performance obligations, as well as commodity prices and other factors. At March 31, 2011, we had no outstanding letter of credit postings and the Partnership had \$113.6 million.

*Working Capital.* Working capital is the amount by which current assets exceed current liabilities. The Partnership's working capital requirements are primarily driven by changes in accounts receivable and accounts payable. These changes are impacted by changes in the prices of commodities that the Partnership buys and sells. In general, the Partnership's working capital requirements increase in periods of rising commodity prices and decrease in periods of declining commodity prices. However, the Partnership's working capital needs do not necessarily change at the same rate as commodity prices because both accounts receivable and accounts payable are impacted by the same commodity prices. In addition, the timing of payments received by the Partnership's customers or paid to its suppliers can also cause fluctuations in working capital because the Partnership settles with most of its larger suppliers and customers on a monthly basis and often near the end of the month. The Partnership expects that its future working capital requirements will be impacted by these same factors. The Partnership's cash flows provided by operating activities will be sufficient to meet its operating requirements for the next twelve months.

**Cash Flow**

The following table and discussion summarize our consolidated cash flows provided by or used in operating activities, investing activities and financing activities for the periods indicated:

	<b>Three Months Ended March</b>		<b>2011 vs. 2010</b>	
	<b>31,</b>			
	<b>2011</b>	<b>2010</b>	<b>\$ Change</b>	<b>% Change</b>
	<b>(In millions)</b>			
Net cash provided by (used in):				
Operating activities	\$ 70.1	\$ 76.0	\$ (5.9)	(8%)
Investing activities	(90.4)	(17.6)	(72.8)	414%
Financing activities	(20.4)	(5.2)	(15.2)	292%

*Operating Activities*

The changes in net cash provided by operating activities are attributable to our consolidated net income adjusted for non-cash charges as presented in the Consolidated Statements of Cash Flows included in our historical consolidated financial statements and related notes thereto included in this Quarterly Report and changes in working capital as discussed above under “—Liquidity and Capital Resources —Working Capital.” We expect our cash flows provided by operating activities will be sufficient to meet our operating requirements for the next twelve months.

For the three months ended March 31, 2011 compared to 2010, net cash provided by operating activities decreased \$5.9 million. The primary drivers of the change in net cash provided by operating activities are the following:

- a decrease in the change of operating assets and liabilities of \$34.3 million, driven by lower receivable, inventory and payable balances in 2011,
- a \$2.1 million negative change in net earnings of unconsolidated investments, driven by no distributions from unconsolidated affiliates in the first three months of 2011 as excess operating cash flow was used for expansion projects,
- net losses on debt repurchase and extinguishments on our Holdco Loan facility in 2010 of \$11.5 million,
- payments of interest on our Holdco Loan facility decreased by \$22.1 million due to debt repurchases in 2010, and
- increase of net income of \$4.9 million.

Please see “—Results of Operations—Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010” for a discussion of material items that impacted our net income.

*Investing Activities*

Net cash used in investing activities increased by \$72.8 million for the three months ended March 31, 2011 compared to 2010. The increase was primarily driven by the Partnership’s acquisition of the Channelview Terminaling Facility for \$29.0 million, a \$25.3 million increase in Partnership expansion capital projects in gathering and processing and in fractionation. We also invested \$4.4 million of equity contributions associated with the expansion at Gulf Coast Fractionators.

## *Financing Activities*

Net cash used in financing activities increased \$15.2 million for the three months ended March 31, 2011 compared to 2010. The increase in net cash used in financing activities was driven by two primary factors, distributions and dividends and changes in equity offerings and financing activities of the Partnership. For the three months ended March 31, 2011, compared to 2010, the Partnership incurred a \$16.9 million increase in distributions to third party unitholders, and we paid to our stockholders \$2.6 million in dividends in February 2011. Net proceeds from the Partnership's public offerings, issuance of its senior notes and net borrowings under its credit facility changed from net repayments of \$18.2 million in the first quarter of 2010 to net proceeds of \$37.7 million for the first quarter of 2011.

The Partnership's primary financing activities that occurred during the first quarter of 2011 were:

- On January 24, 2011, it completed a public offering of 8,000,000 common units representing limited partner interests in the Partnership under an existing shelf registration statement on Form S-3 at a price of \$33.67 per common unit (\$32.41 per common unit, net of underwriting discounts), providing net proceeds of \$259.3 million. Pursuant to the exercise of the underwriters' overallotment option, on February 3, 2011 the Partnership issued an additional 1,200,000 common units, providing net proceeds of approximately \$38.8 million. In addition, we contributed \$6.3 million for 187,755 general partner units to maintain our 2% general partner interest in the Partnership. The Partnership used the net proceeds from the offering to reduce borrowings under its senior secured credit facility.
- On February 2, 2011, the Partnership closed a private placement of \$325.0 million in aggregate principal amount of the 6% Notes resulting in net proceeds of \$319.0 million.
- On February 4, 2011, the Partnership exchanged an additional \$158.6 million principal amount of its 6% Notes for \$158.6 million aggregate principal amount of its 11¼% Notes. In conjunction with the exchange the Partnership paid a cash premium of \$28.6 million including \$0.9 million of accrued interest.

Net cash from the completion of the unit offering and the note offering less cash paid in connection with the exchange offer was used to reduce outstanding borrowings under the Partnership's senior secured credit facility by \$595.2 million.

## Cash Distributions

The following table shows the historical distributions of the Partnership to us for 2011 and 2010 with respect of our 2% general partner interest, the associated IDRs and actual common units that we held during the periods indicated along with dividends declared by us to our shareholders for the same periods. The amount of these Partnership distributions available for distribution to us and the Partnership's shareholders will be after reserves are established for the Partnership's capital contributions, debt service requirements, general, administrative and other expenses, future distributions and other miscellaneous uses of cash:

Date Paid	For the Three Months Ended	Cash Distribution Per Limited Partner Unit	Cash Distributions				Dividend Declared Per TRC Common Share
			Limited Partners Units	General Partner Interest	IDRs	Distributions to Targa Resources Corp. (1)	
(In millions, except per unit amounts)							
May 13, 2011 (2)	March 31, 2011	\$ 0.5575	\$ 6.5	\$ 1.1	\$ 6.8	\$ 14.4	\$ 0.27250 (3)
February 14, 2011	December 31, 2010	0.5475	6.4	1.1	6.0	13.5	0.06160 (4)
November 12, 2010	September 30, 2010	0.5375	6.3	0.9	4.6	11.8	N/A
August 13, 2010	June 30, 2010	0.5275	6.1	0.8	3.5	10.4	N/A
May 14, 2010	March 31, 2010	0.5175	6.0	0.8	2.8	9.6	N/A
February 12, 2010	December 31, 2009	0.5175	10.4	0.8	2.8	14.0	N/A

(1) Distributions to Targa are comprised of amounts attributable to Targa's (i) limited partner units, (ii) general partner units, and (iii) IDRs.

(2) To be paid May 13, 2011.

(3) To be paid May 17, 2011.

(4) Represents a prorated dividend for the portion of the fourth quarter of 2010 that the Company was public.

## Capital Requirements

The following table lists gross additions to property, plant and equipment, cash flows used in property, plant and equipment additions and the difference, which is primarily settled accruals and non-cash additions:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Gross additions to property, plant and equipment	\$ 79.1	\$ 19.0
Change in accruals	6.9	0.5
Cash expenditures	\$ 86.0	\$ 19.5

The midstream energy business can be capital intensive, requiring significant investment to maintain and upgrade existing operations. A significant portion of the cost of constructing new gathering lines to connect to the Partnership's gathering system is generally paid for by the natural gas producer. However, the Partnership expects to make significant expenditures during the next year for the construction of additional natural gas gathering and processing infrastructure and to enhance the value of its natural gas logistics and marketing assets.

We categorize capital expenditures as either: (i) maintenance expenditures or (ii) expansion expenditures. Maintenance 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 is worn, obsolete or completing its useful life, the addition of new sources of natural gas supply to our systems to replace natural gas production declines and expenditures to remain in compliance with environmental laws and regulations. Expansion expenditures improve the service capability of the existing assets, extend asset useful lives, increase capacities from existing levels, add capabilities, reduce costs or enhance revenues.

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(In millions)</b>	
Capital expenditures		
Expansion	\$ 66.0	\$ 7.3
Maintenance	13.1	11.7
	<u>\$ 79.1</u>	<u>\$ 19.0</u>

The Partnership estimates that its total capital expenditures for 2011 will be approximately \$285.0 million gross and \$250.0 million net of non-controlling interest share and reimbursements. The Partnership also estimate that of the \$250.0 million net capital expenditures, approximately 20-25% will be for maintenance. Given the Partnership's objective of growth through acquisitions, expansions of existing assets and other internal growth projects, the Partnership anticipates that over time they will invest significant amounts of capital to grow and acquire assets. Expansion capital expenditures may vary significantly based on investment opportunities.

The Partnership expects to fund future capital expenditures with funds generated from its operations, borrowings under its senior secured revolving credit facility, the issuance of additional partnership units and debt offerings.

### Non-GAAP Financial Measures

The following tables reconcile the non-GAAP financial measures of the Partnership used by management to their most directly comparable GAAP measures for the three months ended March 31, 2011 and 2010:

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(In millions)</b>	
<b>Reconciliation of Targa Resources Partners LP</b>		
<b>gross margin and operating margin to net income:</b>		
Gross margin	\$ 213.9	\$ 185.9
Operating expenses	(65.9)	(62.2)
Operating margin	<u>148.0</u>	<u>123.7</u>
Depreciation and amortization expenses	(42.7)	(42.0)
General and administrative expenses	(31.8)	(25.0)
Interest expense, net	(27.5)	(31.0)
Income tax expense	(1.8)	(1.5)
Other, net	1.5	25.7
Targa Resources Partners LP Net income	<u>\$ 45.7</u>	<u>\$ 49.9</u>

**Three Months Ended March 31,**  

<b>2011</b>	<b>2010</b>
<b>(In millions)</b>	

**Reconciliation of net cash provided by Targa Resources Partners LP operating activities to Adjusted EBITDA:**

Net cash provided by operating activities	\$	98.6	\$	120.4
Net income attributable to noncontrolling interests		(7.9)		(7.3)
Interest expense, net (1)		25.7		14.2
Current income tax expense		1.4		0.8
Other (2)		(2.0)		(2.5)
Changes in operating assets and liabilities which used (provided) cash:				
Accounts receivable and other assets		(71.3)		(87.4)
Accounts payable and other liabilities		62.9		59.3
Targa Resources Partners LP Adjusted EBITDA	\$	107.4	\$	97.5

(1) Net of amortization of debt issuance costs, discount and premium included in interest expense of \$1.8 million and \$1.2 million for the three months ended March 31, 2011 and 2010. Excludes affiliate and allocated interest expense.

(2) Includes equity earnings from unconsolidated investments – net of distributions, accretion expense associated with asset retirement obligations, amortization of stock based compensation and gain (loss) on sale of assets.

**Three Months Ended March 31,**  

<b>2011</b>	<b>2010</b>
<b>(In millions)</b>	

**Reconciliation of net income (loss) attributable to Targa Resources Partners LP to Adjusted EBITDA:**

Net income attributable to Targa Resources Partners LP	\$	37.8	\$	42.6
Add:				
Interest expense, net (1)		27.5		31.0
Income tax expense		1.8		1.5
Depreciation and amortization expenses		42.7		42.0
Risk management activities		0.2		(17.2)
Noncontrolling interests adjustment		(2.6)		(2.4)
Targa Resources Partners LP Adjusted EBITDA	\$	107.4	\$	97.5

(1) Includes affiliate and allocated interest expense.

**Critical Accounting Policies and Estimates**

Our critical accounting policies and estimates are set forth in Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report. There have been no material changes to these policies and estimates during the three months ended March 31, 2011.



### Item 3. Quantitative and Qualitative Disclosures About Market Risk

For an in-depth discussion of market risks, see “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report.

The Partnership’s principal market risks are its exposure to changes in commodity prices, particularly to the prices of natural gas and NGLs, changes in interest rates, as well as nonperformance by its customers. Neither we nor the Partnership use risk sensitive instruments for trading purposes.

*Commodity Price Risk.* A majority of the Partnership’s revenues are derived from percent-of-proceeds contracts under which it receives a portion of the natural gas and/or NGLs or equity volumes, as payment for services. The prices of natural gas and NGLs are subject to fluctuations in response to changes in supply, demand, market uncertainty and a variety of additional factors beyond the Partnership’s control. The Partnership monitors these risks and enters into hedging transactions designed to mitigate the impact of commodity price fluctuations on its 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. For an in-depth discussion of our hedging strategies, see “Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Commodity Price Risk” in our Annual Report.

The Partnership has tailored its hedges to generally match the NGL product composition and the NGL and natural gas delivery points to those of its physical equity volumes. The NGL hedges cover specific NGL products based upon the expected equity NGL composition. The Partnership believes this strategy avoids uncorrelated risks resulting from employing hedges on crude oil or other petroleum products as “proxy” hedges of NGL prices. The NGL hedges’ fair values are based on published index prices for delivery at Mont Belvieu through 2013, except for the price of isobutane in 2012, which is based on the ending 2011 pricing. The natural gas hedges’ fair values are based on published index prices for delivery at WAHA, Permian Basin and Mid-Continent, which closely approximate the actual NGL and natural gas delivery points. A portion of the Partnership’s condensate sales are hedged using crude oil hedges that are based on the NYMEX futures contracts for West Texas Intermediate light, sweet crude.

These commodity price hedging transactions are typically 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. The Partnership’s payment obligations in connection with substantially all of these hedging transactions and any additional credit exposure due to a rise in natural gas and NGL prices relative to the fixed prices set forth in the hedges, are currently secured by a first priority lien in the collateral securing its senior secured indebtedness that ranks equal in right of payment with liens granted in favor of its senior secured lenders. Absent new federal regulations resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act, and as long as this first priority lien is in effect, we expect to have no obligation to post cash, letters of credit or other additional collateral to secure these hedges at any time, even if our counterparty’s exposure to our credit increases over the term of the hedge as a result of higher commodity prices or because there has been a change in our creditworthiness. A purchased put (or floor) transaction does not create credit exposure to the Partnership for the Partnership’s counterparties.

For all periods presented, the Partnership has entered into hedging arrangements for a portion of its forecasted equity volumes. Floor volumes and floor pricing are based solely on purchased puts (or floors). During the three months ended March 31, 2011 and 2010, the Partnership’s operating revenues were decreased by net hedge adjustments on commodity derivative contracts of \$4.4 million and \$3.0 million.

As of March 31, 2011, the Partnership had the following hedge arrangements which will settle during the years ending December 31, 2011 through 2014 (except as indicated otherwise, the 2011 volumes reflect daily volumes for the period from April 1, 2011 through December 31, 2011):

<b>Natural Gas</b>						
<b>Instrument Type</b>	<b>Index</b>	<b>Price \$/MMBtu</b>	<b>MMBtu per day</b>			<b>Fair Value (In millions)</b>
			<b>2011</b>	<b>2012</b>	<b>2013</b>	
Swap	IF-WAHA	6.29	23,750			\$ 12.2
Swap	IF-WAHA	6.61		14,850		9.6
Swap	IF-WAHA	5.28			7,230	0.3
<b>Total Swaps</b>			<b>23,750</b>	<b>14,850</b>	<b>7,230</b>	
Swap	IF-PB	4.58	6,565			0.5
Swap	IF-PB	4.98		10,200		0.7
Swap	IF-PB	5.23			7,084	0.3
<b>Total Swaps</b>			<b>6,565</b>	<b>10,200</b>	<b>7,084</b>	
Swap	IF-NGPL MC	5.66	8,155			2.9
Swap	IF-NGPL MC	6.03		6,740		3.1
Swap	IF-NGPL MC	4.89			2,775	(0.2)
<b>Total Swaps</b>			<b>8,155</b>	<b>6,740</b>	<b>2,775</b>	
<b>Total Sales</b>			<b>38,470</b>	<b>31,790</b>	<b>17,089</b>	
<b>Natural Gas Basis Swaps</b>						
Basis Swaps	Various Indexes, Maturities January 2011-Dec 2012					0.2
						<b>\$ 29.6</b>

<b>NGL</b>						
<b>Instrument Type</b>	<b>Index</b>	<b>Price \$/Gal</b>	<b>Barrels per day</b>			<b>Fair Value (In millions)</b>
			<b>2011</b>	<b>2012</b>	<b>2013</b>	
Swap	OPIS-MB	0.92	10,118			\$ (30.8)
Swap	OPIS-MB	0.91		8,611		(21.3)
Swap	OPIS-MB	0.98			4,150	(9.5)
<b>Total Swaps</b>			<b>10,118</b>	<b>8,611</b>	<b>4,150</b>	
Floor	OPIS-MB	1.44	253			0.2
Floor	OPIS-MB	1.43		294		0.7
<b>Total Floors</b>			<b>253</b>	<b>294</b>	<b>-</b>	
<b>Total Sales</b>			<b>10,371</b>	<b>8,905</b>	<b>4,150</b>	
						<b>\$ (60.7)</b>

<b>Condensate</b>							
<b>Instrument Type</b>	<b>Index</b>	<b>Price \$/Bbl</b>	<b>Barrels per day</b>				<b>Fair Value (In millions)</b>
			<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
Swap	NY-WTI	86.31	1,630				\$ (9.7)
Swap	NY-WTI	88.60		1,460			(9.4)
Swap	NY-WTI	91.49			1,595		(6.7)
Swap	NY-WTI	90.03				700	(2.8)
<b>Total Sales</b>			<b>1,630</b>	<b>1,460</b>	<b>1,595</b>	<b>700</b>	
							<b>\$ (28.6)</b>

These contracts may expose the Partnership to the risk of financial loss in certain circumstances. Its hedging arrangements provide 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, the Partnership will receive less revenue on the hedged volumes than it would receive in the absence of hedges.

The Partnership accounts for the fair value of its financial assets and liabilities using a three-tier fair value hierarchy, which prioritizes the significant inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The value of the NGL derivative contracts is determined utilizing a discounted cash flow model for swaps and a standard option pricing model for options, based on inputs that are readily available in public markets. For the NGL contracts that have inputs from quoted prices, the classification of these instruments is Level 2 within the fair value hierarchy. For those NGL contracts which we are unable to obtain quoted prices for the full term of the commodity swap and options, the NGL valuations are classified as Level 3 within the fair value hierarchy.

**Interest Rate Risk.** We and the Partnership are exposed to changes in interest rates. We are exposed to interest rate changes due to our variable rate Holdco Loan facility. The Partnership is exposed to interest rate changes as a result of variable rate borrowings under the senior secured revolving credit facility of the Partnership. To the extent that interest rates increase, interest expense for our Holdco Loan facility and the Partnership's revolving debt will also increase. As of March 31, 2011, we had variable rate borrowings of \$89.3 million outstanding and the Partnership had variable rate borrowings of \$201.3 million outstanding. In an effort to reduce the variability of its cash flows, the Partnership has entered into several interest rate swap and interest rate basis swap agreements. Under these agreements, the base interest rate on the specified notional amount of its variable rate debt is effectively fixed for the term of each agreement and ineffectiveness is required to be measured each reporting period for those contracts designated as hedging instruments.

All interest rate swaps and interest rate basis swaps had been designated as cash flow hedges of variable rate interest payments on borrowings under the Partnership's credit facility until February 11, 2011, when the Partnership de-designated \$125.0 million notional principal of fixed interest rate swaps and \$25.0 million notional principal of interest rate basis swaps. There is an immaterial impact to earnings in the first quarter of 2011 as a result of the de-designation. The de-designated swaps will receive mark-to-market treatment, with changes in fair value recorded immediately to interest expense. The Partnership de-designated the swaps as its borrowings under its credit facility reduced below \$300.0 million, which is the total notional amount of the Partnership's fixed interest rate swaps.

As of March 31, 2011, the Partnership had the following open interest rate swaps:

Period	Fixed Rate	Notional Amount	Fair Value
(\$ in millions)			
Remainder of 2011	3.52%	\$ 300	\$ (7.3)
2012	3.40%	300	(5.9)
2013	3.39%	300	(3.6)
1/1/2014 - 4/24/2014	3.39%	300	(0.6)
			<u>\$ (17.4)</u>

A hypothetical change of 100 basis points in the underlying interest rate, after taking into account the Partnership's interest rate swaps, would impact the Partnership's annual interest expense by \$1.0 million and would impact the TRC Non-Partnership annual interest expense by \$0.9 million.

### Counterparty Risk – Credit and Concentration

**Credit Risk.** The Partnership is subject to risk of losses resulting from nonpayment or nonperformance by its 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) of each counterparty at the reporting date. Should the creditworthiness of one or more of the counterparties decline, the Partnership's 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, the Partnership may sustain a loss and its cash receipts could be negatively impacted.

As of March 31, 2011, affiliates of Barclays PLC (“Barclays”), Credit Suisse Group AG (“Credit Suisse”) and BP PLC (“BP”) accounted for 67%, 11% and 11% of the Partnership’s counterparty credit exposure related to commodity derivative instruments. Barclays and Credit Suisse are major financial institutions and BP is a major oil and gas company. These entities possess investment grade credit ratings based upon minimum credit ratings assigned by Moody’s and Standard & Poor’s Corporation.

*Customer Credit Risk.* The Partnership extends credit to customers and other parties in the normal course of business. The Partnership has established various procedures to manage its credit exposure, including initial credit approvals, credit limits and terms, letters of credit and rights of offset. The Partnership also uses prepayments and guarantees to limit credit risk to ensure that its established credit criteria are met.

#### **Item 4. Controls and Procedures.**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, under the supervision of and 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 by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2011, our disclosure controls and procedures were designed at the reasonable assurance level and, as of the end of the period covered by this report, our disclosure controls and procedures are effective at the reasonable assurance level to provide 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 Securities and Exchange Commission and (ii) accumulated and communicated to management, including our principal executive officer and principal financial officer, to allow for timely decisions regarding required disclosure.

##### **Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting during the three months ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION****Item 1. Legal Proceedings.**

The information required for this item is provided in Note 10 – Commitments and 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 “Item 1A. Risk Factors” in 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.**

Not applicable.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. (Removed and reserved.)****Item 5. Other Information.**

Not applicable.

**Item 6. Exhibits.****Exhibit****Number    Description**

- |     |   |
|-----|---|
| 3.1 | 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)).   |
| 3.2 | Amended and Restated Bylaws 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)).   |
| 3.3 | Certificate of Limited Partnership of Targa Resources Partners LP (incorporated by reference to Exhibit 3.2 to Targa Resources Partners LP’s Registration Statement on Form S-1 filed November 16, 2006 (File No. 333-138747)).   |
| 3.4 | Certificate of Formation of Targa Resources GP LLC (incorporated by reference to Exhibit 3.3 to Targa Resources Partners LP’s Registration Statement on Form S-1/A filed January 19, 2007 (File No. 333-138747)).   |
| 3.5 | First Amended and Restated Agreement of Limited Partnership of Targa Resources Partners LP (incorporated by reference to Exhibit 3.1 to Targa Resources Partners LP’s current report on Form 8-K filed February 16, 2007 (File No. 001-33303)).   |
| 3.6 | Amendment No. 1, dated May 13, 2008, to the First Amended and Restated Agreement of Limited Partnership of Targa Resources Partners LP (incorporated by reference to Exhibit 3.5 to Targa Resources Partners LP’s Quarterly Report on Form 10-Q filed May 14, 2008 (File No. 001-33303)). |
| 3.7 | Limited Liability Company Agreement of Targa Resources GP LLC (incorporated by reference to Exhibit 3.4 to Targa Resources Partners LP’s Registration Statement on Form S-1/A filed January 19, 2007 (File No. 333-138747)).  |

- 3.8 Amended and Restated Certificate of Incorporation of Targa Resources, Inc. (incorporated by reference to Exhibit 3.1 to Targa Resources, Inc.'s Registration Statement on Form S-4 filed October 31, 2007 (File No. 333-147066)).
- 3.9 Amendment to Amended and Restated Certificate of Incorporation of Targa Resources, Inc. (incorporated by reference to Exhibit 3.9 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 25, 2011 (File No. 001-33303)).
- 3.10 Amended and Restated Bylaws of Targa Resources, Inc. (incorporated by reference to Exhibit 3.2 to Targa Resources, Inc.'s Registration Statement on Form S-4 filed October 31, 2007 (File No. 333-147066)).
- 4.1 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)).
- 10.1\*\* Amended and Restated Registration Rights Agreement dated as of October 31, 2005.
- 10.2 Purchase Agreement dated January 19, 2011 by and among the Issuers, the Guarantors and Deutsche Bank Securities Inc., as representative of the several Initial Purchasers (incorporated by reference to Exhibit 1.2 to Targa Resources Partners LP's Current Report on Form 8-K filed January 24, 2011 (File No. 001-33303)).
- 10.3 Indenture dated February 2, 2011 among the Issuers, the Guarantors and U.S. Bank National Association, as trustee thereto (incorporated by reference to Exhibit 4.1 to Targa Resources Partners LP's Current Report on Form 8-K filed February 2, 2011 (File No. 001-33303)).
- 10.4 First Supplemental Indenture dated February 2, 2011 to Indenture dated July 6, 2009, among Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.3 to Targa Resources Partners LP's Current Report on Form 8-K filed February 2, 2011 (File No. 001-33303)).
- 10.5 Registration Rights Agreement dated February 2, 2011 among the Issuers, the Guarantors, Deutsche Bank Securities Inc., as representative of the several initial purchasers, and the Dealer Managers (incorporated by reference to Exhibit 4.2 to Targa Resources Partners LP's Current Report on Form 8-K filed February 2, 2011 (File No. 001-33303)).
- 10.6 Supplemental Indenture dated April 8, 2011 to Indenture dated June 18, 2008, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.4 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).
- 10.7 Supplemental Indenture dated April 8, 2011 to Indenture dated July 6, 2009, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.5 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).
- 10.8 Supplemental Indenture dated April 8, 2011 to Indenture dated August 13, 2010, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.6 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).
- 10.9 Supplemental Indenture dated April 8, 2011 to Indenture dated February 2, 2011, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.7 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).

- 10.10+ Targa Resources Corp. 2011 Annual Incentive Compensation Plan (incorporated by reference to Exhibit 10.27 to Targa Resources Partners LP's Annual Report on Form 10-K filed February 25, 2011 (File No. 001-33303)).
  - 10.11+ Form of Targa Resources Corp. 2011 Restricted Stock Agreement – 2011 (incorporated by reference to Exhibit 10.2 of Targa Resources Corp.'s Current Report on Form 8-K filed February 18, 2011 (File No. 001-34991)).
  - 10.12+ Form of Targa Resources Partners LP Performance Unit Grant Agreement — 2011 (incorporated by reference to Exhibit 10.2 to Targa Resources Partners LP's Current Report on Form 8-K filed February 18, 2011) (File No. 001-33303)).
  - 11.1\*\* Statement re computation of per share earnings.
  - 31.1\*\* Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
  - 31.2\*\* Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
  - 32.1\*\* 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.
  - 32.2\*\* 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.
- \*\* Filed 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)

By: /s/ Matthew J. Meloy

Matthew J. Meloy

Senior Vice President, Chief Financial Officer and Treasurer

(Authorized Officer and Principal Financial Officer)

Date: May 6, 2011



## Exhibit Index

<b>Exhibit Number</b>	<b>Description</b>
3.1	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)).
3.2	Amended and Restated Bylaws 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)).
3.3	Certificate of Limited Partnership of Targa Resources Partners LP (incorporated by reference to Exhibit 3.2 to Targa Resources Partners LP's Registration Statement on Form S-1 filed November 16, 2006 (File No. 333-138747)).
3.4	Certificate of Formation of Targa Resources GP LLC (incorporated by reference to Exhibit 3.3 to Targa Resources Partners LP's Registration Statement on Form S-1/A filed January 19, 2007 (File No. 333-138747)).
3.5	First Amended and Restated Agreement of Limited Partnership of Targa Resources Partners LP (incorporated by reference to Exhibit 3.1 to Targa Resources Partners LP's current report on Form 8-K filed February 16, 2007 (File No. 001-33303)).
3.6	Amendment No. 1, dated May 13, 2008, to the First Amended and Restated Agreement of Limited Partnership of Targa Resources Partners LP (incorporated by reference to Exhibit 3.5 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 14, 2008 (File No. 001-33303)).
3.7	Limited Liability Company Agreement of Targa Resources GP LLC (incorporated by reference to Exhibit 3.4 to Targa Resources Partners LP's Registration Statement on Form S-1/A filed January 19, 2007 (File No. 333-138747)).
3.8	Amended and Restated Certificate of Incorporation of Targa Resources, Inc. (incorporated by reference to Exhibit 3.1 to Targa Resources, Inc.'s Registration Statement on Form S-4 filed October 31, 2007 (File No. 333-147066)).
3.9	Amendment to Amended and Restated Certificate of Incorporation of Targa Resources, Inc. (incorporated by reference to Exhibit 3.9 to Targa Resources Corp.'s Annual Report on Form 10-K filed February 25, 2011 (File No. 001-33303)).
3.10	Amended and Restated Bylaws of Targa Resources, Inc. (incorporated by reference to Exhibit 3.2 to Targa Resources, Inc.'s Registration Statement on Form S-4 filed October 31, 2007 (File No. 333-147066)).
4.1	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)).
10.1**	Amended and Restated Registration Rights Agreement dated as of October 31, 2005.
10.2	Purchase Agreement dated January 19, 2011 by and among the Issuers, the Guarantors and Deutsche Bank Securities Inc., as representative of the several Initial Purchasers (incorporated by reference to Exhibit 1.2 to Targa Resources Partners LP's Current Report on Form 8-K filed January 24, 2011 (File No. 001-33303)).
10.3	Indenture dated February 2, 2011 among the Issuers, the Guarantors and U.S. Bank National Association, as trustee thereto (incorporated by reference to Exhibit 4.1 to Targa Resources Partners LP's Current Report on Form 8-K filed February 2, 2011 (File No. 001-33303)).

- 10.4 First Supplemental Indenture dated February 2, 2011 to Indenture dated July 6, 2009, among Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.3 to Targa Resources Partners LP's Current Report on Form 8-K filed February 2, 2011 (File No. 001-33303)).
- 10.5 Registration Rights Agreement dated February 2, 2011 among the Issuers, the Guarantors, Deutsche Bank Securities Inc., as representative of the several initial purchasers, and the Dealer Managers (incorporated by reference to Exhibit 4.2 to Targa Resources Partners LP's Current Report on Form 8-K filed February 2, 2011 (File No. 001-33303)).
- 10.6 Supplemental Indenture dated April 8, 2011 to Indenture dated June 18, 2008, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.4 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).
- 10.7 Supplemental Indenture dated April 8, 2011 to Indenture dated July 6, 2009, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.5 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).
- 10.8 Supplemental Indenture dated April 8, 2011 to Indenture dated August 13, 2010, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.6 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).
- 10.9 Supplemental Indenture dated April 8, 2011 to Indenture dated February 2, 2011, among Targa Terminals LLC, a subsidiary of Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.7 to Targa Resources Partners LP's Quarterly Report on Form 10-Q filed May 6, 2011 (File No. 001-33303)).
- 10.10+ Targa Resources Corp. 2011 Annual Incentive Compensation Plan (incorporated by reference to Exhibit 10.27 to Targa Resources Partners LP's Annual Report on Form 10-K filed February 25, 2011 (File No. 001-33303)).
- 10.11+ Form of Targa Resources Corp. 2011 Restricted Stock Agreement – 2011 (incorporated by reference to Exhibit 10.2 of Targa Resources Corp.'s Current Report on Form 8-K filed February 18, 2011 (File No. 001-34991)).
- 10.12+ Form of Targa Resources Partners LP Performance Unit Grant Agreement — 2011 (incorporated by reference to Exhibit 10.2 to Targa Resources Partners LP's Current Report on Form 8-K filed February 18, 2011) (File No. 001-33303)).
- 11.1\*\* Statement re computation of per share earnings.
- 31.1\*\* Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
- 31.2\*\* Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
- 32.1\*\* 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.
- 32.2\*\* 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.
- \*\* Filed herewith
- + Management contract or compensatory plan or arrangement

## AMENDED AND RESTATED

## REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of October 31, 2005, is by and among Targa Resources Investments Inc., a Delaware corporation (the "Company"), and each of the parties listed on Annex A (the "Initial Stockholders", and as such Annex A is updated and amended pursuant to Section 12(c) hereof, the "Stockholders").

Whereas, prior to the date hereof, Warburg Pincus Netherlands Private Equity VIII II C.V. ("WP Netherlands VIII II") agreed to transfer all assets and liabilities and all rights and obligations held by or on behalf of WP Netherlands VIII II as a going concern to or for the benefit of Warburg Pincus Netherlands Private Equity VIII I C.V. ("WP Netherlands VIII I"), including all shares of capital stock of Targa Resources, Inc., a Delaware corporation ("Targa"), formerly held by WP Netherlands VIII II.

Whereas, certain of the Initial Stockholders are a party to an Amended and Restated Registration Rights Agreement dated April 16, 2004 among Targa and the parties listed on Annex A thereto (the "Original Registration Rights Agreement").

Whereas, in connection with the reorganization of Targa and the reclassification of securities of the Company, the securities of Targa formerly held by certain of the Initial Stockholders have been converted into securities of the Company.

Whereas, certain securities of the Company are being issued to certain of the Initial Stockholders on the date hereof.

Whereas, the Initial Stockholders and the Company are parties to an Amended and Restated Stockholders' Agreement of even date herewith (the "Stockholders' Agreement").

Whereas, the Initial Stockholders have requested, and the Company has agreed to provide, registration rights with respect to the Registrable Securities (as hereinafter defined), as set forth in this Agreement.

Whereas, this Agreement is intended to amend and restate and supercede and replace the Original Registration Rights Agreement.

Now, therefore, the Original Registration Rights Agreement is hereby amended and restated in its entirety as follows, is hereby superceded in its entirety by this Agreement and is hereby of no further force or effect; and

Now, therefore, for and in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

---

Section 1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Common Stock” shall mean shares of common stock of the Company or any of its successors and assigns, as well as any other securities that may be issued in respect of, in exchange for or in substitution of any such shares of common stock by reason of any dividend, split, reverse split, combination, distribution, reclassification, recapitalization, restructuring, merger, consolidation, restructuring, securities exchange, reorganization or other transaction.

“Company” shall have the meaning set forth in the preface.

“Demand Notice” shall have the meaning set forth in Section 3 hereof.

“Demand Registration” shall have the meaning set forth in Section 3 hereof.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Initial Public Offering” shall mean the initial offering by the Company of Common Stock to the public pursuant to an effective registration statement under the Securities Act.

“Initial Stockholders” shall have the meaning set forth in the preface.

“Losses” shall have the meaning set forth in Section 8 hereof.

“Management Stockholders” shall mean those parties identified as such on the signature pages hereto or in the applicable Addendum Agreement.

“Merrill Lynch” shall mean Merrill Lynch Ventures L.P. 2001.

“Partner Distribution” shall have the meaning set forth in Section 3 hereof.

“Person” or “person” shall mean an individual, partnership, corporation, limited partnership, limited liability company, foreign limited liability company, trust, estate, corporation, custodian, trustee-executor, administrator, nominee or entity in a representative capacity.

“Piggyback Notice” shall have the meaning set forth in Section 4 hereof.

“Piggyback Registration” shall have the meaning as set forth in Section 4 hereof.

“Proceeding” shall mean an action, claim, suit, arbitration or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” shall mean the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement, and all other amendments and supplements to such prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

---

“Qualified Holder” shall mean each of Warburg Pincus Private Equity VIII, L.P., Warburg Pincus Netherlands Private Equity VIII I, C.V., Warburg Pincus Germany Private Equity VIII, K.G., Warburg Pincus Private Equity IX, L.P. or any Stockholder that acquires Registrable Securities directly or indirectly from any of the foregoing entities and with whom any of the such foregoing entities has agreed in writing (a copy of which writing has been received by the Company) shall be entitled to make a demand under Section 3 hereof.

“Qualified Public Offering” shall mean any firm commitment underwritten offering by the Company of Common Stock to the public pursuant to an effective registration statement under the Securities Act (i) for which the aggregate cash proceeds to be received by the Company from such offering (without deducting underwriting discounts, expenses, and commissions) are at least \$35,000,000, and (ii) pursuant to which the Common Stock is listed for trading on the New York Stock Exchange or is admitted to trading and quoted on the NASDAQ National Market System.

“Registrable Securities” shall mean any shares of Common Stock issued and issuable upon conversion of outstanding shares of Series B Preferred Stock (including any shares of Common Stock issued or distributed by way of dividend, stock split or other distribution in respect of such shares) held by the Stockholders and, subject to the next succeeding sentence and Section 12(c) hereof, any successor or assign of such shares, and any shares of Common Stock acquired by any of the Stockholders after the date hereof and prior to an Initial Public Offering. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) they are sold pursuant to an effective Registration Statement under the Securities Act, (ii) they are sold pursuant to Rule 144 (or any similar provision then in force under the Securities Act) and the transferee thereof does not receive “restricted securities” as defined in Rule 144, (iii) they shall have ceased to be outstanding, (iv) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities, (v) they become eligible for resale pursuant to Rule 144(k) (or any similar rule then in effect under the Securities Act) and the holder of such securities does not then beneficially own more than 2% of such class of securities, or (vi) they become eligible for resale pursuant to Rule 144 (or any similar rule then in effect) and the holder of such securities does not then beneficially own more than 1% of such class of securities. No Registrable Securities may be registered under more than one Registration Statement at any one time.

“Registration Statement” shall mean any registration statement of the Company under the Securities Act which permits the public offering of any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

---

“Rule 144” shall mean Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

“SEC” shall mean the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

“Securities Act” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

“Series B Preferred Stock” shall mean shares of the Company’s Series B Convertible Participating Preferred Stock, par value \$0.001 per share, as well as any other securities that may be issued in respect of, in exchange for or in substitution of any such shares of Series B Preferred Stock by reason of any dividend, split, reverse split, combination, distribution, reclassification, recapitalization, restructuring, merger, consolidation, restructuring, securities exchange, reorganization or other transaction.

“Stock Purchase Agreement” shall mean that certain Stock Purchase Agreement of even date herewith among the Company and the investors listed on Annex A thereto.

“Stockholders” shall have the meaning set forth in the preface.

“Stockholders’ Agreement” shall have the meaning set forth in the preface.

“underwritten registration or underwritten offering” shall mean a registration in which securities of the Company are sold to an underwriter for reoffering to the public.

Section 2. Holders of Registrable Securities. A Person is deemed, and shall only be deemed, to be a holder of Registrable Securities whenever such Person owns Registrable Securities or has a right to acquire such Registrable Securities through its ownership of the Series B Preferred Stock and such Person is a Stockholder.

Section 3. Demand Registration.

(a) Requests for Registration. At any time after the Initial Public Offering, a Qualified Holder shall have the right by delivering a written notice to the Company (the “Demand Notice”) to require the Company to register, pursuant to the terms of this Agreement under and in accordance with the provisions of the Securities Act, the number of Registrable Securities requested to be so registered pursuant to the terms of this Agreement (a “Demand Registration”); *provided, however*, that a Demand Notice (other than with respect to a Demand Registration that constitutes a “shelf” registration) may only be made if the sale of the Registrable Securities requested to be registered by such Qualified Holder or Qualified Holders is reasonably expected to result in aggregate gross cash proceeds in excess of \$10,000,000. Following receipt of a Demand Notice for a Demand Registration, the Company shall use its reasonable best efforts to file a Registration Statement as promptly as practicable, but not later than 30 days, after such Demand Notice, and shall use its best efforts to cause such Registration Statement to be declared effective under the Securities Act as promptly as practicable after the filing thereof.

---

The Qualified Holders shall be entitled to an aggregate maximum of five Demand Registrations; *provided, however*, that Qualified Holders shall not be limited in the number of Demand Registrations that constitute “shelf” registrations as contemplated by the next sentence. After such time as the Company shall become eligible to use Form S-3 (or comparable form) for the registration under the Securities Act of any of its securities, the Qualified Holders shall be entitled to request that such Demand Registration be a “shelf” registration pursuant to Rule 415 under the Securities Act. Notwithstanding any other provisions of this Section 3, in no event shall more than one Demand Registration occur during any six-month period (measured from the effective date of the Registration Statement to the date of the next Demand Notice) or within 120 days after the effective date of a Registration Statement filed by the Company; provided that no Demand Registration may be prohibited for such 120-day period more often than once in a 12-month period.

No Demand Registration shall be deemed to have occurred for purposes of this Section 3(a) if the Registration Statement relating thereto does not become effective or is not maintained effective for the period required pursuant to this Section 3(a), in which case such requesting holder of Registrable Securities shall be entitled to an additional Demand Registration in lieu thereof.

Within ten (10) days after receipt by the Company of a Demand Notice, the Company shall give written notice (the “Notice”) of such Demand Notice to all other holders of Registrable Securities and shall, subject to the provisions of Section 3(b) hereof, include in such registration all Registrable Securities with respect to which the Company received written requests for inclusion therein within ten (10) days after such Notice is given by the Company to such holders.

All requests made pursuant to this Section 3 will specify the number of Registrable Securities to be registered and the intended methods of disposition thereof.

The Company shall be required to maintain the effectiveness of the Registration Statement with respect to any Demand Registration for a period of at least 180 days (or five years if a “shelf registration” is requested) after the effective date thereof or such shorter period in which all Registrable Securities included in such Registration Statement have actually been sold; *provided, however*, that such period shall be extended for a period of time equal to the period the holder of Registrable Securities refrains from selling any securities included in such registration at the request of an underwriter of the Company or the Company pursuant to this Agreement; and *provided, further, however*, that any Stockholder owning Common Stock that has been included on a shelf Registration Statement may request that such Common Stock be removed from such Registration Statement, in which event the Company shall promptly either withdraw such Registration Statement or file a post-effective amendment to such Registration Statement removing such Common Stock.

Notwithstanding anything contained herein to the contrary, the Company hereby agrees that (i) any Demand Registration that is a “shelf” registration pursuant to Rule 415 under the Securities Act shall contain all language (including, without limitation, on the Prospectus cover sheet, the principal stockholders’ chart and the plan of distribution) as may be requested by a holder of Registrable Securities to allow for a distribution to, and resale by, the direct and indirect partners, members or stockholders of a holder of Registrable Securities (a “Partner Distribution”) and (ii) the Company shall, at the request of any holder of Registrable Securities seeking to effect a Partner Distribution, file any Prospectus supplement or post-effective amendments and to otherwise take any action necessary to include such language, if such language was not included in the initial Registration Statement, or revise such language if deemed reasonably necessary by such holder to effect such Partner Distribution

---

(b) Priority on Demand Registration. If any of the Registrable Securities registered pursuant to a Demand Registration are to be sold in a firm commitment underwritten offering, and the managing underwriter or underwriters advise the holders of such securities in writing that in its view the total number or dollar amount of Registrable Securities proposed to be sold in such offering is such as to materially and adversely affect the success of such offering (including, without limitation, securities proposed to be included by other holders of securities entitled to include securities in such Registration Statement pursuant to incidental or piggyback registration rights), then there shall be included in such firm commitment underwritten offering the number or dollar amount of Registrable Securities that in the opinion of such managing underwriter can be sold without adversely affecting such offering, and such Registrable Securities shall be allocated pro rata among the holders of Registrable Securities requesting such registration on the basis of the percentage of the Registrable Securities requested to be included in such Registration Statement by the holders of Registrable Securities that have requested that such securities be included in the registration. In connection with any Demand Registration to which the provisions of this subsection (b) apply, no securities other than Registrable Securities shall be covered by such Demand Registration except as provided in subsection (e)(ii) hereof, and such registration shall not reduce the number of available registrations under this Section 3 in the event that the Registration Statement excludes more than 25% of the aggregate number of Registrable Securities that holders requested be included.

(c) Postponement of Demand Registration. The Company shall be entitled to postpone (but not more than once in any twelve month period), for a reasonable period of time not in excess of 60 days, the filing of a Registration Statement if the Company delivers to the holders requesting registration a certificate signed by both the President and Chief Financial Officer of the Company certifying that, in the good faith judgment of the Board of Directors of the Company, such registration and offering would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been disclosed to the public, the premature disclosure of which would materially adversely affect the Company. Such certificate shall contain a statement of the reasons for such postponement and an approximation of the anticipated delay. The holders receiving such certificate shall keep the information contained in such certificate confidential subject to the same terms set forth in Section 6(p). If the Company shall so postpone the filing of a Registration Statement, the holder who made the Demand Registration shall have the right to withdraw the request for registration by giving written notice to the Company within 20 days of the anticipated termination date of the postponement period, as provided in the certificate delivered to the holders, and in the event of such withdrawal, such request shall not be counted for purposes of the number of Demand Registrations to which such holder is entitled pursuant to the terms of this Agreement.

---



(d) Use, and Suspension of Use, of Shelf Registration Statement. If the Company has filed a “shelf” Registration Statement and has included Registrable Securities therein, the Company shall be entitled to suspend (but not more than an aggregate of 90 days in any twelve month period), for a reasonable period of time not in excess of 90 days, the offer or sale of Registrable Securities pursuant to such Registration Statement by any holder of Registrable Securities if (i) a “road show” is not then in progress with respect to a proposed offering of Registrable Securities by such holder pursuant to such Registration Statement and such holder has not executed an underwriting agreement with respect to a pending sale of Registrable Securities pursuant to such Registration Statement and (ii) the Company delivers to the holders of Registrable Securities included in such Registration Statement a certificate signed by both the President and Chief Financial Officer of the Company certifying that, in the good faith judgment of the Board of Directors of the Company, such offer or sale would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been disclosed to the public, the premature disclosure of which would materially adversely affect the Company. Such certificate shall contain a general statement of the reasons for such postponement and an approximation of the anticipated delay. The holders receiving such certificate shall keep the information contained in such certificate confidential subject to the same terms set forth in Section 6(p). IN ADDITION, A HOLDER OF REGISTRABLE SECURITIES MAY NOT UTILIZE A SHELF REGISTRATION STATEMENT TO EFFECT THE SALE OF ANY SUCH SECURITIES UNLESS SUCH HOLDER GIVES THE COMPANY AT LEAST ONE BUSINESS DAY’S, BUT NOT MORE THAN NINETY DAYS’, ADVANCE WRITTEN NOTICE OF THE DATE OR DATES OF A PROPOSED SALE OF SUCH SECURITIES BY SUCH HOLDER PURSUANT TO SUCH REGISTRATION STATEMENT (WHICH NOTICE MAY BE GIVEN AS OFTEN AS SUCH HOLDER DESIRES).

(e) Registration of Other Securities. Whenever the Company shall effect a Demand Registration pursuant to this Section 3 in connection with an underwritten offering by one or more holders of Registrable Securities, no securities other than Registrable Securities shall be included among the securities covered by such Demand Registration unless (i) the managing underwriter of such offering shall have advised each holder of Registrable Securities requesting such registration in writing that it believes that the inclusion of such other securities would not adversely affect such offering or (ii) the inclusion of such other securities is approved by the affirmative vote of the holders of at least a majority of the Registrable Securities included in such Demand Registration by the Qualified Holders requesting such Demand Registration.

#### Section 4. Piggyback Registration.

(a) Right to Piggyback. If, at any time after the Initial Public Offering, the Company proposes to file a registration statement under the Securities Act with respect to an offering of Common Stock (other than a registration statement (i) on Form S-4, Form S-8 or any successor forms thereto or (ii) filed solely in connection with an exchange offer or any employee benefit or dividend reinvestment plan), for its own account, then, each such time, the Company shall give prompt written notice of such proposed filing at least fifteen (15) days before the anticipated filing date (the “Piggyback Notice”) to all of the holders of Registrable Securities. The Piggyback Notice shall offer such holders the opportunity to include in such registration statement the number of Registrable Securities as each such holder may request (a “Piggyback Registration”). Subject to Section 4(b) hereof, the Company shall include in each such Piggyback Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after notice has been given to the applicable holder. The eligible holders of Registrable Securities shall be permitted to withdraw all or part of the Registrable Securities from a Piggyback Registration at any time prior to the effective date of such Piggyback Registration. The Company shall not be required to maintain the effectiveness of the Registration Statement for a Piggyback Registration beyond the earlier to occur of (i) 180 days after the effective date thereof and (ii) consummation of the distribution by the holders of the Registrable Securities included in such Registration Statement.

---

(b) Priority on Piggyback Registrations. The Company shall use reasonable efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit holders of Registrable Securities requested to be included in the registration for such offering to include all such Registrable Securities on the same terms and conditions as any other shares of capital stock, if any, of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such underwritten offering have informed the Company in writing that it is their good faith opinion that the total amount of securities that such holders, the Company and any other Persons having rights to participate in such registration, intend to include in such offering is such as to materially and adversely affect the success of such offering, then the amount of securities to be offered (i) for the account of holders of Registrable Securities and (ii) for the account of all such other Persons (other than the Company, the Qualified Holders, Merrill Lynch and the Management Stockholders) shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing underwriter or underwriters by first reducing, or eliminating if necessary, all securities of the Company requested to be included by such other Persons (other than the Company, the Qualified Holders, Merrill Lynch and the Management Stockholders) and then, if necessary, reducing the securities requested to be included by the holders of Registrable Securities requesting such registration pro rata among such holders on the basis of the percentage of the Registrable Securities requested to be included in such Registration Statement by such holders.

Notwithstanding anything contained herein to the contrary, the Company hereby agrees that (i) any Piggyback Registration that is a “shelf” registration pursuant to Rule 415 under the Securities Act shall contain all language (including, without limitation, on the Prospectus cover sheet, the principal stockholders’ chart and the plan of distribution) as may be requested by a holder of Registrable Securities to allow for a Partner Distribution and (ii) the Company shall, at the request of any holder of Registrable Securities seeking to effect a Partner Distribution, file any Prospectus supplement or post-effective amendments and to otherwise take any action necessary to include such language, if such language was not included in the initial Registration Statement, or revise such language if deemed reasonably necessary by such holder to effect such Partner Distribution.

Section 5. Restrictions on Public Sale by Holders of Registrable Securities. Each Stockholder agrees, in connection with the Initial Public Offering, and each holder of Registrable Securities agrees, in connection with any underwritten offering made pursuant to a Registration Statement filed pursuant to Section 3 or Section 4 hereof (whether or not such holder elected to include Registrable Securities in such Registration Statement), if requested (pursuant to a written notice) by the managing underwriter or underwriters in an underwritten offering, not to effect any public sale or distribution of any of the Company’s securities (except as part of such underwritten offering), including a sale pursuant to Rule 144, or to give any Demand Notice during the period commencing on the date of the request (which shall be no earlier than 14 days prior to the expected “pricing” of such offering) and continuing for not more than 180 days (with respect to the Initial Public Offering) or 120 days (with respect to any underwritten public offering other than the Initial Public Offering made prior to the second anniversary of the Initial Public Offering and thereafter 60 days rather than 120) after the date of the Prospectus (or Prospectus supplement if the offering is made pursuant to a “shelf” registration) pursuant to which such public offering shall be made or such lesser period as is required by the managing underwriter, *provided, however*, that all officers and directors of the Company must be subject to similar or more restrictive restrictions.

---

Section 6. Registration Procedures. If and whenever the Company is required to use its reasonable best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 3 and Section 4 hereof, the Company shall effect such registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company shall cooperate in the sale of the securities and shall, as expeditiously as possible:

(a) Prepare and file with the SEC a Registration Statement or Registration Statements on such form which shall be available for the sale of the Registrable Securities by the holders thereof in accordance with the intended method or methods of distribution thereof (including, without limitation, a Partner Distribution), and use its reasonable best efforts to cause such Registration Statement to become effective and to remain effective as provided herein; *provided, however*, that before filing a Registration Statement or Prospectus or any amendments or supplements thereto (including documents that would be incorporated or deemed to be incorporated therein by reference), the Company shall furnish or otherwise make available to the holders of the Registrable Securities covered by such Registration Statement, their counsel and the managing underwriters, if any, copies of all such documents proposed to be filed. The Company shall not file any such Registration Statement or Prospectus or any amendments or supplements thereto (including such documents that, upon filing, would be incorporated or deemed to be incorporated by reference therein) with respect to a Demand Registration to which the holders of a majority of the Registrable Securities covered by such Registration Statement, their counsel, or the managing underwriters, if any, shall reasonably object, in writing, on a timely basis, unless, in the opinion of the Company, such filing is necessary to comply with applicable law.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective during the period provided herein with respect to the disposition of all securities covered by such Registration Statement; and cause the related Prospectus to be supplemented by any Prospectus supplement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of the securities covered by such Registration Statement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act.

(c) Notify each selling holder of Registrable Securities, its counsel and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if at any time the representations and warranties of the Company contained in any agreement (including any underwriting agreement) contemplated by Section 6(o) below cease to be true and correct, (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, and (vi) of the happening of any event that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such Registration Statement, Prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

---

(d) Use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction.

(e) If requested by the managing underwriters, if any, or the holders of a majority of the holders of the then outstanding Registrable Securities being sold in connection with an underwritten offering, promptly include in a Prospectus supplement or post-effective amendment such information as the managing underwriters, if any, and such holders may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received such request; *provided, however*, that the Company shall not be required to take any actions under this Section 6(e) that are not, in the opinion of counsel for the Company, in compliance with applicable law.

(f) Furnish or make available to each selling holder of Registrable Securities, its counsel and each managing underwriter, if any, without charge, at least one conformed copy of the Registration Statement, the Prospectus and Prospectus supplements, if applicable, and each post-effective amendment thereto, including financial statements (but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits, unless requested in writing by such holder, counsel or underwriter).

(g) Deliver to each selling holder of Registrable Securities, its counsel, and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses (including each form of Prospectus) and each amendment or supplement thereto as such Persons may reasonably request in connection with the distribution of the Registrable Securities; and the Company, subject to the last paragraph of this Section 6, hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling holders of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any such amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities, use its reasonable best efforts to register or qualify or cooperate with the selling holders of Registrable Securities, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of such jurisdictions within the United States as any seller or underwriter reasonably requests in writing and to keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and to take any other action that may be necessary or advisable to enable such holders of Registrable Securities to consummate the disposition of such Registrable Securities in such jurisdiction; *provided, however*, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject.

(i) Cooperate with the selling holders of Registrable Securities and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any legends) representing Registrable Securities to be sold after receiving written representations from each holder of such Registrable Securities that the Registrable Securities represented by the certificates so delivered by such holder will be transferred in accordance with the Registration Statement, and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters, if any, or holders may request at least two (2) business days prior to any sale of Registrable Securities in a firm commitment public offering, but in any other such sale, within ten (10) business days prior to having to issue the securities.

(j) Use its reasonable best efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities within the United States, except as may be required solely as a consequence of the nature of such selling holder's business, in which case the Company will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals, as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Securities.

---

(k) Upon the occurrence of any event contemplated by Section 6(c)(vi) above, prepare a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) Prior to the effective date of the Registration Statement relating to the Registrable Securities, provide a CUSIP number for the Registrable Securities.

(m) Provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement.

(n) Use its reasonable best efforts to cause all shares of Registrable Securities covered by such Registration Statement to be authorized to be quoted on the NASDAQ National Market or listed on a national securities exchange if shares of the particular class of Registrable Securities are at that time quoted on the NASDAQ National Market or listed on such exchange, as the case may be.

(o) Enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and take all such other actions reasonably requested by the holders of a majority of the Registrable Securities being sold in connection therewith (including those reasonably requested by the managing underwriters, if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration, (i) make such representations and warranties to the holders of such Registrable Securities and the underwriters, if any, with respect to the business of the Company and its subsidiaries, and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings, and, if true, confirm the same if and when requested, (ii) use its reasonable best efforts to furnish to the selling holders of such Registrable Securities opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and counsels to the selling holders of the Registrable Securities), addressed to each selling holder of Registrable Securities and each of the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such counsel and underwriters, (iii) use its reasonable best efforts to obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement) who have certified the financial statements included in such Registration Statement, addressed to each selling holder of Registrable Securities (unless such accountants shall be prohibited from so addressing such letters by applicable standards of the accounting profession) and each of the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 8 hereof with respect to all parties to be indemnified pursuant to said Section and (v) deliver such documents and certificates as may be reasonably requested by the holders of a majority of the Registrable Securities being sold, their counsel and the managing underwriters, if any, to evidence the continued validity of the representations and warranties made pursuant to Section 6(o)(i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder.

---

(p) Make available for inspection by a representative of the selling holders of Registrable Securities, any underwriter participating in any such disposition of Registrable Securities, if any, and any attorneys or accountants retained by such selling holders or underwriter, at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement; *provided, however*, that any information that is not generally publicly available at the time of delivery of such information shall be kept confidential by such Persons unless (i) disclosure of such information is required by court or administrative order, (ii) disclosure of such information, in the opinion of counsel to such Person, is required by law, or (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by such Person. In the case of a proposed disclosure pursuant to (i) or (ii) above, such Person shall be required to give the Company written notice of the proposed disclosure prior to such disclosure and, if requested by the Company, assist the Company in seeking to prevent or limit the proposed disclosure. Without limiting the foregoing, no such information shall be used by such Person as the basis for any market transactions in securities of the Company or its subsidiaries in violation of law.

(q) Comply with all applicable rules and regulations of the SEC and make available to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder, or any similar rule promulgated under the Securities Act, no later than forty-five (45) days after the end of any twelve (12) month period (or ninety (90) days after the end of any twelve (12) month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of a Registration Statement, which statements shall cover one of said twelve (12) month periods.

(r) Cause its officers to use their reasonable best efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, participation in “road shows”) taking into account the Company’s business needs.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company in writing such information required in connection with such registration regarding such seller and the distribution of such Registrable Securities as the Company may, from time to time, reasonably request in writing and the Company may exclude from such registration the Registrable Securities of any seller who unreasonably fails to furnish such information within a reasonable time after receiving such request.

---

Each holder of Registrable Securities agrees that if such holder has Registrable Securities covered by such Registration Statement that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 6(c)(ii), 6(c)(iii), 6(c)(v) or 6(c)(vi) hereof, such holder will forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus until such holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(k) hereof, or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus; *provided, however*, that the Company shall extend the time periods under Section 3 with respect to the length of time that the effectiveness of a Registration Statement must be maintained by the amount of time the holder is required to discontinue disposition of such securities.

Section 7. Registration Expenses. All reasonable fees and expenses incident to the performance of or compliance with this Agreement by the Company (including, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (B) of compliance with securities or Blue Sky laws, including, without limitation, any fees and disbursements of counsel for the underwriters in connection with Blue Sky qualifications of the Registrable Securities pursuant to Section 6(h)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses if the printing of Prospectuses is requested by the managing underwriters, if any, or by the holders of a majority of the Registrable Securities included in any Registration Statement), (iii) messenger, telephone and delivery expenses of the Company, (iv) fees and disbursements of counsel for the Company, (v) expenses of the Company incurred in connection with any road show, (vi) fees and disbursements of all independent certified public accountants referred to in Section 6(o)(iii) hereof (including, without limitation, the expenses of any "cold comfort" letters or oil and gas reserve reports required by this Agreement) and any other persons, including special experts retained by the Company, and (vii) fees and disbursements of one counsel for the holders of Registrable Securities whose shares are included in a Registration Statement, which counsel shall be selected by the requesting Qualified Holders if such Registration Statement is pursuant to a Demand Registration and otherwise by the holders of a majority of the Registrable Securities included in such Registration Statement) shall be borne by the Company, whether or not any Registration Statement is filed or becomes effective. In addition, the Company shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange on which similar securities issued by the Company are then listed and rating agency fees and the fees and expenses of any Person, including special experts, retained by the Company.

The Company shall not be required to pay (i) fees and disbursements of any counsel retained by any holder of Registrable Securities or by any underwriter (except as set forth in clauses 7(i)(B) and 7(vii)), (ii) any underwriter's fees (including discounts, commissions or fees of underwriters, selling brokers, dealer managers or similar securities industry professionals) relating to the distribution of the Registrable Securities, or (iii) any other expenses of the holders of Registrable Securities not specifically required to be paid by the Company pursuant to the first paragraph of this Section 7.

---

Section 8. Indemnification.

(a) Indemnification by the Company. The Company shall, without limitation as to time, indemnify and hold harmless, to the fullest extent permitted by law, each holder of Registrable Securities whose Registrable Securities are covered by a Registration Statement or Prospectus, the officers, directors, partners, members, managers, stockholders, accountants, attorneys, agents, employees and affiliates of each of them, each Person who controls each such holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, accountants, attorneys, agents, employees and affiliates of each such controlling person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) such underwriter (each such person, a "Holder Indemnitee"), from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and reasonable attorneys' fees and any legal or other fees or expenses incurred by such party in connection with any investigation or Proceeding), expenses, judgments, fines, penalties, charges and amounts paid in settlement (individually, a "Loss" and collectively, "Losses"), as incurred, arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in any Prospectus, offering circular, or other document (including any related Registration Statement, notification, or the like) incident to any such registration, qualification, or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification, or compliance, and will reimburse each Holder Indemnitee for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such Loss (or any action in respect thereof), provided that the Company will not be liable in any such case to the extent that any such Loss (or any action in respect thereof) arises out of or is based on any untrue statement or omission by such holder or underwriter, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Company by such holder specifically for use therein. It is agreed that the indemnity agreement contained in this Section 8(a) shall not apply to amounts paid in settlement of any such Loss (or any action in respect thereof) if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld).

---



(b) Indemnification by Holder of Registrable Securities. In connection with any Registration Statement in which a holder of Registrable Securities is participating, such holder of Registrable Securities shall furnish to the Company in writing such information as the Company reasonably requests specifically for use in connection with any Registration Statement or Prospectus and agrees to indemnify, to the fullest extent permitted by law, severally and not jointly, the Company, its directors, officers, accountants, attorneys, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, partners, members, managers, stockholders, accountants, attorneys, agents or employees of such controlling persons, and each underwriter, if any, and each person who controls such underwriter (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) (each such person, a “Company Indemnitee”), from and against all Losses arising out of or based on any untrue statement of a material fact contained in any such Registration Statement, Prospectus, offering circular, or other document, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Company Indemnitee for any legal or any other expenses reasonably incurred in connection with investigating or defending any such Loss (or any action in respect thereof), in each case to the extent, but only to the extent, that such untrue statement or omission is made in such Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Company by such holder specifically for use in connection with the preparation of such Registration Statement, Prospectus, offering circular or other document; *provided, however*, that the obligations of such holder hereunder shall not apply to amounts paid in settlement of any such Losses (or actions in respect thereof) if such settlement is effected without the consent of such holder (which consent shall not be unreasonably withheld); and *provided, further*, that the liability of each selling holder of Registrable Securities hereunder shall be limited to the net proceeds received by such selling holder from the sale of Registrable Securities covered by such Registration Statement. In addition, insofar as the foregoing indemnity relates to any such untrue statement or omission made in the preliminary Prospectus but eliminated or remedied in the amended Prospectus on file with the SEC at the time the Registration Statement becomes effective or in the final Prospectus filed pursuant to applicable rules of the SEC or in any supplement or addendum thereto and such new Prospectus is delivered to the underwriter, the indemnity agreement herein shall not inure to the benefit of any Company Indemnitee, if a copy of the final Prospectus filed pursuant to such rules, together with all supplements and addenda thereto was not furnished to the Person asserting the Loss (or action in respect thereof) at or prior to the time such furnishing is required by the Securities Act.

---

(c) Conduct of Indemnification Proceedings. If any Person shall be entitled to indemnity hereunder (an “indemnified party”), such indemnified party shall give prompt notice to the party from which such indemnity is sought (the “indemnifying party”) of any claim or of the commencement of any Proceeding with respect to which such indemnified party seeks indemnification or contribution pursuant hereto; *provided, however*, that the delay or failure to so notify the indemnifying party shall not relieve the indemnifying party from any obligation or liability except to the extent that the indemnifying party has been actually and materially prejudiced by such delay or failure. The indemnifying party shall have the right, exercisable by giving written notice to an indemnified party promptly after the receipt of written notice from such indemnified party of such claim or Proceeding, to, unless in the indemnified party’s reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, assume, at the indemnifying party’s expense, the defense of any such claim or Proceeding, with counsel reasonably satisfactory to such indemnified party; *provided, however*, that an indemnified party shall have the right to employ separate counsel in any such claim or Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless: (i) the indemnifying party agrees to pay such fees and expenses; or (ii) the indemnifying party fails promptly to assume the defense of such claim or Proceeding or fails to employ counsel reasonably satisfactory to such indemnified party; in which case the indemnified party shall have the right to employ counsel and to assume the defense of such claim or proceeding; *provided, however*, that the indemnifying party shall not, in connection with any one such claim or Proceeding or separate but substantially similar or related claims or Proceedings in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one firm of attorneys (together with appropriate local counsel) at any time for all of the indemnified parties, or for fees and expenses that are not reasonable. Whether or not such defense is assumed by the indemnifying party, such indemnified party will not be subject to any liability for any settlement made without its consent. The indemnifying party shall not consent to entry of any judgment or enter into any settlement or compromise that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release, in form and substance reasonably satisfactory to the indemnified party, from all liability in respect of such claim or litigation for which such indemnified party would be entitled to indemnification hereunder.

(d) Contribution. If the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any Losses (other than in accordance with its terms), then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such indemnifying party, on the one hand, and indemnified party, on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been taken by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 8(d), an indemnifying party that is a selling holder of Registrable Securities shall not be required to contribute any amount in excess of the amount by which the net proceeds from the sale of the Registrable Securities sold by such indemnifying party exceeds the amount of any damages that such indemnifying party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

---

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

Section 9. Rule 144. After the Initial Public Offering, the Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act, and will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144. Upon the request of any holder of Registrable Securities, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

Section 10. Underwritten Registrations. If any Demand Registration is an underwritten offering, the Qualified Holder making the demand shall have the right to select the investment banker or investment bankers and managers to administer the offering, subject to approval by the Company, not to be unreasonably withheld. The Company shall have the right to select the investment banker or investment bankers and managers to administer any Piggyback Registration.

No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell the Registrable Securities it desires to have covered by the Demand Registration on the basis provided in any underwriting arrangements in customary form and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements, provided that such Person shall not be required to make any representations or warranties other than those related to title and ownership of shares and as to the accuracy and completeness of statements made in a Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Company or the managing underwriter by such Person specifically for use therein.

Section 11. Limitation on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the holders of at least a majority of the then outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company giving such holder or prospective holder any registration rights the terms of which are equivalent to or more favorable than the registration rights granted to holders of Registrable Securities hereunder, or which would reduce the amount of Registrable Securities the holders can include in any registration filed pursuant to Section 3 hereof, unless such rights are subordinate to those of the holders of Registrable Securities; *provided, however*, the Company may permit Persons acquiring Common Stock or Series B Preferred Stock referred to in Section 2.2(d)(x) or (xi) of the Stockholders' Agreement to enter into an Addendum Agreement substantially in the form of Exhibit A hereto and become a Stockholder hereunder entitled to registration rights hereunder.

---

Section 12. Miscellaneous.

(a) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the prior written consent of holders of at least a majority of the Registrable Securities; *provided, however*, that in no event shall the obligations of any holder of Registrable Securities be materially increased or the rights of any Stockholder be adversely affected (without similarly adversely affecting the rights of all Stockholders), except upon the prior written consent of such holder. Notwithstanding the foregoing or anything else in this Agreement that may be to the contrary, (i) a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of any other holders of Registrable Securities or of any other Stockholders may be given by holders of at least a majority of the Registrable Securities being sold by such holders pursuant to such Registration Statement, or (ii) no such amendment, modification, supplement, waiver or consent shall be made or given to or under this Agreement without the prior written consent of Merrill Lynch: (A) if such amendment, modification, supplement, waiver or consent would adversely affect Merrill Lynch's rights in a material respect, unless such amendment, modification, supplement, waiver or consent would adversely affect the rights of all Stockholders on a comparable basis, or (B) if such amendment would impose any material obligation on Merrill Lynch.

(b) Notices. All notices, approvals, waivers, consents and other communications required or permitted to be given hereunder (each a "Notice") shall be in writing and shall be (i) personally delivered, (ii) telecopied and confirmed, (iii) mailed by certified mail, return receipt requested, or (iv) sent by overnight delivery service with proof of receipt maintained, at the following address:

If to the Company:

Targa Resources Investments Inc.  
1000 Louisiana Street, Suite 4700  
Houston, Texas 77002  
Fax: (713) 888 -0235

(or any other address that the Company may designate by written notice to the other parties); and

If to any Stockholder, at such Stockholder's address as set forth on Annex A hereto (or any other address that any such Stockholder may designate by written notice to the other parties).

Any Notice shall be deemed given and received upon actual receipt (or refusal of receipt) thereof.

---

(c) Successors and Assigns; Stockholder Status. This Agreement shall inure to the benefit of the partners of a Stockholder who have received shares of Registrable Securities from a Stockholder pursuant to a Partner Distribution and shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including subsequent holders of Registrable Securities acquired, directly or indirectly, from the Stockholders; *provided, however,* that such successor or assign shall not be entitled to such rights unless the successor or assign shall have executed and delivered to the Company an Addendum Agreement substantially in the form of Exhibit A hereto following the acquisition of such Registrable Securities, in which event such successor or assign shall be deemed a Stockholder for purposes of this Agreement and Annex A shall be updated by the Company accordingly and *provided, further, however,* that subject to Section 11 hereunder if, prior to a Qualified Public Offering, a Person who is not then a Stockholder, acquires Series B Preferred Stock or Common Stock directly from the Company, then if the Company and such Person execute an Addendum Agreement substantially in the form of Exhibit A hereto, then such Person shall be deemed a Stockholder for purposes of this Agreement (and a Management Stockholder if the Addendum Agreement so indicates) and Annex A shall be updated by the Company accordingly. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any Person other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, remedy or claim under, in or in respect of this Agreement or any provision herein contained.

(d) Counterparts. This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the choice of law principles thereof).

(g) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(h) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to Registrable Securities. This Agreement supersedes all prior agreements and understandings (written or oral) between the parties with respect to such subject matter.

---

(i) Securities Held by the Company or its subsidiaries. Whenever the consent of holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its subsidiaries shall not be counted in determining whether such consent was given by the holders of such required percentage.

(j) Termination. This Agreement shall terminate on the earlier of (i) ten years following the consummation of a Qualified Public Offering and (ii) when no Registrable Securities remain outstanding; provided that Sections 7 and 8 hereof shall survive any termination hereof.

(k) Specific Performance. The parties hereto recognize and agree that money damages may be insufficient to compensate the holders of any Registrable Securities for breaches by the Company of the terms hereof and, consequently, that the equitable remedy of specific performance of the terms hereof will be available in the event of any such breach.

(l) Consent to Jurisdiction. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in New York, and appropriate appellate courts therefrom, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby, and each party hereby irrevocably agrees that all claims in respect of such dispute or proceeding may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. This consent to jurisdiction is being given solely for purposes of this Agreement and is not intended to, and shall not, confer consent to jurisdiction with respect to any other dispute in which a party to this Agreement may become involved.

Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action, or proceeding of the nature specified in the paragraph above by the mailing of a copy thereof in the manner specified by the provisions of subsection (b) of this Section 12.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

---

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Registration Rights Agreement to be duly executed as of the date first above written.

**TARGA RESOURCES, INC.**

By: /s/Joe Bob Perkins  
Name: Joe Bob Perkins  
Title: President

---

**WARBURG PINCUS PRIVATE  
EQUITY VIII, L.P.**

By: Warburg Pincus Partners LLC, its  
General Partner

By: Warburg Pincus & Co., its  
Managing Member

By: /s/ Peter R. Kagan  
Partner

**WARBURG PINCUS  
NETHERLANDS PRIVATE EQUITY  
VIII I, C.V.**

By: Warburg Pincus Partners LLC, its  
General Partner

By: Warburg Pincus & Co., its  
Managing Member

By: /s/ Peter R. Kagan  
Partner

**WARBURG PINCUS GERMANY  
PRIVATE EQUITY VIII, K.G.**

By: Warburg Pincus Partners LLC, its  
General Partner

By: Warburg Pincus & Co., its  
Managing Member

By: /s/ Peter R. Kagan  
Partner

---



**WARBURG PINCUS PRIVATE  
EQUITY IX, L.P.**

By: Wharburg Pincus Partners LLC, its  
General Partner

By Warburg Pincus & Co., its Managing  
Member

By: /s/ Peter R. Kagan  
Partner

**MERRILL LYNCH VENTURES L.P.  
2001**

By: Merill Lynch Ventures, LLC, its  
general partner

By: /s/ Christopher Briosak

---

**MANAGEMENT STOCKHOLDERS:**

/s/ Rene R. Joyce

Rene R. Joyce, individually and as authorized agent for the Individual Retirement Account for the benefit of Rene R. Joyce.

/s/ Roy E. Johnson

Roy E. Johnson, individually and as authorized agent for the Individual Retirement Account for the benefit of Roy E. Johnson

/s/ Joe Bob Perkin

Joe Bob Perkins, individually and as authorized agent for the Individual Retirement Account for the benefit of Joe Bob Perkins

/s/ Jeffrey J. McParland

Jeffrey J. McParland, individually and as authorized agent for the Individual Retirement Account for the benefit of Jeffrey J. McParland

/s/ Michael A. Heim

Michael A. Heim, individually and as authorized agent for the Individual Retirement Account for the benefit of Michael A. Heim

/s/ Paul W. Chung

Paul W. Chung, individually and as authorized agent for the Individual Retirement Account for the benefit of Paul W. Chung

---

**HARRIET AND JOE B. FOSTER**

/s/ Harriet

Foster

Harriet Foster

/s/ Joe B. Foster

Joe B. Foster

**SUGARBERRY PARTNERS, LTD.**

By: Sugarberry GP, LLC, its general partner

By: /s/ Joe B. Foster

Joe B. Foster, authorized manager

/s/ Joe B. Foster

Joe B. Foster, individually

**JAMES W. AND VIRGINIA  
WHALEN**

/s/ James W. Whalen

James W. Whalen

/s/ Virginia Whalen

Virginia Whalen

/s/ James W. Whalen

James W. Whalen, individually.

---

**CHARLES R. AND VICKI KARYN  
CRISP, JOINT TENANTS**

/s/ Charles R. Crisp

Charles R. Crisp

/s/ Vicki Karyn Crisp

Vicki Karyn Crisp

/s/ Charles R. Crisp

Charles R. Crisp, individually

---

## STOCKHOLDERS

Warburg Pincus Private Equity VIII, L.P.  
Warburg Pincus Netherlands Private Equity VIII C.V. I  
Warburg Pincus Private Equity IX, L.P.  
WP-WPVIII Investors, L.P.  
Merrill Lynch Ventures L.P. 2001  
Roy E. Johnson  
Joe Bob Perkins  
Michael A. Heim  
Jeffrey J. McParland  
Individual Retirement Account for the benefit of Rene R. Joyce  
Individual Retirement Account for the benefit of Roy E. Johnson  
Individual Retirement Account for the benefit of Joe Bob Perkins  
Individual Retirement Account for the benefit of Michael A. Heim  
Individual Retirement Account for the benefit of Jeffrey J. McParland  
Harriet and Joe B. Foster  
Sugarberry Partners, Ltd.  
Joe B. Foster  
Charles R. and Vicki Karyn Crisp, Joint Tenants  
Charles R. Crisp  
Paul W. Chung  
Individual Retirement Account for the benefit of Paul W. Chung  
Whalen Family Investments Limited Partnership  
Michael A. Heim and Patricia N. Heim, Co-Trustees of The Patricia Heim 2009 Grantor Retained Annuity Trust  
Michael A. Heim and Nicholas Heim, Co-Trustees of The Michael Heim 2009 Family Trust  
Helen Chung and Caroline Yee Smith, Trustees of the Helen Chung 2007 Family Trust  
Paul W. Chung, Trustee of the Paul Chung 2008 Family Trust  
Rene R. Joyce and Kay P. Joyce, Co-Trustees of the Rene Joyce 2010 Grantor Retained Annuity Trust  
Kay P. Joyce, Trustee of the Kay Joyce 2010 Family Trust  
Claudia Capp Vaglica, Trustee of the JBP Liquidity Trust  
Claudia Capp Vaglica, Trustee of the JBP Family Trust  
Jeanne Ellen Perkins  
Karen M. Johnson, Trustee of the Karen Johnson 2008 Family Trust  
Roy E. Johnson, Trustee of the Roy Johnson 2010 Family Trust

---

ADDENDUM AGREEMENT

This Addendum Agreement is made this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between \_\_\_\_\_ (the "New Stockholder") and Targa Resources Investments Inc., a Delaware corporation (the "Company"), pursuant to an Amended and Restated Registration Rights Agreement dated as of October 28, 2005 (the "Agreement"), between and among the Company and certain of its stockholders (the "Stockholders").

WITNESSETH:

WHEREAS, the Company and the Stockholders entered into the Agreement to impose certain restrictions and obligations upon themselves, and to provide certain registration rights, with respect to certain securities of the Company; and

WHEREAS, the New Stockholder has acquired Registrable Securities (as defined in the Agreement) directly or indirectly from a Stockholder or the Company; and

WHEREAS, the Company and the Stockholders have required in the Agreement that all persons desiring registration rights must enter into an Addendum Agreement binding the New Stockholder to the Agreement to the same extent as if it were an original party thereto;

NOW, THEREFORE, in consideration of the mutual promises of the parties, the New Stockholder acknowledges that it has received and read the Agreement and that the New Stockholder shall be bound by, and shall have the benefit of, all of the terms and conditions set out in the Agreement to the same extent as if it were an original party to the Agreement and shall be deemed to be a [Management] Stockholder thereunder.

[Amend Annex A of Agreement if necessary to reflect appropriate schedule for new Stockholder.]

\_\_\_\_\_  
New Stockholder

Address:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

AGREED TO on behalf of the Company pursuant to Section 12(c) of the Agreement.

TARGA RESOURCES INVESTMENTS INC.

By: \_\_\_\_\_

\_\_\_\_\_  
Printed Name and Title

**TARGA RESOURCES CORP.**  
**STATEMENT RE COMPUTATION OF PER SHARE EARNINGS**  
**(Shares in millions; Dollars in millions except per share amounts)**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Net income	\$ 40.8	\$ 35.9
Less: Net income attributable to noncontrolling interest	34.0	14.0
Net income attributable to Targa Resources Corp.	6.8	21.9
Dividends on Series B preferred stock	-	(4.6)
Undistributed earnings attributable to preferred shareholders	-	(17.3)
Net income attributable to common shareholders	\$ 6.8	\$ -
Weighted average shares outstanding - basic	40.9	3.9
Net income available per common share - basic	\$ 0.17	\$ -
Weighted average shares outstanding	40.9	3.9
Dilutive effect of unvested stock awards	0.4	-
Weighted average shares outstanding - diluted	41.3	3.9
Net income (loss) available per common share - diluted	\$ 0.16	\$ -



**CERTIFICATION**  
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rene R. Joyce, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended March 31, 2011 of Targa Resources Corp.;
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 6, 2011

By: /s/ Rene R. Joyce

Name: Rene R. Joyce

Title: Chief Executive Officer of Targa Resources Corp.  
(Principal Executive Officer)

**CERTIFICATION**  
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew J. Meloy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended March 31, 2011 of Targa Resources Corp.;
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 6, 2011

By: /s/ Matthew J. Meloy

Name: Matthew J. Meloy

Title: Senior Vice President, Chief Financial Officer and Treasurer 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, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Rene R. Joyce, 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; 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/ Rene R. Joyce

Name: Rene R. Joyce

Title: Chief Executive Officer of Targa Resources Corp.

Date: May 6, 2011

*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 the Partnership and will be retained by the Partnership 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, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Matthew J. Meloy, 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 his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: Senior Vice President, Chief Financial Officer and Treasurer of  
Targa Resources Corp.

Date: May 6, 2011

*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 the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.*