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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported)
July 27, 2009

TARGA RESOURCES PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware	**001-33303**	**65-1295427**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

1000 Louisiana, Suite 4300
Houston, TX 77002
(Address of principal executive office and Zip Code)

(713) 584-1000
(Registrants' telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01—Entry into a Material Definitive Agreement.

On July 27, 2009, Targa Resources Partners LP (the "Partnership") entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Targa GP Inc. and Targa LP Inc. (the "Sellers"), pursuant to which the Sellers have agreed to sell, assign, transfer and convey to the Partnership (i) 100% of the limited liability company interests in Targa Downstream GP LLC ("Targa Downstream GP"), a Delaware limited liability company, (ii) 100% of the limited liability company interests in Targa LSNG GP LLC ("Targa LSNG GP"), a Delaware limited liability company, (iii) 100% of the limited partner interests in Targa Downstream LP ("Targa Downstream LP"), a Delaware limited partnership, and (iv) 100% of the limited partner interests in Targa LSNG LP ("Targa LSNG LP"), a Delaware limited partnership (such limited liability company interests in Targa Downstream GP and Targa LSNG GP and limited partner interests in Targa Downstream LP and Targa LSNG LP being collectively referred to as the "Purchased Interests"), for aggregate consideration of $530 million, subject to certain adjustments.

Targa Downstream LP and Targa LSNG LP, collectively, own or will own at the closing of the transaction Targa Resources, Inc.'s ("Targa") natural gas liquids business (the "Downstream Business") consisting of (i) the Logistics Assets Segment, which consists of fractionation facilities, storage and terminalling facilities, low sulfur natural gasoline treating facilities, pipeline transportation and distribution assets, propane storage, truck terminals and NGL transport assets, as well as Targa's approximately 39% equity method investment in Gulf Coast Fractionators (the "Logistics Assets Segment"), (ii) the NGL Distribution and Marketing Segment, which markets NGL production and purchases mixed or component NGL products from third parties for resale (the "NGL Distribution and Marketing Segment") and (iii) the Wholesale Marketing Segment, which provides services for refineries, including NGL balancing, purchasing or marketing propane and providing butane supply, and sells propane to retailers and end users (the "Wholesale Marketing Segment"). Each segment discussed above is as reported by Targa.

The closing of the Purchase Agreement is subject to the satisfaction of a number of conditions, including but not limited to the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Subject to the satisfaction of the conditions in the Purchase Agreement, the Partnership anticipates that closing of this transaction will occur in the third quarter of 2009.

The Partnership expects to finance the acquisition of the Purchased Interests with cash, funded through borrowings under the Partnership's senior secured revolving credit facility, and by issuing to Targa or its affiliates common units representing limited partner interests in the Partnership and general partner units representing general partner interests in the Partnership.

Pursuant to the Purchase Agreement, the Sellers have agreed to indemnify the Partnership, its Affiliates and their respective officers, directors, employees, counsel, accountants, financial advisers and consultants (the "Buyer Indemnified Parties") from and against (i) all losses that Buyer Indemnified Parties incur arising from any breach of the Sellers' representations, warranties or covenants in the Purchase Agreement and (ii) certain environmental and litigation matters. The Partnership agreed to indemnify the Sellers, their Affiliates and their respective officers, directors, employees, counsel, accountants, financial advisers and consultants (the "Sellers Indemnified Parties") from and against all losses that Sellers Indemnified Parties incur arising from or out of (i) the business or operations of Targa Downstream GP, Targa Downstream LP, Targa LSNG GP and Targa LSNG LP (whether relating to periods prior to or after the Effective Time) to the extent such losses are not matters for which the Sellers have indemnified the Buyer Indemnified Parties or (ii) any breach of the Partnership's representations, warranties or covenants in the Purchase Agreement. Certain of the Sellers' indemnification obligations are subject to an aggregate deductible of $7,950,000 and a cap equal to $58,300,000. In addition, the parties' reciprocal indemnification obligations for certain tax liability and losses are not subject to the deductible and cap.

In connection with the closing of the Purchase Agreement, the Partnership, Targa and an affiliate of Targa expect to amend and restate the Omnibus Agreement to (i) recognize that the Partnership will reimburse Targa and its affiliates for direct expenses associated with the Downstream Business, (ii) clarify that the cap on general and administrative expenses ("G&A") does not apply to the Downstream Business, (iii) require Targa to adjust the G&A billed to the Partnership (or make a payment to the Partnership, if needed) to the extent necessary to enable the Partnership to maintain a distribution coverage (calculated for each applicable quarter assuming that total distributions for such quarter equal an amount in cash sufficient to pay all equity holders including incentive distributions for the period for which distributions are declared a distribution of $0.5175 per unit) of no less than 1.0x for any fiscal quarter through the end of 2011, subject to a limitation of $8 million of such support for any fiscal quarter and (iv) provide for special termination rights for (x) certain provisions of the Omnibus Agreement if the general partner is removed without cause, (y) the Omnibus Agreement in its entirety upon a change of control of the general partner and (z) the G&A support referred to in clause (iii) above if the Partnership transfers or disposes of the Companies, the business conducted by the Companies, all or substantially all of the Company Assets, all or substantially all of the Downstream Business or all or substantially all of the Houston Area Assets to a Person that is not an Affiliate of the Partnership.

The description of the Purchase Agreement set forth above is qualified in its entirety by reference to the Purchase Agreement, a copy of which is filed as Exhibit 2.1 to this report, which is incorporated herein by reference. Capitalized terms used but not defined herein have the meaning ascribed to them in the Purchase Agreement.

Each of the Partnership and the Sellers are indirect subsidiaries of Targa. As a result, certain individuals, including officers and directors of Targa, serve as officers and/or directors of more than one of such entities. Targa Resources GP LLC (the "General Partner"), as the general partner of the Partnership, holds a 2% general partner interest and incentive distribution rights in the Partnership.

Certain statements in this current report are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this current report that address activities, events or developments that the Partnership expects, believes or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside the Partnership's control, which could cause results to differ materially from those expected by management of the Partnership. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including declines in the production of natural gas or in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts, the credit risk of customers and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2008 and other reports filed with the Securities and Exchange Commission. The Partnership undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 3.02 — Unregistered Sales of Equity Securities.

Pursuant to the Purchase Agreement entered into on July 27, 2009, 25% of the $530 million consideration, subject to certain adjustments, to be paid to the Sellers by the Partnership on the Closing Date to acquire the Purchased Interests will consist of 8,527,615 common units representing limited partner interests in the Partnership and 174,033 general partner units representing general partner interests in the Partnership, each valued at $15.227 per unit. The sale of the Downstream Business to the Partnership is expected to close in the third quarter of 2009. The issuance of the common units and general partner units pursuant to the Purchase Agreement will be exempt from registration under Section 4(2) of the Securities Act because the issuance will not involve a public offering of securities. Capitalized terms used but not defined herein have the meaning ascribed to them in the Purchase Agreement.

The Purchase Agreement is filed as Exhibit 2.1 to this report and is incorporated herein by reference.

Item 7.01 — Regulation FD Disclosure.

On July 28, 2009, the Partnership announced that it had agreed to acquire the Downstream Business from the Sellers. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 8.01 — Other Events.

As disclosed above under Item 1.01, the Partnership has agreed to acquire the Downstream Business from the Sellers. A description of the Downstream Business is set forth below.

Brief Overview of Downstream Business

The Downstream Business is also referred to as Targa's NGL Logistics and Marketing Division, which consists of three segments: (i) Logistics Assets, (ii) NGL Distribution and Marketing and (iii) Wholesale Marketing.

For the three months ended March 31, 2009, Targa reported the following financial information about its business:

	Three Months Ended March 31, 2009 (in millions)
Net income attributable to Targa Resources, Inc.	$ (2.6)
Add:	
Net (income) attributable to noncontrolling interests	(1.6)
Depreciation and amortization expense	41.6
General and administrative expense	23.8
Interest expense, net	25.7
Income tax benefit (expense)	(0.1)
Other, net	(1.1)
Operating Margin	$ 90.9
Natural Gas Gathering and Processing	$ 63.1
Logistics Assets	9.0
NGL Distribution and Marketing Services	14.5
Wholesale Marketing	4.3
Total Operating Margin	$ 90.9

The combined operating margin for the Downstream Business was $27.8 million for the three months ended March 31, 2009 and includes the operating margin for the Logistics Assets, NGL Distribution and Marketing Services and Wholesale Marketing segments and excludes the operating margin for the Natural Gas Gathering and Processing segment. Operating margin for the Downstream Business also includes results (primarily incremental expenses) from certain immaterial assets that will not be included in the acquisition of the Downstream Business by the Partnership. In addition, operating margin for the Downstream Business does not reflect the impact of any general and administrative expense allocation for such business. Such general and administrative expense was approximately $46.3 million for the twelve months ended December 31, 2008. The information presented above with respect to Targa and the Downstream Business has not been audited. Financial statements that include both audited and interim stand-alone financial information for the Downstream Business are filed as Exhibit 99.2 to this report and pro forma information for the financial impact on the Partnership of the acquisition of the Downstream Business is filed as Exhibit 99.3 to this report, both of which are incorporated herein by reference.

Non-GAAP Financial Measures

Operating Margin. Targa reviews performance based on the non-generally accepted accounting principle (“non-GAAP”) financial measure of operating margin. Targa defines operating margin as total operating revenues, which consist of natural gas and NGL sales plus service fee revenues, less product purchases, which consist primarily of producer payments and other natural gas purchases, and operating expense. Natural gas and NGL sales revenue includes settlement gains and losses on commodity hedges. Targa’s operating margin is impacted by volumes and commodity prices as well as by its contract mix and hedging program, which are described in more detail below. Targa views its operating margin as an important performance measure of the core profitability of its operations. Targa reviews its operating margin monthly for consistency and trend analysis.

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

Targa compensates for the limitations of operating margin 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.

Targa believes that investors benefit from having access to the same financial measures that its management uses in evaluating its operating results. Operating margin provides useful information to investors because it is used as a supplemental financial measure by Targa and by external users of Targa's financial statements, including such investors, commercial banks and others, to assess:

- the financial performance of Targa's assets without regard to financing methods, capital structure or historical cost basis;
- Targa'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.

The Logistics Assets segment includes the assets involved in the fractionation, storage and transportation of NGLs. The NGL Distribution and Marketing segment markets internal NGL production, purchases NGL products from third parties for resale, and manages much of the logistics between facilities. The Wholesale Marketing segment includes the refinery services business and wholesale propane marketing operations.

Logistics Assets Segment

Fractionation. The fractionation facilities included in the Logistics Assets Segment which are included in the Downstream Business include:

Facility	% Owned	Maximum Gross Capacity (MBbls/d)	2008 Gross Throughput (MBbls/d)
Operated Fractionation Facilities:			
Lake Charles Fractionator (Lake Charles, LA)(1)	100.0	55	26.3
Cedar Bayou Fractionator (Mont Belvieu, TX (1)(2)	88.0	215	185.9
Equity Fractionation Facilities (non-operated):			
Gulf Coast Fractionator (Mont Belvieu, TX)	38.8	109	105.2

(1) Targa serves as Operator.

(2) Includes ownership through 88% interest in Downstream Energy Ventures Co, LLC.

The Targa NGL fractionation business included in the Downstream Business is conducted under fee-based agreements.

Storage and Terminalling. In general, the storage assets provide warehousing of raw NGL mix, NGL products and petrochemical products in underground wells, which allows for the injection and withdrawal of such products at various times in order to meet demand cycles. The terminalling operations provide the inbound/outbound logistics and warehousing of raw NGL mix, NGL products and petrochemical products in above-ground storage tanks. Long-term and short-term storage and terminalling services are provided under fee-based agreements.

The storage and terminalling assets include (i) a total of 35 storage wells with a net storage capacity of approximately 65 MMBbl, the usage of which may be limited by brine handling capacity, which is utilized to displace NGLs from storage and (ii) 15 terminal facilities (14 wholly owned) in Texas, Kentucky, Mississippi, Tennessee, Louisiana, Florida, New Jersey and Arizona.

The fractionation, storage and terminalling businesses are supported by approximately 800 miles of company-owned pipelines to transport mixed NGL and specification products.

The following tables detail the principal NGL storage and terminalling assets used in the Downstream Business:

	NGL Storage Facilities			
Facility	% Owned	County/Parish/State	Number of Active Wells	Gross Storage Capacity (MMBbl)
Hackberry Storage (Lake Charles)(1)	100.0	Cameron, LA	12	20.0
Mont Belvieu Storage(2)	100.0	Chambers, TX	20	41.4
Hattiesburg Storage	50.0	Forrest, MS	3	4.5

(1) Five of the twelve owned wells are leased to Citgo Petroleum Corporation ("Citgo") under a long-term lease. The reported gross storage capacity includes the wells leased to Citgo.

(2) Targa owns and operates 20 wells and operates 6 wells owned by others. The reported gross storage capacity does not include the wells owned by others.

	Terminal Facilities			
	% Owned	County/Parish/State	Description	2008 Throughput (million gallons)
Galena Park Terminal	100	Harris, TX	NGL import/export terminal	899.0
Calvert City Terminal	100	Marshall, KY	Propane terminal	49.6
Greenville Terminal(1)	100	Washington, MS	Marine propane terminal	18.3
Pt. Everglades Terminal	100	Broward, FL	Marine propane terminal	25.9
Tyler Terminal	100	Smith, TX	Propane terminal	7.9
Abilene Transport(2)	100	Taylor, TX	Raw NGL transport terminal	14.7
Bridgeport Transport(2)	100	Wise, TX	Raw NGL transport terminal	69.2
Gladewater Transport(2)	100	Gregg, TX	Raw NGL transport terminal	63.3
Hammond Transport	100	Tangipahoa, LA	Transport terminal	33.1
Chattanooga Terminal	100	Hamilton, TN	Propane terminal	23.2
Mont Belvieu Terminal(3)	100	Chambers, TX	Transport and storage terminal	2,910.4
Hackberry Terminal	100	Cameron, LA	Storage terminal	316.9
Sparta Terminal	100	Sussex, NJ	Propane terminal	11.3
Hattiesburg Terminal	50	Forrest, MS	Propane terminal	147.2
Winona Terminal(4)	100	Coconino, AZ	Propane terminal	—

(1) Volumes reflect total import and export across the dock/terminal.

(2) Volumes reflect total transport and injection volumes.

(3) Volumes reflect total transport and terminal throughput volumes.

(4) Anticipated commencement of operations in the third quarter of 2009.

Transportation and Distribution. Transportation assets included in the Downstream Business include:

- approximately 770 railcars that Targa leases and manages;
- approximately 70 owned and leased transport tractors and approximately 100 company-owned tank trailers; and
- 21 company-owned pressurized NGL barges with more than 320,000 barrels of capacity.

Transportation services to refineries and petrochemical companies are provided under fee-based agreements.

NGL Distribution and Marketing

In the NGL Distribution and Marketing segment, Targa markets its own NGL production and also purchases component NGL products from other NGL producers and marketers for resale. In 2008, Targa's distribution and marketing services business sold an average of approximately 219 MBbl/d of NGLs to third parties in North America.

Targa generally purchases raw NGL mix at a monthly pricing index less applicable fractionation, transportation and marketing fees and resells these products to petrochemical manufacturers, refineries and other marketing and retail companies. This segment is primarily a physical settlement business in which Targa earns margin from purchasing and selling NGL products. Targa also earns margin by purchasing and reselling NGL products in the spot and forward physical markets.

Wholesale Marketing

Refinery Services. In the refinery services business, Targa typically provides NGL balancing services, in which Targa has contractual arrangements with refiners to purchase and/or market propane and to provide butane supply. Targa also contracts for and uses the storage, transportation and distribution assets included in its Logistics Assets segment to assist refinery customers in managing their NGL product demand and production schedules. The refinery services are provided using net-back contract arrangements under which fees are earned for locating and supplying NGL feedstocks to refineries based on a percentage of the cost to obtain such supply or a minimum fee per gallon.

Wholesale Propane Marketing. Targa's wholesale propane marketing operations include primarily the sale of propane and related logistics services to major multi-state retailers, independent retailers and other end-users. The propane is generally sold at a fixed or posted price at the time of delivery and can be sold under net-back arrangements.

Item 9.01 — Financial Statements and Exhibits.

(a) **Financial statements of the Downstream Business**. The audited consolidated financial statements (including the notes thereto) of the Downstream Assets of Targa Resources, Inc. for the years ended December 31, 2008, 2007 and 2006 and the unaudited combined financial statements of the Downstream Assets of Targa Resources, Inc. as of March 31, 2009 and for the three months ended March 31, 2009 and 2008 are filed as Exhibit 99.2 to this report and incorporated herein by reference.

(b) **Pro forma financial information**. The unaudited pro forma combined financial information of the Partnership and the Downstream Assets of Targa Resources, Inc. as of March 31, 2009 and for the three months ended March 31, 2009 and 2008, and for the years ended December 31, 2008, 2007 and 2006 is filed as Exhibit 99.3 to this report and incorporated herein by reference.

(d) Exhibits.

Exhibit No.	Description
2.1*	Purchase and Sale Agreement, dated as of July 27, 2009, by and between Targa Resources Partners LP, Targa GP Inc. and Targa LP Inc.
23.1	Consent of Independent Registered Public Accounting Firm
99.1	Targa Resources Partners LP Press Release dated July 28, 2009
99.2	Audited Combined Financial Statements (including the notes thereto) of the Downstream Assets of Targa Resources, Inc. for the years ended December 31, 2008, 2007 and 2006 and the Unaudited Combined Financial Statements of the Downstream Assets of Targa Resources, Inc. as of March 31, 2009 and for the three months ended March 31, 2009 and 2008
99.3	Unaudited Pro Forma Combined Financial Information of Targa Resources Partners LP and the Downstream Assets of Targa Resources, Inc. as of March 31, 2009 and for the three months ended March 31, 2009 and 2008, and for the years ended December 31, 2008, 2007 and 2006

* Pursuant to Item 601(b)(2) of Regulation S-K, the registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.

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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 hereunto duly authorized.

TARGA RESOURCES PARTNERS LP

By: Targa Resources GP LLC,
its general partner

Dated: July 28, 2009

By: /s/ Jeffrey J. McParland
Jeffrey J. McParland
Executive Vice President and Chief Financial Officer

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EXHIBIT INDEX

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* Pursuant to Item 601(b)(2) of Regulation S-K, the registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.

Exhibit 2.1

Execution Copy

PURCHASE AND SALE AGREEMENT

by and between

TARGA GP INC.

and

TARGA LP INC.

(“Sellers”)

and

TARGA RESOURCES PARTNERS LP,

(“Buyer”)

dated as of

July 27, 2009

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Disclosure Schedules

Exhibits

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT, dated as of July 27, 2009 (this "***Agreement***"), is entered into by and between Targa GP Inc., a Delaware corporation ("***Targa GP Inc.***") and Targa LP Inc., a Delaware corporation ("***Targa LP Inc.***" and together with Targa GP Inc., the "***Sellers***") and Targa Resources Partners LP, a limited partnership organized under the Laws of the State of Delaware ("***Buyer***").

RECITALS

WHEREAS, (i) Targa GP Inc. owns 100% of the limited liability company interests in Targa Downstream GP LLC ("***Targa Downstream GP***"), a Delaware limited liability company which holds a general partner interest which constitutes all of the general partner interests of and a 50% ownership interest in Targa Downstream LP ("***Targa Downstream LP***"), a Delaware limited partnership, (ii) Targa LP Inc. owns a limited partner interest which constitutes all of the limited partner interests of and a 50% ownership interest in Targa Downstream LP, (iii) Targa GP Inc. owns 100% of the limited liability company interests in Targa LSNG GP LLC ("***Targa LSNG GP***"), a Delaware limited liability company which holds a general partner interest which constitutes all of the general partner interests of and a 50% ownership interest in Targa LSNG LP ("***Targa LSNG LP***"), a Delaware limited partnership and (iv) Targa LP Inc. owns a limited partner interest which constitutes all of the limited partner interests of and a 50% ownership interest in Targa LSNG LP.

WHEREAS, Sellers desire to transfer, assign and sell to Buyer and Buyer desires to purchase from Sellers the above-referenced limited liability company interests in Targa Downstream GP and Targa LSNG GP and limited partner interests in Targa Downstream LP and Targa LSNG LP (such limited liability company interests and limited partner interests being collectively referred to as the "***Purchased Interests***");

WHEREAS, Targa Downstream LP and Targa LSNG LP, collectively, own or will at Closing own a natural gas liquids business consisting of (i) the Logistics Segment which consists of fractionation facilities, storage and terminalling facilities, low sulfur natural gasoline treating facilities, and pipeline transportation and distribution assets (the "***Logistics Segment***"), (ii) the Marketing Segment which markets NGL production and purchases mixed or component NGL products from third parties for resale (the "***Marketing Segment***"), and (iii) the Wholesale Segment which owns propane storage, truck terminals and NGL transport assets and provides services for refineries, including NGL balancing, purchasing or marketing propane and providing butane supply, and sells propane to retailers and end users (the "***Wholesale Segment***");

WHEREAS, at the Closing (as defined below) and in accordance with the terms of this Agreement, Sellers will assign and transfer to Buyer or its designee all of the Purchased Interests; provided an undivided portion of the Purchased Interests equal in value to the value of the GP Units issued to General Partner pursuant to Section 2.2(b) will be transferred by Sellers to Buyer for and on behalf of General Partner (and treated as if it were a capital contribution by Sellers to General Partner and a subsequent capital contribution by General Partner to Buyer).

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 ***Definitions***. As used herein, the following terms shall have the following meanings:

"***Actual Product Inventory***" has the meaning provided such term in Section 2.4(c).

"***Affiliate***" means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with, such specified Person through one or more intermediaries or otherwise; *provided* that, for purposes of this Agreement, Warburg Pincus LLC, its affiliates and all private equity funds and portfolio companies owned or managed by Warburg Pincus LLC or its affiliates shall not be deemed to be affiliates of Sellers, the Companies or Buyer. For the purposes of this definition, "control" means, where used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have correlative meanings.

"***Agreement***" has the meaning provided such term in the preamble to this Agreement.

"***Balance Sheet Date***" means March 31, 2009.

"***BI Proceeds***" has the meaning provided such term in Section 6.13.

"***Business Day***" means any day that is not a Saturday, Sunday or legal holiday in the State of Texas or a federal holiday in the United States.

"***Buyer***" has the meaning provided such term in the preamble to this Agreement.

"***Buyer Approvals***" has the meaning provided such term in Section 5.3.

"***Buyer Indemnified Parties***" has the meaning provided such term in Section 9.2(a).

"***Cash True-Up Payment***" has the meaning provided such term in Section 2.4(a).

"***CBF***" has the meaning provided such term in Section 4.3(e).

"***Claim Notice***" has the meaning provided such term in Section 9.3(a).

"***Closing***" has the meaning provided such term in Section 2.3(a).

"***Closing Date***" has the meaning provided such term in Section 2.3(a).

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Common Units***" means common units of Buyer representing limited partner interests in Buyer.

"***Companies***" means Targa Downstream GP, Targa Downstream LP, Targa LSNG GP and Targa LSNG LP and each of the Company Subsidiaries and "***Company***" means any one of the foregoing.

"***Company Assets***" means all of the plants, facilities and tangible and intangible assets owned by the Companies used in the Downstream Business, including the assets listed on Schedule 1.1(i) hereto, but excluding the Excluded Assets.

"***Company Guarantees***" means all guaranties, letters of credit, bonds, sureties, cash collateral accounts, and other credit support or assurances provided by Sellers or their Affiliates (other than the Companies) in support of any obligations of any of the Companies or the Downstream Business, including those obligations listed on Schedule 6.5.

"***Company Subsidiaries***" means Targa Canada Liquids Inc., a British Columbia corporation, Midstream Barge Company LLC, a Delaware limited liability company, Targa Retail Electric LLC, a Delaware limited liability company, Targa Co-Generation LLC, a Delaware limited liability company, Targa Liquids GP LLC, a Delaware limited liability company, Targa NGL Pipeline Company LLC, a Delaware limited liability company, Targa OPI LLC, a Delaware limited liability company, Targa Liquids Marketing and Trade, a Delaware general partnership, Targa Bridgeline, LLC and Targa MLP Capital LLC (to be formed between signing and closing).

"***Conflicts Committee***" means the conflicts committee of the board of directors of Targa Resources GP LLC.

"***Contract***" means any legally binding agreement, commitment, lease, license or contract.

"***Defense Actions***" means the defense actions as listed in subsection (i) of Schedule 4.8.

"***Disclosure Schedules***" means the schedules attached hereto.

"***Disposition***" has the meaning provided such term in Section 6.12.

"***Disposition Payment***" has the meaning provided such term in Section 6.12.

"***Dollars***" and "***$***" mean the lawful currency of the United States.

"***Downstream Business***" means the business and operations currently conducted by Sellers described in the Targa Resources, Inc. Annual Report on Form 10-K for the year ended December 31, 2008, as the NGL Logistics and Marketing Division, consisting of three segments: Logistics Assets, NGL Distribution and Marketing and Wholesale Marketing excluding the business and operations utilizing or derived from the Excluded Assets.

"***Downstream Joint Ventures***" means Downstream Energy Ventures Co., L.L.C., a Delaware limited liability company, Gulf Coast Fractionators, a Texas general partnership, and Cedar Bayou Fractionators, L.P., a Delaware limited partnership.

"***Effective Time***" has the meaning provided such term in Section 2.3(a).

"***Environmental Law***" means any applicable Law relating to the environment, natural resources, or the protection thereof, including any applicable provisions of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq., the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and any applicable Law relating to health, safety, the environment, natural resources or the protection thereof, and all analogous state or local statutes, and the regulations promulgated pursuant thereto.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended.

"***Estimated Net Working Capital***" has the meaning provided such term in Section 2.4(d).

"***Excluded Assets***" means the assets which are identified on Schedule 1.1(ii) which will be retained by Sellers or its Affiliates and not included in the Company Assets.

"***Final Net Working Capital***" has the meaning provided such term in Section 2.4(d).

"***Financial Statements***" has the meaning provided such term in Section 4.4(a).

"***Fundamental Representations and Warranties***" means the representations and warranties contained in Sections 3.1, 3.2, 3.6, 4.1 and 4.3.

"***GAAP***" means generally accepted accounting principles of the United States, consistently applied.

"***GCF***" means Gulf Coast Fractionators.

"***General Partner***" has the meaning provided such term in Section 2.2(b).

"***Governmental Authority***" means any federal, state, municipal, local or similar governmental authority, regulatory or administrative agency, court or arbitral body.

"***GP Units***" means general partner units of Buyer representing general partner interests in Buyer.

"***Hazardous Substance(s)***" means and includes, each substance defined, designated or classified as a hazardous waste, hazardous substance, hazardous material, pollutant, contaminant

or toxic substance under any Environmental Law and any petroleum or petroleum products that have been Released into the environment.

"***Houston Area Assets***" means the Company Assets included in the Logistics Segment and located in the Houston, Texas area including the Gulf Coast Fractionator, the Cedar Bayou Fractionator and the Galena Park Terminal and the business conducted by such assets.

"***HSR Act***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"***Indebtedness for Borrowed Money***" means with respect to any Person, at any date, without duplication, (a) all obligations of such Person for borrowed money, including all principal, interest, premiums, fees, expenses, overdrafts and penalties with respect thereto, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property, except trade payables incurred in the ordinary course of business, (d) all obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (e) all capitalized lease obligations, (f) all other obligations of a Person which would be required to be shown as indebtedness on a balance sheet of such Person prepared in accordance with GAAP, and (g) all indebtedness of any other Person of the type referred to in clauses (a) to (f) above directly or indirectly guaranteed by such Person or secured by any assets of such Person, whether or not such indebtedness has been assumed by such Person.

"***Indemnified Party***" has the meaning provided such term in Section 9.3(a).

"***Indemnified Tax Claim***" has the meaning provided such term in Section 7.3(b).

"***Indemnifying Party***" has the meaning provided such term in Section 9.3(a).

"***Intellectual Property***" means intellectual property rights, statutory or common law, worldwide, including (a) trademarks, service marks, trade dress, slogans, logos and all goodwill associated therewith, and any applications or registrations for any of the foregoing; (b) copyrights and any applications or registrations for any of the foregoing; and (c) patents, all confidential know-how, trade secrets and similar proprietary rights in confidential inventions, discoveries, improvements, processes, techniques, devices, methods, patterns, formulae, and specifications.

"***Intercompany Accounts True-Up Payment***" has the meaning provided such term in Section 2.4(b).

"***Knowledge***" as to Buyer means the actual knowledge of those Persons listed in Schedule 1.1(iii) after due inquiry of the Persons listed as sources for inquiry on said Schedule 1.1(iii) and as to Sellers means the actual knowledge of those Persons listed as sources for inquiry in Schedule 1.1(iv) after due inquiry of the Persons listed on said Schedule 1.1(iv).

"***Law***" means any applicable law, rule, regulation, ordinance, order, judgment or decree of a Governmental Authority, in each case as in effect on and as interpreted on the date of this Agreement.

"***Logistics Segment***" has the meaning provided such term in the recitals to this Agreement.

"***Lien***" means, with respect to any property or asset, any mortgage, pledge, charge, security interest or other encumbrance of any kind in respect of such property or asset.

"***Losses***" means all actual liabilities, losses, damages, fines, penalties, judgments, settlements, awards, costs and expenses (including reasonable fees and expenses of counsel); *provided*, *however*, that Losses shall not include any special, punitive, exemplary, incidental, consequential or indirect damages; *provided*, *further, however*, that the preceding proviso shall not apply to the extent a Party is required to pay such damages to a third party in connection with a matter for which such Party is entitled to indemnification under Article IX.

"***Marketing Segment***" has the meaning provided such term in the recitals to this Agreement.

"***Material Adverse Effect***" means, with respect to any Person, any circumstance, change or effect that (a) is materially adverse, or is reasonably expected to be materially adverse, to the business, operations or financial condition of such Person (and in the case of any Company, of the Companies and the Downstream Business taken as a whole), or (b) that materially impedes the ability of such Person to complete the transactions contemplated herein, but shall exclude any circumstance, change or effect resulting or arising from:

(i) any change in general economic conditions in the industries or markets in which any of the Companies operate;

(ii) seasonal reductions in revenues and/or earnings of the Companies in the ordinary course of their respective businesses;

(iii) national or international political conditions, including any engagement in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack;

(iv) changes in Law or GAAP; and

(v) the entry into or announcement of this Agreement, actions contemplated by this Agreement, or the consummation of the transactions contemplated hereby.

Notwithstanding the foregoing clauses (i), (iii) and (iv) shall not apply in the event of a disproportionate effect on the Companies as compared to other entities in the markets in which the Companies operate.

"***Material Contracts***" has the meaning provided such term in Section 4.6(a).

"***Material Real Estate Leases***" has the meaning provided such term in Section 4.15(b).

"***NGLs***" means natural gas liquids.

"***Non-Affiliate Contracts***" means Contracts other than Contracts with Sellers or any Affiliate of Sellers other than a Company.

"***Omnibus Agreement***" means that certain Amended and Restated Omnibus Agreement dated as of October 24, 2007, between Targa Resources, Inc., Targa Resources LLC, Targa Resources GP LLC and Buyer.

"***Organizational Documents***" means any charter, certificate of incorporation, articles of association, bylaws, partnership agreement, operating agreement or similar formation or governing documents and instruments.

"***Parties***" means Sellers and Buyer.

"***Permits***" means authorizations, licenses, permits or certificates issued by Governmental Authorities, including those issued under any Environmental Law; *provided*, right-of-way agreements and similar rights and approvals are not included in the definition of Permits.

"***Permitted Liens***" means (a) Liens for Taxes not yet delinquent or being contested in good faith by appropriate proceedings, (b) statutory Liens (including materialmen's, warehousemen's, mechanic's, repairmen's, landlord's, and other similar Liens) arising in the ordinary course of business securing payments not yet delinquent or being contested in good faith by appropriate proceedings, (c) the rights of lessors and lessees under leases, and the rights of third parties under any agreement, in each case executed in the ordinary course of business, (d) the rights of licensors and licensees under licenses executed in the ordinary course of business, (e) restrictive covenants, easements and defects, imperfections or irregularities of title or Liens, if any, of a nature that do not materially and adversely affect the assets or properties subject thereto, (f) preferential purchase rights and other similar arrangements with respect to which consents or waivers are obtained for this transaction or as to which the time for asserting such rights has expired at the Closing Date without an exercise of such rights, (g) restrictions on transfer with respect to which consents or waivers are obtained for this transaction, (h) Liens granted in the ordinary course of business which do not secure the payment of Indebtedness for Borrowed Money and which do not materially and adversely affect the ability of the Companies to conduct their business as currently conducted, (i) Liens which are of a nature that would be reasonably acceptable to a prudent owner or operator of NGL assets and facilities of a type similar to the Company Assets, (j) Liens reflected on the title commitments and title policies listed in and other liens described on Schedule 1.1(v) and (k) Liens created by Buyer or its successors and assigns.

"***Person***" means any individual, firm, corporation, partnership, limited liability company, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind.

"***Pre-Closing Environmental Liabilities***" means any Losses arising out of any Pre-Closing Environmental Matter.

"***Pre-Closing Environmental Matters***" means (i) any violation of Environmental Law by the Companies or the Downstream Business prior to the Closing or arising in connection with the ownership or operation of the assets of the Companies prior to the Closing, (ii) any Release of

Hazardous Substances onto or from properties or assets owned by the Companies and included in the Downstream Business prior to the Closing or relating to or arising from any activities conducted on such properties or from operation of such assets prior to the Closing and (iii) any claim, action, cause of action, inquiry, investigation, remediation, removal or restoration with respect to the matters set forth in subsection (i) or (ii) above, in each case to the extent that Buyer becomes aware of such matter and provides written notice (in accordance with notice procedures contained in Section 11.1 of this Agreement) to Sellers on or prior to the second anniversary of the Closing describing such environmental matter and stating that such matter is one for which Sellers have indemnification obligations hereunder.

"***Pre-Closing Tax***" has the meaning provided in Section 7.1(c).

"***Pre-Closing Taxable Period***" means any taxable period ending on or before the Effective Time and that portion of any taxable period beginning before and ending after the Effective Time that ends on the Effective Time.

"***Product Inventory***" means the Companies' inventories of NGLs and NGL products.

"***Purchase Price***" has the meaning provided such term in Section 2.2(a).

"***Purchased Units***" has the meaning provided such term in Section 2.2(b).

"***Purchased Companies***" means Targa Downstream LP, Targa Downstream GP, Targa LSNG LP and Targa LSNG GP.

"***Purchased Interests***" has the meaning provided such term in the recitals of this Agreement.

"***Reasonable Efforts***" means efforts in accordance with reasonable commercial practice and without the incurrence of unreasonable expense.

"***Release***" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"***Representatives***" means, as to any Person, its officers, directors, employees, counsel, accountants, financial advisers and consultants.

"***Seller***" and "***Sellers***" have the meaning provided such term in the preamble to this Agreement.

"***Sellers Approvals***" has the meaning provided such term in Section 3.3.

"***Sellers Indemnified Parties***" has the meaning provided such term in Section 9.2(b).

"***Subsidiary***" means, with respect to any Person, (a) any corporation 50% or more of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of

any class or classes of such corporation have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person, directly or indirectly through Subsidiaries, and (b) any partnership, limited liability company, association, joint venture, trust or other entity in which such Person, directly or indirectly through Subsidiaries has a 50% or greater equity interest at the time, provided that the Downstream Joint Ventures shall not be deemed to be or considered to be Subsidiaries.

"***Targa Downstream GP***" has the meaning provided such term in the recitals to this Agreement.

"***Targa Downstream LP***" has the meaning provided such term in the recitals to this Agreement.

"***Targa GP Inc.***" has the meaning provided such term in the preamble to this Agreement.

"***Targa LP Inc.***" has the meaning provided such term in the preamble to this Agreement.

"***Targa LSNG GP***" has the meaning provided such term in the recitals to this Agreement.

"***Targa LSNG LP***" has the meaning provided such term in the recitals to this Agreement.

"***Tax Authority***" means any Governmental Authority having jurisdiction over the assessment, determination, collection or imposition of any Tax.

"***Tax Benefit***" means, with respect to a Loss, an amount by which the Tax liability of a Person (or group of corporations filing a Tax Return that includes the Person), with respect to a taxable period, is reduced as a result of such Loss or the amount of any Tax refund or Tax credit that is generated (including, by deduction, loss, credit or otherwise) as a result of such Loss, and any related interest received from any relevant Tax Authority; *provided*, in each case, only the reasonable present value of any Tax Benefit shall be considered with respect to a Loss.

"***Tax Indemnified Party***" has the meaning provided such term in Section 7.3(b).

"***Tax Indemnifying Party***" has the meaning provided such term in Section 7.3(b).

"***Tax Proceeding***" has the meaning provided such term in Section 7.1(e).

"***Tax Returns***" means any report, return, election, document, estimated tax filing, declaration or other filing provided to any Tax Authority including any amendments thereto.

"***Taxes***" or "***Tax***" means (a) all taxes, assessments, duties, levies, imposts or other similar charges imposed by a Governmental Authority, including all income, franchise, profits, capital gains, capital stock, transfer, gross receipts, sales, use, transfer, service, occupation, ad valorem, property, excise, severance, windfall profits, premium, stamp, license, payroll, employment, social security, unemployment, disability, environmental (including taxes under Code Section 59A), alternative minimum, add-on, value-added, withholding (including backup withholding) and other taxes, assessments, duties, levies, imposts or other similar charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the

filing of a Tax Return), and all estimated taxes, deficiency assessments, additions to tax, additional amounts imposed by any Governmental Authority, penalties and interest, (b) any liability of any Company for the payment of any amounts of any of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability of such Company for payment of such amounts was determined or taken into account with reference to the liability of any other Person, and (c) any liability of any Company for the payment of any amounts as a result of being a party to any Tax-Sharing Agreement or with respect to the payment of any amounts of any of the foregoing types as a result of any express or implied obligation to indemnify any other Person.

"***Tax-Sharing Agreements***" means all existing agreements or arrangements (whether or not written) that are binding on any Company and regarding the sharing, allocation, or payment of Taxes or amounts in lieu of Taxes.

"***Third-Party Claim***" has the meaning provided such term in Section 9.3(a).

"***Title Commitments***" has the meaning provided such term in Section 6.11.

"***Title Company***" means Stewart Title Guaranty Company.

"***Title Policies***" has the meaning provided such term in Section 6.11.

"***United States***" means United States of America.

"***Volume Weighted Average Price***" with respect to the Common Units on any trading day means the per unit volume weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg Page NGLS<equity>AQR (or its equivalent successor if such page is not available) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such trading day or, if such Volume Weighted Average Price is unavailable or such page or its equivalent is unavailable, the volume weighted average price of each trade in the Common Units during such trading day between 9:30 a.m. and 4:00 p.m., New York City time, on The Nasdaq Global Select Market or, if the Volume Weighted Average Price is unavailable from the above-referenced sources, as calculated by a nationally recognized independent investment banking firm retained for this purpose by the Buyer, such calculation to be made in a manner consistent with the manner in which "Volume Weighted Average Price" would have been determined by Bloomberg.

"***Wholesale Segment***" has the meaning provided such term in the recitals to this Agreement.

"***Working Capital True-Up Payment***" has the meaning provided such term in Section 2.4(d).

Section 1.2 ***Rules of Construction.***

(a) All article, section, schedule and exhibit references used in this Agreement are to articles, sections, schedules and exhibits to this Agreement unless otherwise specified. The schedules and exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein for all purposes.

(b) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Terms defined in the singular have the corresponding meanings in the plural, and vice versa. Unless the context of this Agreement clearly requires otherwise, words importing the masculine gender shall include the feminine and neutral genders and vice versa. The term "includes" or "including" shall mean "including without limitation." The words "hereof," "hereto," "hereby," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular section or article in which such words appear.

(c) The Parties acknowledge that each Party and its attorney has reviewed this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party, or any similar rule operating against the drafter of an agreement, shall not be applicable to the construction or interpretation of this Agreement.

(d) The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

(e) All references to currency herein shall be to, and all payments required hereunder shall be paid in, Dollars.

(f) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

(g) Any event hereunder requiring the payment of cash or cash equivalents on a day that is not a Business Day shall be deferred until the next Business Day.

ARTICLE II
PURCHASE AND SALE; CLOSING

Section 2.1 ***Purchase and Sale of Purchased Interests***. At the Closing, upon the terms and subject to the conditions set forth in this Agreement, Sellers shall sell, assign, transfer and convey to Buyer (or a designated Subsidiary of Buyer), and Buyer (or a designated Subsidiary of Buyer) shall purchase and acquire from Sellers, the Purchased Interests, free and clear of any Liens other than transfer restrictions imposed thereon by applicable securities Laws.

Section 2.2 ***Purchase Price***.

(a) The total purchase price consideration payable by Buyer to Sellers for the Purchased Interests (the "***Purchase Price***") shall be $530,000,000 payable as set forth below.

(b) The Purchase Price shall be payable (i) 75% in cash (through the assumption and payment by Buyer at Closing of $397,500,000 of indebtedness owed by the Purchased Companies to Sellers or their Affiliates) and (ii) 25% in equity securities consisting of Common Units and GP Units (collectively, the "***Purchased Units***"). The Purchased Units shall be valued at the Volume Weighted Average Price of the Common Units on the NASDAQ for the ten (10) trading days ending five trading days prior to the date hereof. An example of this calculation is set forth on Schedule 2.2(b). The Purchased Units shall be issued in the following ratio: 98% of the Purchased Units shall be Common Units issued to Sellers and 2% of the Purchased Units shall be GP Units issued, at the direction of Sellers, to Targa Resources GP LLC (the "***General Partner***").

(c) The Purchase Price shall be deemed to be paid and allocated among Sellers as specified in Schedule 2.2(c).

Section 2.3 ***The Closing.***

(a) The closing of the transactions contemplated by this Agreement (the "***Closing***") shall take place at the offices of Vinson & Elkins L.L.P., 2500 First City Tower, 1001 Fannin Street, Houston, Texas 77002, commencing at 10:00 a.m. local time on the third Business Day following the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the Parties shall take at the Closing itself) or such other date as Buyer and Sellers may mutually determine (the "***Closing Date***"); *provided*, the Closing shall be deemed to have been consummated at 12:01 a.m. Houston, Texas time on the first day of the month in which the Closing occurs (the "***Effective Time***").

(b) At the Closing, Sellers will deliver the following documents and deliverables to Buyer:

(i) an assignment or assignments effecting the transfer to Buyer (or designated subsidiary of Buyer) of ownership of all of the Purchased Interests together with certificates, if any, representing the Purchased Interests and such other documentation as is required to admit Buyer (or a designated Subsidiary of Buyer) as a partner or member of the Companies, as applicable;

(ii) a certification in the form prescribed by Treasury Regulation Section 1.1445-2(b)(2) to the effect that each Seller is not a foreign person;

(iii) resolutions of the applicable managers, directors and equityholders of Sellers required for approval of the transactions contemplated hereby;

(iv) certificates of good standing and existence as of a recent date with respect to each of the Companies;

(v) certificates required by Article VIII; and

(vi) such other certificates, instruments of conveyance, and documents as may be reasonably requested by Buyer and agreed to by Sellers prior to the Closing Date to carry out the intent and purposes of this Agreement.

(c) At the Closing, Buyer will deliver the following documents and deliverables to Sellers (or the General Partner, as applicable):

(i) the Common Units which are a portion of the Purchased Units;

(ii) the GP Units which are a portion of the Purchased Units;

(iii) resolutions of the Board of Directors of the general partner of Buyer as required for approval of the transactions contemplated hereby;

(iv) certificates required by Article VIII; and

(v) such other certificates, instruments, and documents as may be reasonably requested by Sellers and agreed to by Buyer prior to the Closing Date to carry out the intent and purposes of this Agreement.

Section 2.4 ***Purchase Price Adjustments; Post Closing Working Capital Adjustment.***

(a) *Cash Balances*. All cash, on hand, at the Companies and at Downstream Energy Ventures Co., L.L.C., and CBF (to the extent of the Companies' ownership interest in such Downstream Joint Ventures) as of the Effective Time, shall be the property of the Sellers and Buyer acknowledges and agrees that the Companies may, prior to the Closing, make a distribution to Sellers or their Affiliates of all cash, on hand at the Companies and such Downstream Joint Ventures as of the Effective Time. In the event that there was any cash in the accounts of the Companies and Downstream Energy Ventures Co., L.L.C., and CBF on the Effective Time, the Buyer will make a payment to Sellers (the "***Cash True-Up Payment***") in the amount of the sum of (i) such cash balances in the accounts of the Companies and (ii) the cash balances in the accounts of such Downstream Joint Ventures *times* the Companies' ownership percentage in each such Downstream Joint Ventures within sixty (60) days following the Closing. In addition, Buyer agrees to pay or cause the Companies to pay to Sellers all cash distributions received by the Companies or their Affiliates from GCF (or as a result of the Companies' ownership interest in GCF) after the Closing to Sellers up to an amount equal to cash, on hand, at GCF as of the Effective Time *times* the Companies' ownership percentage in GCF, such payment being referred to as a "***GCF Distribution Payment***."

(b) *Intercompany Accounts*. Accounts receivable and accounts payable between the Companies, on the one hand, and Sellers and its Affiliates (other than the Companies), on the other hand, and existing on the Effective Time shall be subject to the customary monthly settlement and true-up procedures currently utilized between Targa Resources, Inc. and Buyer with respect to intercompany accounts. Any amounts owing by the Companies to Sellers or their Affiliates (other than the Companies) as a result of such intercompany account true-up and any amounts owing by Sellers or their Affiliates (other than the Companies) to the Companies as a result of such intercompany accounts true-up

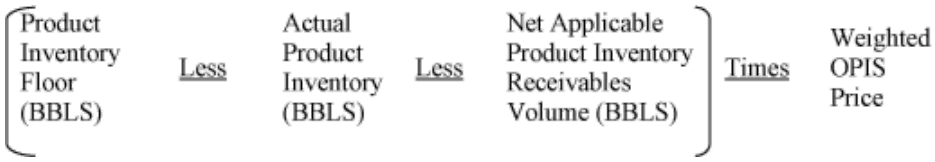
("***Intercompany Accounts True-Up Payment***"), shall be made by the applicable Party within ninety (90) days following the Closing.

(c) *Product Inventory*.

(i) Within ninety (90) days following the Closing, Buyer and Sellers shall make a joint determination of the actual Product Inventory levels (calculated in barrels on a product-by-product basis) of the Companies as of the Effective Time ("***Actual Product Inventory***").

(ii) If the Actual Product Inventory is greater than or equal to the Product Inventory Floor, then no inventory adjustment will be required under this subsection (c).

(iii) If the Actual Product Inventory is less than the Product Inventory Floor, then an inventory adjustment analysis will be required and an adjustment payment shall be payable by Sellers to Buyer equal to the positive amount determined as follows:



(iv) For purposes of this subsection (c), the following terms will have the meanings prescribed below:

"***Product Inventory Floor***" shall mean (i) if the Effective Time is August 1, 2009, .89 million barrels and (ii) if the Effective Time is September 1, 2009, 1.04 million barrels and (iii) if the Effective Time is after September 1, 2009, such revised floor amount as may be mutually agreed between Sellers and Buyer.

"***Net Applicable Product Inventory Receivables***" means the positive amount (if any) analyzed as the applicable accounts receivables of the Companies as of the Effective Time for sales of Product Inventory to third-parties for the purposes of assessing appropriate responsibility for incremental inventory minus applicable accounts payable of the Companies as of the Effective Time for purchases of Product Inventory from third parties for the purposes of assessing appropriate responsibility for incremental inventory.

"***Net Applicable Products Inventory Receivables Volume***" means the barrels of Product Inventory attributable to any Net Product Inventory Receivable for the purposes of assessing appropriate responsibility for incremental inventory.

"***Weighted OPIS Price***" shall be the per barrel price calculated by (i) multiplying the volumes of each category of Product Inventory included in the Actual Product Inventory, times the OPIS price applicable to such category of Product Inventory as of the Effective Time to determine an "Individual Product Value" for each category of Product Inventory, (ii) adding the various Individual Product Values to determine the value of the aggregate Actual Product Inventory

and (iii) then dividing the Aggregate Product Inventory Value by the total number of barrels of Product Inventory included in the Actual Product Inventory.

(v) Buyer and Seller acknowledge that should inventory adjustment analysis be required, then detailed analysis as opposed to mechanical calculations will be required to determine applicable accounts receivable and payable for the purposes of assessing appropriate responsibility for incremental inventory.

(vi) Any required inventory adjustment payment by Sellers (a "***Product Inventory True-up Payment***") shall be made by Sellers within ten days following the determination of the Actual Product Inventory to yield a weighted average price in $/bbl.

(d) *Residual Working Capital Adjustment.* At the end of the calendar month in which Closing occurs, Sellers shall provide to Buyer a statement of the net working capital derived from the books and records of the Companies (excluding (i) cash, (ii) intercompany accounts payable and receivable, (iii) Product Inventory and (iv) accounts receivable and payable for Product Inventory actually taken into consideration in calculating the Product Inventory True-up Payment) as of the Effective Time ("***Estimated Net Working Capital***"). Working capital statements will be prepared on the same basis used to prepare the audited financial statements, and working capital analysis will be done consistent with Targa Resources, Inc.'s normal monthly accounting closing processes. Estimated Net Working Capital (and Final Net Working Capital as provided below) will not include any line item with respect to income tax assets or liabilities (including those relating to Texas margin Tax), it being the intention of the Parties that such income tax matters be addressed by Article VII below. Non-cash items included in Estimated Net Working Capital will be adjusted post closing to update and replace the estimated amounts contained in the Estimated Net Working Capital to actuals as determined using a look-back over the sixty (60)-day period following the Closing. Any adjustments resulting from such actualization shall be taken into consideration in the working capital true-up process set forth in this subsection (d). Within ninety (90) days following the Closing, Buyer and Seller shall jointly determine the actual net working capital of the Companies (excluding (i) cash, (ii) intercompany accounts receivable and payable, (iii) Product Inventory and (iv) accounts receivable and payable for Product Inventory actually taken into consideration in calculating the Product Inventory True-up Payment) as of the Effective Time (the "***Final Net Working Capital***"). The Final Net Working Capital shall include the line items and be calculated in the same manner as the calculation of Estimated Net Working Capital. If Buyer and Sellers are unable to mutually agree upon Final Net Working Capital, then Buyer and Sellers shall submit any disputed items relating to such calculation to an independent accounting firm of recognized national standing as may be mutually selected by Buyer and Sellers. The costs of such independent accountant shall be borne 50% by Sellers and 50% by Buyer. Buyer shall pay to Sellers an amount equal to the excess, if any, of the Final Net Working Capital minus the Estimated Net Working Capital, or Sellers shall pay to Buyer an amount equal to the excess, if any, of the Estimated Net Working Capital minus the Final Net Working Capital. Such true-up payments (the "***Working Capital True-Up Payment***") shall be paid within ten days following the agreement of Buyer and Sellers (whether by mutual agreement or by decision of the independent accounting firm) with respect to the calculation of the Final Net Working Capital.

(e) Cash True-Up Payments, GCF Distribution Payments, Intercompany Accounts True-Up Payments, Product Inventory True-up Payments and Working Capital True-Up Payments shall be made by Buyer or Sellers, as the case may be, via wire transfer of immediately available funds to an account designated (in writing) by the Party entitled to receive such payment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES RELATING TO SELLERS

Except as disclosed in the Disclosure Schedules, each Seller hereby severally represents and warrants to Buyer as follows:

Section 3.1 ***Organization of Sellers***. Each of the Sellers is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite corporate power and authority to own, operate and lease its properties and assets and to carry on its business as now conducted.

Section 3.2 ***Authorization; Enforceability***. Each Seller has all requisite corporate power and authority to execute and deliver this Agreement and to perform all obligations to be performed by it hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized and approved by all requisite corporate action on the part of Sellers. This Agreement has been duly and validly executed and delivered by Sellers, and this Agreement constitutes a valid and binding obligation of Sellers, enforceable against Sellers in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

Section 3.3 ***No Conflict***. The execution and delivery of this Agreement by Sellers and the consummation of the transactions contemplated hereby by Sellers (assuming all required filings, consents, approvals, authorizations and notices set forth in Schedule 3.3 (collectively, the "***Sellers Approvals***") have been made, given or obtained) do not and shall not:

(a) violate any Law applicable to Sellers or require any filing with, consent, approval or authorization of, or notice to, any Governmental Authority;

(b) violate any Organizational Document of Sellers; or

(c) (i) breach any Contract to which any Seller is a party or by which any Seller may be bound, (ii) result in the termination of any such Contract, (iii) result in the creation of any Lien upon any of the Purchased Interests or (iv) constitute an event which, after notice or lapse of time or both, would result in any such breach, termination or creation of a Lien upon any of the Purchased Interests.

Section 3.4 ***Litigation***. There are no lawsuits or actions before any Governmental Authority pending or, to the Knowledge of Sellers, threatened against Sellers that would adversely affect the ability of Sellers to perform their obligations under this Agreement, and there are no orders or unsatisfied judgments from any Governmental Authority binding upon

Sellers that would adversely affect the ability of Sellers to perform their obligations under this Agreement.

Section 3.5 ***Brokers' Fees***. Except as reflected on Schedule 3.5, no broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated hereby based upon arrangements made by Sellers or any of their Affiliates.

Section 3.6 ***Ownership of Purchased Interests***.

(a) Targa GP Inc. is the sole member of Targa Downstream GP and has good and valid title to, holds of record and owns beneficially all of the limited liability company interests of Targa Downstream GP included in the Purchased Interests, free and clear of any Liens other than (i) transfer restrictions imposed thereon by applicable securities Laws and (ii) Permitted Liens, which will be released or removed at or prior to Closing.

(b) Targa GP Inc. is the sole member of Targa LSNG GP and has good and valid title to, holds of record and owns beneficially all of the limited liability company interests of Targa LSNG GP included in the Purchased Interests, free and clear of any Liens other than (i) transfer restrictions imposed thereon by applicable securities Law and (ii) Permitted Liens, which will be released or removed at or prior to Closing.

(c) Targa LP Inc. is the sole limited partner of Targa Downstream LP and has good and valid title to, holds of record and owns beneficially a limited partner interest representing a 50% ownership in Targa Downstream LP which constitutes all of the limited partner interests of Targa Downstream LP, free and clear of any Liens other than (i) transfer restrictions imposed thereon by applicable securities Laws and (ii) Permitted Liens which will be released or removed at or prior to Closing. Targa Downstream GP is the general partner of Targa Downstream LP and has good and valid title to, holds of record and owns beneficially a general partner interest representing a 50% ownership in Targa Downstream LP which constitutes all of the general partner interests of Targa Downstream LP, free and clear of any Liens other than (i) transfer restrictions imposed thereon by applicable securities Laws and (ii) Permitted Liens, which will be released or removed at or prior to Closing.

(d) Targa LP Inc. is the sole limited partner of Targa LSNG LP and has good and valid title to, holds of record and owns beneficially a limited partner interest representing a 50% ownership in Targa LSNG LP which constitutes all of the limited partner interests of Targa LSNG LP, free and clear of any Liens other than (i) transfer restrictions imposed thereon by applicable securities Laws and (ii) Permitted Liens which will be released or removed at or prior to Closing. Targa LSNG GP is the general partner of Targa LSNG LP and has good and valid title to, holds of record and owns beneficially a general partner interest representing a 50% ownership in Targa LSNG LP which constitutes all of the general partner interests of Targa LSNG LP, free and clear of any Liens other than (i) transfer restrictions imposed thereon by applicable securities Laws and (ii) Permitted Liens, which will be released or removed at or prior to Closing.

(e) With respect to each Company, there are no outstanding options, warrants, rights or other securities convertible into or exchangeable or exercisable for equity securities, any other commitments or agreements providing for the issuance of additional equity interests or the repurchase or redemption of equity interests, and there are no agreements of any kind which may obligate any of the Companies to issue, purchase, redeem or otherwise acquire any of their respective equity interests. Except as set forth in Schedule 3.6(e), there are no voting agreements, proxies or other similar agreements or understandings with respect to the equity interests of any Company.

(f) All of the Purchased Interests are duly authorized, validly issued and outstanding and fully paid, and were issued free of preemptive rights in compliance with applicable Laws. Upon consummation of the transactions contemplated hereby, Buyer (or one of its designated Subsidiaries) (i) will be the sole member of Targa Downstream GP and the sole limited partner of Targa Downstream LP, (ii) will be the sole member of Targa LSNG GP and the sole limited partner of Targa LSNG LP and (iii) will acquire good and valid title to all of the Purchased Interests, free and clear of any Liens other than transfer restrictions imposed thereon by applicable securities Laws or Liens created by Buyer.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES RELATING TO THE COMPANIES

Except as disclosed in the Disclosure Schedules, Sellers hereby severally represent and warrant to Buyer as follows:

Section 4.1 ***Organization of the Companies***. Each of the Purchased Companies is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has the requisite limited liability company or partnership power and authority to own or lease its assets and to conduct its business as it is now being conducted. Each of the Purchased Companies is duly licensed or qualified in each jurisdiction in which the ownership or operation of its assets or the character of its activities is such as to require it to be so licensed or qualified, except where the failure to be so licensed or qualified would not reasonably be expected to have a Material Adverse Effect on any of the Purchased Companies. Sellers have made available to Buyer true copies of all existing Organizational Documents of each of the Purchased Companies.

Section 4.2 ***No Conflict***. The execution and delivery of this Agreement by Sellers and the consummation of the transactions contemplated hereby by Sellers (assuming all of Sellers Approvals have been made, given or obtained) do not and shall not:

(a) violate, in any material respect, any Law applicable to the Companies or require any filing with, consent, approval or authorization of, or notice to, any Governmental Authority;

(b) violate any Organizational Document of the Companies; or

(c) (i) breach any Material Contract, (ii) result in the termination of any such Material Contract, (iii) result in the creation of any Lien under any Material Contract, or (iv)

constitute an event which, after notice or lapse of time or both, would result in any such breach, termination or creation of a Lien.

Section 4.3 ***Subsidiaries; Investments***.

(a) Except for ownership in another Company or as reflected on Schedules 4.3(a) and 4.3(b), none of the Companies owns any equity interests in any Person. At or immediately following Closing and subject to compliance with the procedures described in Schedules 4.3(a) and 4.3(b), the interests in the Downstream Joint Ventures will be owned by the Companies free and clear of Liens other than Permitted Liens and the provisions of the Organizational Documents of the respective Downstream Joint Ventures.

(b) (i) Schedule 4.3(a) sets forth a complete list of all of the Company Subsidiaries, the jurisdiction of incorporation or formation of each such Subsidiary and the number of issued and outstanding ownership interests of each such Subsidiary and the record holders thereof, and (ii) Schedule 4.3(b) sets forth a complete list of all partnerships, joint ventures or other entities (other than Subsidiaries) in which the Company or any of its Subsidiaries has, or will have at Closing, an interest, including a description of the type of such entity, the ownership interest of the Company and its Subsidiaries therein and, to Seller's Knowledge, the names and ownership interests of the other holders thereof. Except as set forth on Schedule 4.3(a), all of the outstanding ownership interests of the Company Subsidiaries are owned beneficially and of record by the Company or the Company's Subsidiaries, free and clear of all Liens.

(c) All of the equity interests of each Company Subsidiary are duly authorized, validly issued and outstanding and fully paid, and were issued free of preemptive rights in compliance with applicable Laws.

(d) Sellers have made available to Buyer true copies of all existing Organizational Documents of the Company Subsidiaries.

(e) Sellers hereby represent with respect to Cedar Bayou Fractionators, L.P, a Delaware limited partnership ("***CBF***") that:

(i) all liabilities of CBF that are required by GAAP to be reflected or reserved against in the March 31, 2009 Balance Sheet included in the Financial Statements have been so reflected or reserved against in the March 31, 2009 Balance Sheet included in the Financial Statements;

(ii) except as disclosed on Schedule 4.3(e)(ii), since the Balance Sheet Date, (x) the business of CBF has been conducted, in all material respects, only in the ordinary course consistent with past practices, and (y) there has been no damage, destruction or loss to the assets or properties of CBF which could reasonably be expected to have a material and adverse impact on the business of CBF;

(iii) there are no lawsuits or actions before any Governmental Authority pending or, to the Knowledge of Sellers, threatened by any Person against CBF other than lawsuits

or actions which could not reasonably be expected to have a material and adverse impact on CBF and CBF is not subject to any injunction, order or unsatisfied judgment from any Governmental Authority which could reasonable be expected to have a material and adverse impact on CBF;

(iv) to the Knowledge of Sellers and except as set forth in Schedule 4.3(e)(iv): (A) the operations of CBF are in compliance in all material respects with all Environmental Laws, which compliance includes the possession and maintenance of, and compliance with, all material Permits required under all applicable Environmental Laws; (B) CBF is not the subject of any outstanding administrative or judicial order or judgment, agreement or arbitration award from any Governmental Authority under any Environmental Laws requiring remediation or the payment of a fine or penalty; and (C) CBF is not subject to any action pending or threatened in writing, whether judicial or administrative, alleging noncompliance with or potential liability under any Environmental Law; and

(v) Downstream Energy Ventures Co., L.L.C. is the general partner of CBF and has not conducted any business or activities other than serving as general partner of CBF.

Section 4.4 ***Financial Statements; Records; Undisclosed Liabilities; Working Capital.***

(a) Schedule 4.4 sets forth true and complete copies of the following financial statements (collectively, the "***Financial Statements***"): (i) the audited balance sheet of the Downstream Business (with related statements of income and comprehensive income, changes in capital and cash flows) as of, and for the year ended December 31, 2008 and (ii) the unaudited balance sheet of the Downstream Business, together with related statements of income as of, and for the three month period ended March 31, 2009. The Financial Statements have been prepared in accordance with GAAP (except as otherwise stated in the footnotes or the audit opinion related thereto and except for, with respect to the March 31, 2009 Balance Sheet and the related statement of income, normal year-end adjustments and the absence of footnote disclosure) and present fairly in accordance with GAAP, in all material respects, the financial position and the results of operations of the Companies as of, and for the periods ended on, such dates.

(b) All liabilities of the Companies that are required by GAAP to be reflected or reserved against in the March 31, 2009 Balance Sheet included in the Financial Statements have been so reflected or reserved against in the March 31, 2009 Balance Sheet included in the Financial Statements. Except as set forth on Schedule 4.4(b), as of Closing the Companies shall have no Indebtedness for Borrowed Money, other than Indebtedness for Borrowed Money incurred by Buyer.

(c) To the Knowledge of Sellers, the range of working capital of the Companies reflected in Schedule 4.4(c) for the Effective Time and the remainder of 2009 reflects reasonable levels of working capital for the current and forecasted operations of the Downstream Business for such periods based on (i) information available to Sellers as of the date hereto, (ii) current market and industry conditions and (iii) Sellers' assumptions regarding continuing market and industry conditions.

Section 4.5 ***Absence of Certain Changes***. Except as disclosed on Schedule 4.5, since the Balance Sheet Date, (a) there has not been any Material Adverse Effect on the Companies, (b) the business of each of the Companies has been conducted, in all material respects, only in the ordinary course consistent with past practices, and (c) there has been no damage, destruction or loss to the assets or properties of the Companies which could reasonably be expected to have a material and adverse impact on the business of the Companies.

Section 4.6 ***Contracts.***

(a) Schedule 4.6(a) contains a true and complete listing of the following Contracts to which any of the Companies is a party, or will become a party to prior to or concurrently with the Closing (such Contracts that are required to be listed on Schedule 4.6(a) being "***Material Contracts***"):

(i) except for any intercompany indebtedness that will be cancelled or distributed prior to Closing, each Contract for Indebtedness for Borrowed Money;

(ii) Non-Affiliate Contracts associated with the Logistics Segment which represent in the aggregate in excess of 70% of the gross revenues of the Logistics Segment from Non-Affiliate Contracts for the twelve months ended December 31, 2008;

(iii) Non-Affiliate Contracts associated with the Wholesale Segment which represent in the aggregate in excess of 70% of the volume of NGLs sold by the Wholesale Segment pursuant to Non-Affiliate Contracts for the twelve months ended December 31, 2008;

(iv) Non-Affiliate Contracts associated with the Wholesale Segment which represent in the aggregate in excess of 70% of the volume of NGLs purchased by the Wholesale Segment pursuant to Non-Affiliate Contracts for the twelve months ended December 31, 2008;

(v) Non-Affiliate Contracts associated with the Marketing Segment which represent in the aggregate in excess of 70% of the volume of NGLs sold by the Marketing Segment pursuant to Non-Affiliate Contracts for the twelve months ended December 31, 2008;

(vi) Non-Affiliate Contracts associated with the Marketing Segment which represent in the aggregate in excess of 70% of the volume of NGLs purchased by the Marketing Segment pursuant to Non-Affiliate Contracts for the twelve months ended December 31, 2008;

(vii) Non-Affiliate Contracts associated with the Marketing Segment which represent in the aggregate in excess of 70% of NGLs exchanged by the Marketing Segment.

(viii) each Contract involving a remaining commitment obligating a Company to make capital expenditures in excess of $1,000,000 following the Closing;

(ix) each Contract for lease of personal property involving payments in excess of $1,000,000 for the twelve months ended December 31, 2008;

(x) except for Contracts of the nature described in clauses (i) through (ix) above, each Contract involving aggregate payments in excess of $1,000,000 for the twelve months ended December 31, 2008, or any successor contract between Sellers or any Affiliate of Sellers (other than any of the Companies) on the one hand, and any of the Companies, on the other hand, which will survive the Closing and which cannot be cancelled by a Company upon 30 days or less notice without payment penalty;

(xi) except for Contracts described in clauses (i) through (x) above and other than Contracts entered into in the ordinary course of business including in connection with operating and maintaining the facilities, any Contract for the purchase or sale of materials, supplies, goods, services, equipment or other assets that is reasonably expected by Sellers to involve, aggregate payments by or to a Company of $1,000,000 or more in the twelve month period immediately following the Closing;

(xii) each Contract that provides for a limit on the ability of a Company to compete in any line of business or with any Person or in any geographic area during any period of time after the Closing;

(xiii) any partnership or joint venture agreement (other than the Organizational Documents of the Companies);

(xiv) any Contract which any third party has rights to own or use any material asset of a Company, including any Intellectual Property right of a Company, other than pursuant to Contracts or commercial arrangements entered into by the Companies with such third parties in the ordinary course of business;

(xv) the Material Real Estate Leases; and

(xvi) any agreement relating to the acquisition or disposition following the Closing of any business (whether by merger, sale of stock, sale of assets or otherwise) or granting to any Person a right of first refusal, first offer or right to purchase any of the assets of a Company which right survives the Closing other than Permitted Liens.

(b) True and complete copies of all Material Contracts have been made available to Buyer.

(c) Except as set forth in Schedule 4.6(c), each Material Contract (other than such Material Contracts with respect to which all performance and payment obligations have been fully performed or otherwise discharged by all parties thereto prior to the Closing) (i) is in full force and effect and (ii) represents the legal, valid and binding obligation of the Company that is party thereto and, to the Knowledge of Sellers, represents the legal, valid and binding obligation of the other parties thereto, in each case enforceable in accordance with its terms. Except as set forth in Schedule 4.6(c), none of the Companies and, to the Knowledge of Sellers, no other party is in material breach of any Material Contract, and neither Sellers nor any of the Companies has received any notice of termination or breach of any Material Contract.

(d) Schedule 4.6(d) lists all of the purchase and sale agreements pursuant to which the Companies have acquired or disposed of any assets or entities since inception other

than purchases and dispositions of assets in the ordinary course of business none of which could be reasonably expected to have any significant and adverse impact on the Downstream Business. True and correct copies of the documents listed on Schedule 4.6(d) have been made available to Buyer.

Section 4.7 ***Intellectual Property.***

(a) The Companies own or have the right to use, pursuant to license, sublicense, agreement or otherwise, all items of Intellectual Property required in the operation of the Downstream Business as presently conducted. No third party has asserted against any of the Companies any written claim that such Company is infringing the Intellectual Property of such third party, and, to the Knowledge of Sellers, no third party is infringing the Intellectual Property owned by any of the Companies.

(b) All of the Company's Intellectual Property which is required to conduct the Downstream Business (as currently being conducted) is listed on Schedule 4.7(b). No Intellectual Property listed or required to be listed in such schedule is subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by a Company.

Section 4.8 ***Litigation***. Except as set forth in Schedule 4.8, (a) there are no lawsuits or actions before any Governmental Authority pending or, to the Knowledge of Sellers, threatened by any Person against any of the Companies or with respect to any Company Asset other than lawsuits or actions which could not reasonably be expected to have a material and adverse impact on the Companies and (b) no Company is subject to any injunction, order or unsatisfied judgment from any Governmental Authority.

Section 4.9 ***Taxes***. Except as set forth on Schedule 4.9, with respect to each Company (a) all Tax Returns required to be filed have been duly and timely filed with the appropriate Tax Authority, and were, when filed, true, correct and complete in all material respects, (b) all Taxes due and owing (whether or not shown as due on any Tax Returns) have been timely paid in full, (c) there are no Liens on any of the assets of such Company that arose in connection with any failure (or alleged failure) to pay any Tax, (d) there is no claim, action, or proceeding pending by any applicable Tax Authority in connection with any Tax, (e) no Tax Returns are now under audit or examination by any Tax Authority, (f) there are no agreements or waivers providing for an extension of time with respect to the filing of any Tax Returns or the assessment or collection of any such Tax, (g) no written claim has been made by any Tax Authority in a jurisdiction where such Company does not file a Tax Return that it is or may be subject to taxation in that jurisdiction, (h) such Company is not a party to any Tax-Sharing Agreement, and is not otherwise liable for the Taxes of any other Person (including as a transferee or successor), (i) since its inception, such Company has been a disregarded as an entity separate from its owner for federal income tax purposes pursuant to Treasury Regulation Section 301.7701-3(b)(1), (j) no power of attorney that is currently in force has been granted with respect to any matter relating Taxes that could affect such Company, and (k) such Company has not, during any period for which the statute of limitations for any relevant Tax has not expired, participated in any listed transaction required to be disclosed under Treasury Regulation Section 1.6011-4.

Section 4.10 ***Environmental Matters***. To the Knowledge of Sellers, except as set forth on Schedule 4.10:

(a) the operations of the Companies are in compliance in all material respects with all Environmental Laws, which compliance includes the possession and maintenance of, and compliance with, all material Permits required under all applicable Environmental Laws;

(b) none of the Companies is the subject of any outstanding administrative or judicial order or judgment, agreement or arbitration award from any Governmental Authority under any Environmental Laws requiring remediation or the payment of a fine or penalty; and

(c) none of the Companies is subject to any action pending or threatened in writing, whether judicial or administrative, alleging noncompliance with or potential liability under any Environmental Law.

Except for Section 4.12, Buyer acknowledges that this Section 4.10 shall be deemed to be the only representation and warranty in the Agreement with respect to the environmental matters.

Section 4.11 ***Legal Compliance***. Except with respect to (a) matters set forth in Schedule 4.8, (b) compliance with Laws concerning Taxes (as to which certain representations and warranties are made pursuant to Section 4.9), (c) compliance with Environmental Laws (as to which certain representations and warranties are made pursuant to Section 4.10), and (d) compliance with Permits (as to which representations and warranties are made pursuant to Section 4.12), the Companies are in compliance in all material respects with all applicable Laws and, to the Knowledge of Sellers, the Companies have not received written notice of any violation of any Law, relating to the operation of the business or to any of their assets or operations which could reasonably be expected to materially and adversely impact the Companies.

Section 4.12 ***Permits***. Except as set forth in Schedule 4.12, each of the Companies possesses or has the ability to operate under all material Permits necessary for it to own its assets and operate the Downstream Business as currently conducted. All such Permits are in full force and effect. There are no lawsuits or other proceedings pending or, to the Knowledge of Sellers, threatened in writing before any Governmental Authority that seek the revocation, cancellation, suspension or adverse modification thereof. To the Knowledge of Sellers, such Permits will not be subject to suspension, modification, revocation or non-renewal as a result of the execution, delivery and consummation of the transactions contemplated hereby.

Section 4.13 ***Insurance***. Schedule 4.13 contains a summary description of all material policies of property, fire and casualty, product liability, workers' compensation and other insurance held by or for the benefit of any of the Companies as of the date of this Agreement. Except as reflected on Schedule 4.13, there is no material claim by any Company pending under any of such policies as to which coverage has been denied or disputed by the underwriters of such policies. All premiums due and payable under such policies have been paid, and the Companies have complied with the terms and conditions of such policies. All such insurance policies are in full force and effect. No notice of cancellation of, or indication of an intention not

to renew, any such insurance policy has been received by Sellers other than in the ordinary course of business.

Section 4.14 ***Labor Relations***. None of the Companies (a) is a party to any collective bargaining agreement or other labor union contract applicable to persons employed by Sellers' Affiliates who provide services to a Company, and, to the Knowledge of Sellers, there are no organizational campaigns, petitions or other unionization activities focusing on persons employed by Sellers' Affiliates who provide services to a Company which seeks recognition of a collective bargaining unit, or (b) is subject to any strikes, material slowdowns or material work stoppages pending or, to the Knowledge of Sellers, threatened in writing between a Company and any group of the foregoing employees. Except as set forth on Schedule 4.14, none of the Companies (i) has any employees and all employment services to the Company immediately following the Closing will be rendered pursuant to the Omnibus Agreement, as amended in the form of Exhibit A or (ii) maintains, contributes or is subject to any employee benefit or welfare plan of any nature, including but not limited to, plans subject to ERISA.

Section 4.15 ***Title to Properties and Related Matters.***

(a) Sellers have delivered or made available to Buyer copies of the deeds and other instruments by which Targa Downstream LP or any other Company has acquired (or will acquire prior to Closing), fee simple title to real property included in the Company Assets, and all material real property records, all title insurance policies, opinions, abstracts and surveys in the possession of such Company and relating to such real property interests.

(b) Schedule 4.15(b)(i) sets forth a list of all material real property owned in fee by any Company or Company Subsidiary, but does not include compressor sites, rights of way and other similar real property interests which are not considered by the Sellers to be independently material. Except as set forth on Schedule 4.15(b)(ii), there are no outstanding options or rights of first refusal to purchase any of the fee owned real property reflected on Schedule 4.15(b)(i).

(c) The Companies have (i) good and defensible fee simple title to or valid leasehold interests in all of its real property and (ii) good and valid title to all of its personal property used in the ordinary conduct of the Downstream Business, except (x) for such defects in title as could not, individually or in the aggregate, reasonably be expected to materially and adversely impact the ability of the Companies to conduct the Downstream Business (including situations where beneficial title has been transferred to a Company but record title may be transferred following the Closing as contemplated in Section 11.12 below) and (y) for easements, rights of way and similar property use rights which are addressed in subsection (e) below. The real property and personal property owned by the Companies and used in the Downstream Business are subject to no Liens other than Permitted Liens. Schedule 4.15(c) includes a list of all real estate leases which involve the payment by the Companies of in excess of $250,000 in any calendar year or which if lost would have a material and adverse impact on the Companies' ability to conduct the Downstream Business ("***Material Real Estate Leases***"). The Material Real Estate Leases are (i) in full force and effect (ii) represent the legal, valid and binding obligations of the Company that is a party thereto and, to the Knowledge of Sellers, represent the legal, valid and binding obligation of the other parties thereto, in each case enforceable in accordance with

its terms. None of the Companies and, to the Knowledge of Sellers, no other party is in breach in any material respect of any Material Real Estate Lease.

(d) All of the plants, facilities and other tangible assets owned, leased or used by the Companies in the conduct of the Downstream Business are to the Knowledge of Sellers (i) structurally sound with no known defects (ii) in good operating condition and repair, subject to ordinary wear and tear, and (iii) not in need of maintenance or repair except for ordinary, routine maintenance and repair, except for such circumstances that could not reasonably be expected to have a material and adverse impact on the Companies and the Downstream Business.

(e) The Companies have such easements, rights of way and other similar property use rights which are sufficient, in the aggregate, for the Companies to conduct the Downstream Business as currently conducted except for such defects that could not reasonably be expected to materially and adversely impact the conduct of the Downstream Business by the Companies. Buyer acknowledges that this Section 4.15(e) shall be deemed to be the only representation and warranty in the Agreement with respect to easements, rights of way and other similar property use rights held or used by the Companies.

(f) After the Closing and except with respect to the Excluded Assets, the Companies will have record ownership or have beneficial ownership of the Company Assets, and the Company Assets constitute all of the assets used in connection with the Downstream Business and are adequate to conduct, in all material respects, the Downstream Business as currently conducted.

Section 4.16 ***Investment Representations***. Sellers are acquiring the Purchased Units for their own account with the present intention of holding the Purchased Units for investment purposes and not with a view to or for sale, in connection with any public distribution, of the Purchased Units in violation of any federal or state securities Laws. Sellers have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in the Purchased Units. Sellers acknowledge that the Purchased Units have not been registered under applicable federal and state securities Laws and that the Purchased Units may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is registered under applicable federal and state securities Laws or pursuant to an exemption from registration under any federal or state securities Laws.

ARTICLE V
REPRESENTATIONS AND WARRANTIES RELATING TO BUYER

Buyer hereby represents and warrants to Sellers as follows:

Section 5.1 ***Organization of Buyer***. Buyer is a limited partnership organized, validly existing and in good standing under the Laws of the State of Delaware.

Section 5.2 ***Authorization; Enforceability***. Buyer has all requisite partnership power and authority to execute and deliver this Agreement and to perform all obligations to be performed by it hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized and approved by

Buyer, and no other partnership proceeding on the part of Buyer is necessary to authorize this Agreement. This Agreement has been duly and validly executed and delivered by Buyer, and this Agreement constitutes a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

Section 5.3 ***No Conflict***. The execution and delivery of this Agreement by Buyer and the consummation of the transactions contemplated hereby by Buyer (assuming all required filings, consents, approvals authorizations and notices set forth in Schedule 5.3 (collectively, the "***Buyer Approvals***") have been made, given or obtained) does not and shall not:

(a) violate any Law applicable to Buyer or require any filing with, consent, approval or authorization of, or, notice to, any Governmental Authority;

(b) violate any Organizational Document of Buyer; or

(c) (i) breach any material Contract, to which Buyer is a party or by which Buyer may be bound, (ii) result in the termination of any such material Contract, (iii) result in the creation of any Lien upon any of the properties or assets of Buyer or (iv) constitute an event which, after notice or lapse of time or both, would result in any such breach, termination or creation of a Lien.

Section 5.4 ***Litigation***. There are no lawsuits or actions before any Governmental Authority pending or, to the Knowledge of Buyer, threatened in writing against Buyer that would reasonably be expected to have a material and adverse impact on the ability of Buyer to perform its obligations hereby, and there are no orders or unsatisfied judgments from any Governmental Authority binding upon Buyer that would reasonably be expected to have a material and adverse impact on the ability of Buyer to perform its obligations hereby.

Section 5.5 ***Brokers' Fees***. Except as reflected on Schedule 5.5 hereto, no broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated hereby based upon arrangements made by Buyer.

Section 5.6 ***Investment Representation***. Buyer is purchasing the Purchased Interests for its own account with the present intention of holding the Purchased Interests for investment purposes and not with a view to or for sale, in connection with any public distribution, of the Purchased Interests in violation of any federal or state securities Laws. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Purchased Interests. Buyer acknowledges that the Purchased Interests have not been registered under applicable federal and state securities Laws and that the Purchased Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is registered under applicable federal and state securities Laws or pursuant to an exemption from registration under any federal or state securities Laws.

Section 5.7 ***Purchased Units***. The Purchased Units have been duly authorized and upon issuance, at Closing, will be validly issued and fully paid. Such Purchased Units will be issued free of preemptive rights. Upon consummation of the transactions contemplated hereby, Sellers (or one of its designated Subsidiaries) will acquire good and valid title to all of the Purchased Units, free and clear of any Liens other than transfer restrictions imposed therein by applicable securities laws and the terms of the partnership agreement of Buyer.

ARTICLE VI
COVENANTS

Section 6.1 ***Conduct of Business***. From the date of this Agreement through the Closing, except as set forth on Schedule 6.1, as contemplated by this Agreement, or as consented to by Buyer in writing (which consent shall not be unreasonably withheld, conditioned or delayed), (a) Sellers shall cause each of the Companies to (x) operate its business in the ordinary course and (y) use Reasonable Efforts to preserve intact its business and its relationship with customers, suppliers and others having business relationships with a Company and (b) Sellers shall not permit any of the Companies to:

(i) amend its Organizational Documents;

(ii) liquidate, dissolve, recapitalize or otherwise wind up its business;

(iii) change its accounting methods, policies or practices, except as required by GAAP or applicable Laws;

(iv) sell, assign, transfer, lease or otherwise dispose of any assets except in the ordinary course of business or pursuant to the terms of a Material Contract;

(v) make any capital expenditure in excess of $1,000,000 other than capital expenditures reflected on Schedule 6.1(v) and other than reasonable capital expenditures in connection with any emergency or force majeure events affecting a Company;

(vi) merge or consolidate with, or purchase substantially all of the assets or business of, or equity interests in, or make an investment in any Person (other than in a Company or extensions of credit to customers in the ordinary course of business);

(vii) incur any Indebtedness for Borrowed Money or issue or sell any equity interests, notes, bonds or other securities of a Company (except for intercompany loans from or to Sellers or their Affiliates in the ordinary course of business), or any option, warrant or right to acquire same;

(viii) adopt any profit sharing, compensation, savings, insurance, pension, retirement or other benefit plan or otherwise hire any employees;

(ix) enter into any Contract, except for Contracts entered into by a Company in the ordinary course of business;

(x) create or assume any Lien, other than a Permitted Lien;

(xi) terminate or close any facility, business or operation of any Company except in the ordinary course of business; or

(xii) agree, whether in writing or otherwise, to do any of the foregoing.

Section 6.2 ***Access***. From the date hereof through the Closing, Sellers shall afford to Buyer and its authorized Representatives reasonable access, during normal business hours and in such manner as not to unreasonably interfere with normal operation of the Downstream Business, to the properties, books, contracts, records and appropriate officers and employees of Sellers' Affiliates who provide services to the Companies, and shall furnish such authorized Representatives with all financial and operating data and other information concerning the affairs of each Company as Buyer and such Representatives may reasonably request. Sellers shall have the right to have a Representative present at all times during any such inspections, interviews, and examinations. Notwithstanding the foregoing, Buyer shall have no right of access to, and Sellers shall have no obligation to provide to Buyer, information relating to (a) any information the disclosure of which would jeopardize any privilege available to a Company, Sellers or any Sellers Affiliate relating to such information; or (b) any information the disclosure of which would result in a violation of Law.

Section 6.3 ***Third-Party Approvals***. Buyer and Sellers shall (and shall each cause their respective Affiliates to) use Reasonable Efforts to obtain all material consents and approvals of third parties that any of Buyer, Sellers or their respective Affiliates are required to obtain in order to consummate the transactions contemplated hereby.

Section 6.4 ***Regulatory Filings***. From the date of this Agreement until the Closing, each of Buyer and Sellers shall, and shall cause their respective Affiliates to (i) make or cause to be made the filings required of such party or any of its Affiliates under any Laws with respect to the transactions contemplated hereby and to pay any fees due of it in connection with such filings, as promptly as is reasonably practicable, and in any event within ten Business Days after the date hereof, (ii) cooperate with the other Party and furnish all information in such Party's possession that is necessary in connection with such other Party's filings, (iii) use Reasonable Efforts to cause the expiration of the notice or waiting periods under the HSR Act and any other Laws with respect to the transactions contemplated hereby as promptly as is reasonably practicable, (iv) promptly inform the other Party of any communication from or to, and any proposed understanding or agreement with, any Governmental Authority in respect of such filings, (v) consult and cooperate with the other Party in connection with any analyses, appearances, presentations, memoranda, briefs, arguments and opinions made or submitted by or on behalf of any Party in connection with all meetings, actions and proceedings with Governmental Authorities relating to such filings, (vi) comply, as promptly as is reasonably practicable, with any requests received by such Party or any of its Affiliates under the HSR Act and any other Laws for additional information, documents or other materials, (vii) use Reasonable Efforts to resolve any objections as may be asserted by any Governmental Authority with respect to the transactions contemplated hereby, and (viii) use Reasonable Efforts to contest and resist any action or proceeding instituted (or threatened in writing to be instituted) by any Governmental Authority challenging the transactions contemplated hereby as in violation of any Law. If a Party intends to participate in any meeting with any Governmental Authority with

respect to such filings, it shall give the other Party reasonable prior notice of, and an opportunity to participate in, such meeting.

Section 6.5 ***Company Guarantees***.

(a) A list of Company Guarantees is set forth in Schedule 6.5 hereto, and Sellers shall update such schedule as of the Closing Date. Buyer shall use its Reasonable Efforts to obtain from the respective beneficiary, in form and substance reasonably satisfactory to Sellers, on or before the Closing, valid and binding termination of Company Guarantees or releases of Sellers and their Affiliates (other than the Companies), as applicable, from any liability or obligation, whether arising before, on or after the Closing Date, under any Company Guarantees in effect as of the Closing, including by providing substitute guarantees with terms that are as favorable to the counterparty as the terms of the applicable Company Guarantees and by furnishing letters of credit, instituting escrow arrangements, posting surety or performance bonds or making other arrangements as the counterparty may reasonably request. If any Company Guarantee has not been released as of the Closing Date, then Buyer shall continue to use its Reasonable Efforts after the Closing to cause each such unreleased Company Guarantee to be released promptly. Buyer shall indemnify and hold harmless Sellers and their Affiliates from and after the Closing for any Losses arising out of or relating to any Company Guarantees.

(b) Notwithstanding anything to the contrary herein, the Parties acknowledge and agree that at any time after 90 days following the Closing Date, Sellers and their Affiliates may, in their sole discretion, take any action to terminate, obtain release of or otherwise limit its liability under any and all outstanding Company Guarantees.

Section 6.6 ***Indebtedness for Borrowed Money***. Other than the payment by Buyer of indebtedness of the Purchased Companies as provided in Section 2.2(b), at the Closing, (i) Sellers shall cause the Companies to distribute to Sellers any remaining Indebtedness for Borrowed Money due to the Companies from Sellers or their Affiliates (other than the Companies) and (ii) Sellers shall cancel and contribute to the capital of the applicable Company (or, as applicable, cause its Affiliates to cancel) any Indebtedness for Borrowed Money due from the Companies to Sellers or their Affiliates (other than the Companies), in each case including interest and other amounts accrued thereon or due in respect thereof.

Section 6.7 ***Update Information***. At any time prior to the Closing, Sellers may supplement in writing any information furnished on the Disclosure Schedules to reflect post-signing developments and matters (which if not included on a Disclosure Schedule would constitute a breach of this Agreement by Sellers) by furnishing such supplemented information to Buyer pursuant to the notice provisions hereof. If (i) Sellers so furnish supplemental information, (ii) the absence of such information would have resulted in a breach of any representation or warranty under this Agreement and (iii) the Closing occurs, then such information shall be deemed to amend this Agreement and the Disclosure Schedules for all purposes hereunder, *provided* if such supplemental disclosure would result in Losses to the Companies in excess of $5,000,000 in the aggregate then Buyer may elect, by written notice to Sellers, to terminate this Agreement.

Section 6.8 ***Books and Records***. From and after the Closing, Buyer shall preserve and keep a copy of all books and records (other than Tax Records which are addressed in Article VII) relating to the business or operations of the Companies on or before the Closing Date in Buyer's possession for a period of at least seven years after the Closing Date. After such seven-year period, before Buyer shall dispose of any such books and records, Buyer shall give Sellers at least ninety (90) days prior notice to such effect, and Sellers shall be given an opportunity, at their cost and expense, to remove and retain all or any part of such books and records as Sellers may select. Buyer shall provide to Sellers, at no cost or expense to Sellers, reasonable access during business hours to such books and records as remain in Buyer's possession and reasonable access during business hours to the properties and employees of Buyer and the Companies in connection with matters relating to the business or operations of the Companies on or before the Closing Date and any disputes relating to this Agreement.

Section 6.9 ***Permits***. Sellers and Buyer shall cooperate to provide all notices and otherwise take all actions required to transfer or reissue any Permits, including those required under Environmental Laws, as a result of or in furtherance of the transactions contemplated hereby.

Section 6.10 ***Hedges***. Buyer and Sellers agree to cooperate to ensure that the Purchased Interests and the related Downstream Business are transferred to the Buyer free of any financial hedge transactions. Buyer acknowledges, however, that the Downstream Business does include various contracts which constitute physical hedges such as forward sale arrangements.

Section 6.11 ***Title Commitments and Title Policies***.

(a) Within ten (10) Business Days after the date of this Agreement, Sellers shall deliver or cause to be delivered to Buyer current, binding title commitments for owners' title policies issued by Title Company covering each of the real properties described on Schedule 6.11(a), which Title Commitments shall reflect Targa Downstream LP as the proposed insured.

(b) In addition, Sellers have heretofore applied for or will promptly apply for title commitments for all other real property interests reflected on Schedule 4.15(b)(i) and will deliver such title commitments to Buyer as and when received from the Title Company. Sellers will use Reasonable Efforts to obtain and cause all such title commitments to be delivered to Buyer at or prior to the Closing. In the event that the Title Company is unable to or otherwise fails to deliver any of such title commitments at the Closing, then Sellers will continue to use Reasonable Efforts to cause such title commitments to be delivered to Buyer as soon as possible following the Closing and in any event within ninety (90) days following the Closing.

(c) The title commitments delivered at Closing (the "***Title Commitments***") shall not indicate any defects in title other than Permitted Liens and defects that would, individually or in the aggregate, reasonably be expected to materially and adversely impact the ability of the Companies to conduct the Downstream Business. At Closing, or as promptly as is reasonably practicable, Sellers shall request that the Title Company issue to Buyer one or more owner's title insurance policies in accordance with the Title Commitments, together with any customary endorsements thereto requested by Buyer, and subject only to Permitted Liens and defects in title that would not, individually or in the aggregate, reasonably be expected to

materially and adversely impact the ability of the Companies to conduct the Downstream Business (the "***Title Policies***").

(d) All title insurance premiums, charges and costs for the title commitments and title policies with respect to the real property interests reflected on Schedule 4.15(b)(i) will be paid 50% by Sellers and 50% by Buyer.

Section 6.12 ***Participation of Sellers in Subsequent Disposition***. Buyer agrees that in the event that Buyer, at any time prior to the first anniversary of the Closing, enters into a letter of intent, memorandum of understanding or agreement respecting a transfer, conveyance, sale or other, direct or indirect, disposition to a third Person of (i) the Companies, (ii) the business conducted by the Companies, (iii) all or substantially all of the Company Assets, (iv) all or substantially all of the Downstream Business or (v) all or substantially all of the Houston Area Assets (each, a "***Disposition***"), then Buyer will be obligated to make an additional cash payment (a "***Disposition Payment***") to Sellers equal to .5 times the difference between the consideration received by Buyer or its Affiliates pursuant to such Disposition (net of Taxes payable as a result of receipt of such consideration) and the adjusted Purchase Price under this Agreement. The Disposition Payment shall be made within ten days following closing of any Disposition via wire transfer of immediately available funds by Buyer to an account designated (in writing) by Sellers. For purposes of determining the portion of the adjusted Purchase Price which shall be allocable to a Disposition, an allocation shall be based on the portion of the 2009 EBITDA attributable to the assets or business sold relative to the 2009 EBITDA for the Company Assets, collectively. Sellers acknowledge that, notwithstanding anything in this Section 6.12 to the contrary, the approval of the Conflicts Committee shall be required for any such Disposition.

Section 6.13 ***Business Interruption Insurance***. Sellers shall be entitled to receive and retain any and all amounts paid to insureds in respect of any business interruption, and/or contingent business interruption claim(s) relating to the Companies in the event the entire period of business interruption occurred on or prior to the Effective Time. In the event the period of business interruption includes periods prior to and after the Effective Time: (i) Sellers shall assume any associated waiting period days and be entitled to receive and retain the business interruption proceeds (the "***BI Proceeds***") attributable to the period prior to the Effective Time and (ii) Buyer shall assume any associated waiting period days and be entitled to receive and retain the BI Proceeds attributable to the period after the Effective Time.

ARTICLE VII
TAX MATTERS

Section 7.1 ***Tax Returns***.

(a) Through the Closing, Sellers shall cause each of the Companies to continue their current tax treatment as (a) partnerships or (b) entities that are disregarded as separate from their owner for federal income tax purposes pursuant to Treasury Regulation Section 301.7701-3(b)(1), and the operations of each of the Companies through the Effective Time shall be reflected on the federal income Tax Return of its owners. The income of the Companies will be apportioned to the period up to and including the Effective Time, and the

period after the Effective Time by closing the books of the Companies as of the Effective Time except as otherwise provided below in Section 7.1(c).

(b) With respect to any Tax Return of a Company covering a taxable period ending on or before the Effective Time that is required to be filed after the Effective Time, Sellers shall cause such Tax Return to be prepared and shall cause to be included in such Tax Return all Tax items required to be included therein. Not later than fifteen (15) days prior to the due date of each such Tax Return, Sellers shall deliver a copy of such Tax Return to Buyer together with a statement of the difference, if any, of the amount of Tax shown due on such Tax Return over the amount set up as a liability for such Tax (for the period through the Effective Time) in the Final Net Working Capital. Sellers shall make all reasonable changes to such Tax Return requested by Buyer not later than ten (10) days prior to the due date of such Tax Return. If the Tax shown on the Tax Return exceeds the amount set up as a liability for the Tax (for the period through the Effective Time) in the Final Net Working Capital, not later than the due date of such Tax Return, Sellers shall pay to Buyer the amount of such excess. If the amount set up as a liability for the Tax (for the period through the Effective Time) in the Final Net Working Capital exceeds the Tax shown on the Tax Return, not later than the due date of such Tax Return, Buyer shall pay to Sellers the amount of such excess. Buyer shall cause the Company to file the Tax Return and timely pay the Taxes shown due on such Tax Return.

(c) With respect to any Tax Return of a Company covering a taxable period beginning on or before the Effective Time and ending after the Effective Time that is required to be filed after the Effective Time, Buyer shall cause such Tax Return to be prepared and shall cause to be included in such Tax Return all Tax items required to be included therein. Buyer shall determine (by an interim closing of the books as of the Effective Time except for ad valorem Taxes and franchise taxes based solely on capital which shall be prorated on a daily basis) the Tax which would have been due with respect to the period covered by such Tax Return if such taxable period ended on the Effective Time (the "***Pre-Closing Tax***"). For this purpose, any franchise Tax paid or payable with respect to a Company shall be allocated to the taxable period for which payment of the Tax provides the right to engage in business, regardless of the taxable period during which the income, operations, assets or capital comprising the base of such Tax is measured. Not later than fifteen (15) days prior to the due date of each such Tax Return, Buyer shall deliver a copy of such Tax Return to Sellers for their review. Buyer shall make all reasonable changes to such Tax Return requested by Sellers not later than ten (10) days prior to the due date of such Tax Return. Not later than the due date of the Tax Return, either (i) Sellers shall pay to Buyer the excess, if any, of the Pre-Closing Tax over the amount set up as a liability for the Pre-Closing Tax in the Final Net Working Capital, or (ii) Buyer shall pay to Sellers the excess, if any, of the amount set up as a liability for the Pre-Closing Tax in the Final Net Working Capital over the Pre-Closing Tax. Buyer shall cause the Company to file the Tax Return and timely pay the Taxes shown due on such Tax Return.

(d) Any Tax Return prepared pursuant to the provisions of this Section 7.1 shall be prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns, except as otherwise required by Law or fact. Any dispute arising pursuant to the provisions of Section 7.1(b) or Section 7.1(c) shall be resolved pursuant to procedures comparable to the procedures applicable under Section 2.4(d).

(e) Buyer and Sellers shall cooperate fully, and Buyer shall cause each of the Companies to cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the preparation and filing of Tax Returns pursuant to this Section 7.1 (and Section 7.6), requests for the provision of any information or documentation within the knowledge or possession of the other Party as reasonably necessary to facilitate compliance with financial reporting obligations arising under FASB Statement No. 109 (including without limitation, compliance with Financial Accounting Standards Board Interpretation No. 48), and any audit, litigation or other proceeding (each a "***Tax Proceeding***") with respect to Taxes. Such cooperation shall include access to, the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such Tax Return or Tax Proceeding, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Sellers will, and Buyer will and will cause the Companies to, (i) retain all books and records with respect to Tax matters pertinent to the Companies relating to any taxable period beginning before the Effective Time until the later of six (6) years after the Effective Time or the expiration of the applicable statute of limitations of the respective taxable periods (including any extensions thereof), and to abide by all record retention agreements entered into with any Tax Authority, and (ii) give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Buyer or Sellers, as the case may be, shall allow the other party to take possession of such books and records. Buyer and Sellers each agree, upon request, to use Reasonable Efforts to obtain any certificate or other document from any Tax Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed with respect to the transactions contemplated hereby.

Section 7.2 ***Transfer Taxes***. Buyer shall be responsible for and indemnify Sellers for the payment of all state and local transfer, sales, use, stamp, registration or other similar Taxes resulting from the transactions contemplated hereby.

Section 7.3 ***Tax Indemnity***.

(a) Sellers shall be jointly and severally liable for, shall pay and shall protect, defend, indemnify and hold harmless Buyer and the Companies from (i) any breach of the representations and warranties contained in Section 4.9 and (ii) any and all Taxes in excess of any liability for Taxes (for the period through the Effective Time) reflected in the Final Net Working Capital which relate to or result from the income, business, property or operations of the Companies prior to the Effective Time. The representations and warranties contained in Section 4.9 shall survive the Closing until six months after expiration of the applicable statute of limitations. Buyer shall be solely liable for, shall pay and shall protect, defend, indemnify and hold harmless Sellers from any and all Taxes, together with costs and expenses with respect thereto, which relate to or result from the income, business, property or operations of the Companies after the Effective Time.

(b) If any claim (an "***Indemnified Tax Claim***") is made by any Tax Authority that, if successful, would result in indemnification of any Party (the "***Tax Indemnified Party***") by another Party (the "***Tax Indemnifying Party***") under this Section 7.3, the Tax Indemnified Party shall promptly, but in no event later than the earlier of (i) forty-five (45) days after receipt of notice from the Tax Authority of such claim or (ii) fifteen (15) days prior to the date required

for the filing of any protest of such claim, notify the Tax Indemnifying Party in writing of such fact, including a description in reasonable detail of the nature of the Indemnified Tax Claim, and a copy of all papers received with respect to such claim (if any).

(c) The Tax Indemnifying Party shall control all decisions with respect to any Tax Proceeding involving an Indemnified Tax Claim and the Tax Indemnified Party shall take such action (including settlement with respect to such Tax Proceeding or the prosecution of such Tax Proceeding to a determination in a court or other tribunal of initial or appellate jurisdiction) in connection with a Tax Proceeding involving an Indemnified Tax Claim as the Tax Indemnifying Party shall reasonably request in writing from time to time, including the selection of counsel and experts and the execution of powers of attorney; *provided* that (i) if within thirty (30) days after the notice required by Section 7.3(b) has been delivered (or such earlier date that any payment of Taxes with respect to such claim is due but in no event sooner than five days after the Tax Indemnifying Party's receipt of such notice), the Tax Indemnifying Party requests that such claim be contested, and (ii) if the Tax Indemnified Party is requested by the Tax Indemnifying Party to pay the Tax claimed and sue for a refund, the Tax Indemnifying Party shall have advanced to the Tax Indemnified Party, on an interest-free basis, the amount of such claim. The Tax Indemnified Party shall not make any payment of an Indemnified Tax Claim for at least thirty (30) days (or such shorter period as may be required by applicable law) after the giving of the notice required by Section 7.3(b) with respect to such claim, shall give to the Tax Indemnifying Party any information requested related to such claim, and otherwise shall cooperate with the Tax Indemnifying Party in order to contest effectively any such claim. Notwithstanding anything in this Section 7.3 to the contrary, (i) the Tax Indemnifying Party shall not, without the written consent of the Tax Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), enter into any compromise or settlement regarding an Indemnified Tax Claim that will effect taxable periods ending after the Effective Time or that involves issues that recur for taxable periods ending after the Effective Time, (ii) the Tax Indemnified Party may participate in, but not control (subject to clause "(iii)" below), any defense or settlement of any Indemnified Tax Claim controlled by the Indemnifying Party pursuant to this Section 7.3, and the Tax Indemnified Party shall bear its own costs and expenses with respect to such participation, and (iii) if the Tax Indemnifying Party fails to take action to timely defend an Indemnified Tax Claim, then the Tax Indemnified Party shall have the exclusive right to defend, and be reimbursed by the Tax Indemnifying Party for its reasonable cost and expense, in regard to the Indemnified Tax Claim with counsel selected by the Tax Indemnified Party, in which case the Tax Indemnified Party shall have full control of such defense and proceedings; *provided*, *however*, that the Tax Indemnified Party may not enter into any compromise or settlement of such Indemnified Tax Claim if indemnification is to be sought hereunder, without the Tax Indemnifying Party's consent (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 7.4 ***Scope***. Notwithstanding anything to the contrary herein, this Article VII shall be the exclusive remedy for any claims relating to Taxes (including any claims relating to representations respecting Tax matters including Section 4.9). The rights under this Article VII shall survive the Closing until thirty (30) days after the expiration of the statute of limitations (including extensions) applicable to such Tax matter. No claim may be made or brought by any Party hereto after the expiration of the applicable survival period unless such claim has been

asserted by written notice specifying the details supporting the claim on or prior to the expiration of the applicable survival period.

Section 7.5 ***Wage Reporting***. Buyer and Sellers shall utilize, and/or cause their Affiliates to utilize, the alternate procedure set forth in IRS Revenue Procedure 2004-53 with respect to wage reporting for employees associated with the Downstream Business.

Section 7.6 ***Tax Refunds***. In the event that Buyer receives any refund of Taxes from a taxing jurisdiction or a reimbursement of Taxes from a third-party with respect to any Pre-Closing Taxable Period, such amounts shall belong to Sellers and shall be forwarded by Buyer to Sellers within ten days of receipt.

Section 7.7 ***Contribution Structure***. Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge and agree that their intent is that the transfer of the Purchased Interests pursuant to the terms and conditions of this Agreement shall constitute a contribution transaction as described in Section 721 of the Code, subject to the provisions of Section 707 of the Code, and any cash proceeds received by Sellers pursuant the Agreement (including Section 2.4, Section 6.12, Article VII, and Article IX) shall be, to the extent possible, treated as reimbursement for capital expenditures pursuant to Treasury Regulation Section 1.701-4(d).

ARTICLE VIII
CONDITIONS TO OBLIGATIONS

Section 8.1 ***Conditions to Obligations of Buyer***. The obligation of Buyer to consummate the transactions contemplated hereby is subject to the satisfaction of the following conditions, any one or more of which may be waived in writing by Buyer:

(a) Buyer Approvals shall have been duly made, given or obtained and shall be in full force and effect;

(b) Each of the representations and warranties of Sellers contained in this Agreement (other than those contained in Section 3.2 and Section 3.6, which shall be true and correct in all respects) shall be true in all material respects as of the date of this Agreement and as of the Closing, as if made at and as of that time (other than such representations and warranties that expressly address matters only as of a certain date, which need only be true as of such certain date) without giving effect to the words “material”, “material adverse effect” or “Material Adverse Effect”;

(c) Sellers shall have performed or complied in all material respects with all of the covenants and agreements required by this Agreement to be performed or complied with by it at or before the Closing;

(d) Sellers shall have delivered to Buyer a certificate, dated as of the Closing Date, certifying that the conditions specified in Sections 8.1(b) and 8.1(c) have been fulfilled;

(e) No statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction, judgment or other order shall have been enacted,

entered, promulgated, enforced or issued by any Governmental Authority, or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect, and no investigation, action or proceeding before a Governmental Authority shall have been instituted or threatened challenging or seeking to restrain or prohibit the transactions contemplated hereby or to recover damages in connection therewith;

(f) Sellers and Buyer shall have entered into an amendment to the Omnibus Agreement in the form of Exhibit A;

(g) Buyer shall have received a true and complete copy, certified by the secretary of Targa GP Inc. and Targa LP Inc., of resolutions duly and validly adopted by the board of directors of Targa GP Inc. and Targa LP Inc., evidencing their authorization of the execution and delivery of this Agreement and the consummation of transactions contemplated hereby;

(h) the waiting period applicable to the consummation of the transactions contemplated hereby under the HSR Act shall have expired or have been terminated;

(i) Sellers shall have delivered to Buyer all of the documents, certificates and other instruments required to be delivered under, and otherwise complied with the provisions of, Section 2.3(b);

(j) Buyer shall have obtained such third party financing as may be required for Buyer to consummate the transactions contemplated by this Agreement, which shall have been approved by the board of directors of the General Partner;

(k) Affiliates of Sellers and the Companies shall have entered into NGL sale/purchase agreements pursuant to which such Affiliates of Sellers have agreed to sell and the Companies have agreed to purchase NGLs generated by and/or owned by such Affiliates of Sellers on terms reasonably acceptable to Buyer and Sellers; and

(l) Buyer shall not have provided notice to Sellers that Buyer is contemplating a material acquisition transaction or business combination and the Board of Directors of Targa Resources GP LLC, the general partner of Buyer, has determined that, in light of such pending material transaction, Buyer cannot proceed with consummation of the transactions contemplated hereby.

Section 8.2 ***Conditions to the Obligations of Sellers***. The obligation of Sellers to consummate the transactions contemplated hereby is subject to the satisfaction of the following conditions, any one or more of which may be waived in writing by Sellers:

(a) Sellers Approvals shall have been duly made, given or obtained and shall be in full force and effect;

(b) Each of the representations and warranties of Buyer contained in this Agreement (other than those contained in Section 5.2, which shall be true and correct in all respects) shall be true in all material respects as of the date of this Agreement and as of the Closing, as if made anew at and as of that time (other than such representations and warranties

that expressly address matters only as of a certain date, which need only be true as of such certain date) without giving effect to the words "material" or "material adverse effect;"

(c) Buyer shall have performed or complied in all material respects with all of the covenants and agreements required by this Agreement to be performed or complied with by Buyer on or before the Closing;

(d) Buyer shall have delivered to Sellers a certificate, dated as of the Closing Date, certifying that the conditions specified in Section 8.2(b) and (c) have been fulfilled;

(e) No statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction, judgment or other order shall have been enacted, entered, promulgated, enforced or issued by any Governmental Authority, or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect, and no investigation, action or proceeding before a court or any other governmental agency or body shall have been instituted or threatened challenging or seeking to restrain or prohibit the consummation of the transactions contemplated hereby or to recover damages in connection therewith;

(f) Buyer shall have delivered to Sellers all of the documents, certificates and other instruments required to be delivered under, and otherwise complied with the provisions of, Section 2.3(c);

(g) Sellers shall have received a true and complete copy, certified by the secretary of the General Partner, of resolutions duly and validly adopted by the board of directors of the General Partner, evidencing authorization of the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(h) Sellers and Buyer shall have entered into an amendment to the Omnibus Agreement in the form of Exhibit A;

(i) Affiliates of Sellers shall have entered into NGL sale/purchase agreements with the Companies pursuant to which such Affiliates of Sellers have agreed to sell and the applicable Company has agreed to purchase NGLs generated by and/or owned by such Affiliates of Sellers on terms reasonably acceptable to Buyer and Sellers; and

(j) The waiting period applicable to the consummation of the transaction contemplated hereby under the HSR Act shall have expired or have been terminated.

ARTICLE IX
INDEMNIFICATION

Section 9.1 ***Survival***.

(a) The representations and warranties of the Parties contained in this Agreement and all covenants contained in this Agreement that are to be performed prior to the Closing will survive the closing for 12 months following the Closing; *provided*, *however*, that (i) the Fundamental Representations and Warranties shall survive for the applicable statute of

limitations, (ii) the representations and warranties set forth in Section 4.9 (Taxes) shall survive as set forth in Article VII and (iii) the representation and warranty in Section 4.10 (Environmental Matters) shall not survive the Closing. Except as expressly set forth in Section 9.1(b) below, no Party shall have any liability for indemnification claims made under this Article IX with respect to any such representation, warranty or pre-closing covenant unless a Claim Notice is provided by the non-breaching Party to the other Party prior to the expiration of the applicable survival period for such representation, warranty or pre-closing covenant. If a Claim Notice has been timely given in accordance with this Agreement prior to the expiration of the applicable survival period for such representation, warranty or pre-closing covenant or claim, then the applicable representation, warranty or pre-closing covenant shall survive as to such claim, until such claim has been finally resolved.

(b) Sellers shall have no liability for indemnification claims under Section 9.2(a)(ii) unless the appropriate written notice as referenced in the definition of "Pre-Closing Environmental Matter" is provided by Buyer to Sellers on or prior to the second anniversary of Closing. If such notice has been given in accordance with this Agreement prior to the second anniversary of the Closing, then Sellers will have an indemnification obligation with respect to the Pre-Closing Environmental Matters specifically described in such notice and such indemnification obligation shall survive and continue after the second anniversary of the Closing.

(c) All covenants and agreements of the parties contained in this Agreement to be performed after the Closing, will survive the Closing in accordance with their terms.

(d) The representations and warranties of Sellers will not be affected or reduced as a result of any investigation or Knowledge of Buyer.

(e) For purposes of clarity, the limitations set forth in Section 9.4(a),(b) and (c) do not apply to indemnification claims for Pre-Closing Environmental Liabilities made under Section 9.2(a)(ii) or for the Defense Actions made under Section 9.2(a)(iii).

Section 9.2 ***Indemnification***.

(a) Subject to Article VII relating to Taxes and the provisions of this Article IX, from and after the Closing, Sellers shall jointly and severally indemnify and hold harmless Buyer, Buyer's Affiliates and their respective Representatives (the "***Buyer Indemnified Parties***") from and against (i) all Losses that Buyer Indemnified Parties incur arising from any breach of any representation, warranty or covenant of Sellers in this Agreement; (ii) Pre-Closing Environmental Liabilities; and (iii) any of the Defense Actions.

(b) Subject to Article VII relating to Taxes and the provisions of this Article IX, from and after the Closing, Buyer shall indemnify and hold harmless Sellers and their Affiliates and their respective Representatives (the "***Sellers Indemnified Parties***") from and against all Losses that Sellers Indemnified Parties incur arising from or out of (i) the business and operations of the Companies (whether relating to periods prior to or after the Effective Time) to the extent such Losses are not matters for which Sellers have an indemnification obligation

under the provisions of Section 9.2(a) or (ii) any breach of any representation, warranty or covenant of Buyer in this Agreement.

(c) Notwithstanding anything to the contrary herein, the Parties shall have a duty to use Reasonable Efforts to mitigate any Loss arising out of or relating to this Agreement or the transactions contemplated hereby.

(d) Notwithstanding anything in this Article IX to the contrary, all Losses relating to Taxes which are the subject of Article VII shall only be subject to indemnification under Section 7.3.

Section 9.3 ***Indemnification Procedures***. Claims for indemnification under this Agreement (other than claims involving a Tax Proceeding or a breach of Section 4.9, the procedures for which are set forth in Article VII) shall be asserted and resolved as follows:

(a) Any Buyer Indemnified Party or Sellers Indemnified Party claiming indemnification under this Agreement (an "***Indemnified Party***") with respect to any claim asserted against the Indemnified Party by a third party ("***Third-Party Claim***") in respect of any matter that is subject to indemnification under Section 9.2 shall promptly (i) notify the other Party (the "***Indemnifying Party***") of the Third-Party Claim and (ii) transmit to the Indemnifying Party a written notice ("***Claim Notice***") describing in reasonable detail the nature of the Third-Party Claim, a copy of all papers served with respect to such claim (if any), the Indemnified Party's best estimate of the amount of Losses attributable to the Third-Party Claim and the basis of the Indemnified Party's request for indemnification under this Agreement. Failure to timely provide such Claim Notice shall not affect the right of the Indemnified Party's indemnification hereunder, except to the extent the Indemnifying Party is prejudiced by such delay or omission.

(b) The Indemnifying Party shall have the right to defend the Indemnified Party against such Third-Party Claim. If the Indemnifying Party notifies the Indemnified Party that the Indemnifying Party elects to assume the defense of the Third-Party Claim, then the Indemnifying Party shall have the right to defend such Third-Party Claim with counsel selected by the Indemnifying Party (who shall be reasonably satisfactory to the Indemnified Party), by all appropriate proceedings, to a final conclusion or settlement at the discretion of the Indemnifying Party in accordance with this Section 9.3(b). The Indemnifying Party shall have full control of such defense and proceedings, including any compromise or settlement thereof; *provided, however,* that the Indemnifying Party shall not enter into any settlement agreement without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed); *provided further, however*, that such consent shall not be required if (i) the settlement agreement contains a complete and unconditional general release by the third party asserting the claim to all Indemnified Parties affected by the claim and (ii) the settlement agreement does not contain any sanction or restriction upon the conduct of any business by the Indemnified Party or its Affiliates. If requested by the Indemnifying Party, the Indemnified Party agrees, at the sole cost and expense of the Indemnifying Party, to cooperate with the Indemnifying Party and its counsel in contesting any Third-Party Claim which the Indemnifying Party elects to contest, including the making of any related counterclaim against the Person asserting the Third-Party Claim or any cross complaint against any Person. The Indemnified Party may participate in, but not control, any defense or settlement of any Third-Party Claim

controlled by the Indemnifying Party pursuant to this Section 9.3(b), and the Indemnified Party shall bear its own costs and expenses with respect to such participation.

(c) If the Indemnifying Party does not notify the Indemnified Party that the Indemnifying Party elects to defend the Indemnified Party pursuant to Section 9.3(b), then the Indemnified Party shall have the right to defend, and be reimbursed for its reasonable cost and expense (but only if the Indemnified Party is actually entitled to indemnification hereunder) in regard to the Third-Party Claim with counsel selected by the Indemnified Party (who shall be reasonably satisfactory to the Indemnifying Party), by all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnified Party. In such circumstances, the Indemnified Party shall defend any such Third-Party Claim in good faith and have full control of such defense and proceedings; *provided*, *however*, that the Indemnified Party may not enter into any compromise or settlement of such Third-Party Claim if indemnification is to be sought hereunder, without the Indemnifying Party's consent (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this Section 9.3(c), and the Indemnifying Party shall bear its own costs and expenses with respect to such participation.

(d) Subject to the other provisions of this Article IX, a claim for indemnification for any matter not involving a Third-Party Claim may be asserted by notice to the Party from whom indemnification is sought.

(e) In the event an Indemnified Party shall recover Losses in respect of a claim of indemnification under this Article IX, no other Indemnified Party shall be entitled to recover the same Losses in respect of a claim for indemnification.

(f) Notwithstanding anything to the contrary in this Section 9.3, the indemnification procedures set forth in Article VII shall control any indemnities relating to Taxes.

Section 9.4 ***Additional Agreements Regarding Indemnification***. Notwithstanding anything to the contrary herein (and excluding matters covered by Article VII):

(a) a breach of any representation, warranty or pre-closing covenant (other than with respect to a breach of the Fundamental Representations and Warranties) of Sellers in this Agreement in connection with any single item or group of related items that results in Losses of less than $250,000 shall be deemed, for all purposes of this Article IX not to be a breach of such representation, warranty or pre-closing covenant;

(b) Sellers shall have no liability arising out of or relating to Section 9.2(a)(i) for breaches of representations or warranties (other than with respect to a breach of the Fundamental Representations and Warranties) except if the aggregate Losses actually incurred by Buyer Indemnified Parties thereunder exceed $7,950,000 (and then, subject to Section 9.4(c), only to the extent such aggregate Losses exceed such amount);

(c) in no event shall Sellers' aggregate liability arising out of or relating to Section 9.2(a)(i) for breaches of representations, warranties or pre-closing covenants (other than

with respect to a breach of the Fundamental Representations and Warranties) exceed $58,300,000;

(d) The amount of any Loss for which a Buyer Indemnified Party claims indemnification under this Agreement shall be reduced by: (i) any insurance proceeds actually recovered with respect to such Loss; (ii) any Tax Benefits with respect to such Loss and (iii) indemnification or reimbursement payments actually recovered from third parties with respect to such Loss;

(e) For purposes of determining whether there has been a breach or inaccuracy of a representation or warranty by a party in connection with the assertion of a claim for indemnification under Article IX, or determining the amount of a Loss, with respect to any asserted breach or inaccuracy, such determination shall be made without regard to any qualifier as to "material," "materiality" or Material Adverse Effect expressly contained in Article III or IV.

Section 9.5 ***Waiver of Other Representations***.

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IT IS THE EXPLICIT INTENT OF EACH PARTY HERETO, AND THE PARTIES HEREBY AGREE, THAT NONE OF SELLERS OR ANY OF THEIR AFFILIATES OR REPRESENTATIVES HAS MADE OR IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING ANY IMPLIED REPRESENTATION OR WARRANTY AS TO THE CONDITION, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PURCHASED INTERESTS, THE COMPANIES, THEIR ASSETS, OR ANY PART THEREOF, EXCEPT THOSE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, AND WITHOUT IN ANY WAY LIMITING THE FOREGOING, SELLERS MAKE NO REPRESENTATION OR WARRANTY TO BUYER WITH RESPECT TO ANY FINANCIAL PROJECTIONS OR FORECASTS RELATING TO THE COMPANIES.

(b) The representations and warranties contained in Section 4.10 shall be the exclusive representations and warranties with regard to Environmental Laws and related matters.

Section 9.6 ***Purchase Price Adjustment***. The Parties agree to treat all payments made pursuant to this Article IX as adjustments to the Purchase Price for Tax purposes.

Section 9.7 ***Exclusive Remedy.***

(a) Notwithstanding anything to the contrary herein (i) except as provided in Sections 2.1, 2.2, and 2.3 (as to all of which Buyer shall be entitled to specific performance and Sellers shall be entitled to damages without regard to the limitations provided in Section 9.7(b) below), (ii) except as provided in Sections 6.5, 7.2, 7.3, 9.2 or 10.2, and (iii) other than with respect to any claim for fraud, no Party shall have any liability, and no Party shall make any claim, for any Loss or other matter (and Buyer and Sellers hereby waive any right of contribution against the other and their respective Affiliates), under, arising out of or relating to this Agreement, any other document, agreement, certificate or other matter delivered pursuant hereto

or the transactions contemplated hereby, whether based on contract, tort, strict liability, other Laws or otherwise.

(b) NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, NO PARTY SHALL BE LIABLE FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE AND WHETHER OR NOT ARISING FROM ANY OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT; *PROVIDED, HOWEVER*, THAT THIS SECTION 9.7(b) SHALL NOT LIMIT A PARTY'S RIGHT TO RECOVERY UNDER ARTICLE VII OR ARTICLE IX FOR ANY SUCH DAMAGES TO THE EXTENT SUCH PARTY IS REQUIRED TO PAY SUCH DAMAGES TO A THIRD PARTY IN CONNECTION WITH A MATTER FOR WHICH SUCH PARTY IS OTHERWISE ENTITLED TO INDEMNIFICATION UNDER ARTICLE IX.

ARTICLE X
TERMINATION

Section 10.1 ***Termination***. At any time prior to the Closing, this Agreement may be terminated and the transactions contemplated hereby abandoned:

(a) by the mutual consent of Buyer and Sellers as evidenced in writing signed by each of Buyer and Sellers;

(b) by Buyer, if there has been a material breach by Sellers of any representation, warranty or covenant contained in this Agreement which will or has prevented the satisfaction of any condition to the obligations of Buyer at the Closing and, if such breach is of a character that it is capable of being cured, such breach has not been cured by Sellers within thirty (30) days after written notice thereof from Buyer;

(c) by Sellers, if there has been a material breach by Buyer of any representation, warranty or covenant contained in this Agreement which will or has prevented the satisfaction of any condition to the obligations of Sellers at the Closing and, if such breach is of a character that it is capable of being cured, such breach has not been cured by Buyer within thirty (30) days after written notice thereof from Sellers;

(d) by either Buyer or Sellers if any Governmental Authority having competent jurisdiction has issued a final, non-appealable order, decree, ruling or injunction (other than a temporary restraining order) or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated hereby; or

(e) by either Buyer or Sellers, if the Closing has not occurred on or before December 31, 2009 or such later date as the Parties may agree upon.

Section 10.2 ***Effect of Termination***. In the event of termination and abandonment of this Agreement pursuant to Section 10.1, this Agreement shall forthwith become void and have no effect, without any liability on the part of any Party hereto; *provided*, *however*, that if this Agreement is validly terminated by a Party as a result of an intentional, material breach of this

Agreement by the non-terminating Party, then the terminating Party shall be entitled to all rights and remedies available under Law or equity. The provisions of Sections 11.2 and 11.4 hereof shall survive any termination of this Agreement.

ARTICLE XI
MISCELLANEOUS

Section 11.1 ***Notices***. All notices and other communications between the Parties shall be in writing and shall be deemed to have been duly given when (i) delivered in person, (ii) five (5) days after posting in the United States mail having been sent registered or certified mail return receipt requested or (iii) delivered by telecopy and promptly confirmed by delivery in person or post as aforesaid in each case, with postage prepaid, addressed as follows:

(a) If to Buyer, to:

Targa Resources Partners LP
c/o Targa Resources GP LLC
1000 Louisiana Street, Suite 4300
Houston, Texas 77002
Attention: Joe Bob Perkins, President
Telecopy: 713-584-1110

with copies to:

Targa Resources Partners LP
c/o Targa Resources GP LLC
1000 Louisiana Street, Suite 4300
Houston, Texas 77002
Attention: General Counsel
Telecopy: 713-584-1110

(b) If to Sellers, to:

Targa GP Inc.
1000 Louisiana Street, Suite 4300
Houston, Texas 77002
Attention: Rene R. Joyce, Chief Executive Officer
Telecopy: 713-584-1110

and

Targa LP Inc.
1000 Louisiana Street, Suite 4300
Houston, Texas 77002
Attention: Rene R. Joyce, Chief Executive Officer
Telecopy: 713-584-1110

with copies to:

Targa Resources, Inc.
1000 Louisiana Street, Suite 4300
Houston, Texas 77002
Attention: General Counsel
Telecopy: 713-584-1110

or to such other address or addresses as the Parties may from time to time designate in writing.

Section 11.2 ***Assignment***. No Party shall assign this Agreement or any part hereof without the prior written consent of the other Party, *provided*, *however,* nothing herein shall restrict Buyer from transferring its rights and obligations hereunder to one or more Affiliates of Buyer. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns. Buyer acknowledges that Sellers, between the date hereof and Closing, may transfer the Purchased Interests to various Affiliates of Sellers and agrees that the obligations of and rights in favor of Sellers hereunder may be assigned to such Affiliates of Sellers whereupon such Affiliates will become a "Seller" under this Agreement provided Targa GP Inc. and Targa LP Inc. shall continue to be responsible for such Seller's obligations under this Agreement notwithstanding such transfer.

Section 11.3 ***Rights of Third-Parties***. Except for the provisions of Section 9.2 which are intended to be enforceable by the Persons respectively referred to therein, nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person, other than the Parties, any right or remedies under or by reason of this Agreement.

Section 11.4 ***Expenses***. Except as otherwise provided herein, each Party shall bear its own expenses incurred in connection with this Agreement and the transactions herein contemplated hereby whether or not such transactions shall be consummated, including all fees of its legal counsel, financial advisers and accountants.

Section 11.5 ***Counterparts***. This Agreement may be executed 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. Any facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

Section 11.6 ***Entire Agreement***. This Agreement (together with the Disclosure Schedules and exhibits to this Agreement) constitute the entire agreement among the Parties and supersede any other agreements, whether written or oral, that may have been made or entered into by or among any of the Parties or any of their respective Affiliates relating to the transactions contemplated hereby.

Section 11.7 ***Disclosure Schedules***. Unless the context otherwise requires, all capitalized terms used in the Disclosure Schedules shall have the respective meanings assigned in this Agreement. No reference to or disclosure of any item or other matter in the Disclosure Schedules shall be construed as an admission or indication that such item or other matter is material or that such item or other matter is required to be referred to or disclosed in the

Disclosure Schedules. No disclosure in the Disclosure Schedules relating to any possible breach or violation of any agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. The inclusion of any information in the Disclosure Schedules shall not be deemed to be an admission or acknowledgment by Sellers, in and of itself, that such information is material to or outside the ordinary course of the business of the Companies or required to be disclosed on the Disclosure Schedules.

Section 11.8 ***Amendments***. This Agreement may be amended or modified in whole or in part, and terms and conditions may be waived, only by a duly authorized agreement in writing which makes reference to this Agreement executed by each Party.

Section 11.9 ***Publicity***. All press releases or other public communications of any nature whatsoever relating to the transactions contemplated hereby, and the method of the release for publication thereof, shall be subject to the prior consent of Buyer and Sellers, which consent shall not be unreasonably withheld, conditioned or delayed by any Party; *provided*, *however*, that nothing herein shall prevent a Party from publishing such press releases or other public communications as such Party may consider necessary in order to satisfy such Party's obligations at Law or under the rules of any stock or commodities exchange after consultation with the other Party as is reasonable under the circumstances.

Section 11.10 ***Severability***. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. The Parties further agree that if any provision contained herein is, to any extent, held invalid or unenforceable in any respect under the Laws governing this Agreement, they shall take any actions necessary to render the remaining provisions of this Agreement valid and enforceable to the fullest extent permitted by Law and, to the extent necessary, shall amend or otherwise modify this Agreement to replace any provision contained herein that is held invalid or unenforceable with a valid and enforceable provision giving effect to the intent of the Parties to the greatest extent legally permissible.

Section 11.11 ***Governing Law; Jurisdiction***.

(a) This Agreement shall be governed and construed in accordance with the Laws of the State of Texas without regard to the Laws that might be applicable under conflicts of laws principles.

(b) The Parties agree that the appropriate, exclusive and convenient forum for any disputes between any of the Parties hereto arising out of this Agreement or the transactions contemplated hereby shall be in any state or federal court in Houston, Texas, and each of the Parties hereto irrevocably submits to the jurisdiction of such courts solely in respect of any legal proceeding arising out of or related to this Agreement. The Parties further agree that the Parties shall not bring suit with respect to any disputes arising out of this Agreement or the transactions contemplated hereby in any court or jurisdiction other than the above specified courts; *provided*, *however*, that the foregoing shall not limit the rights of the Parties to obtain execution of judgment in any other jurisdiction. The Parties further agree, to the extent permitted by Law, that a final and unappealable judgment against a Party in any action or proceeding contemplated above shall be conclusive and may be enforced in any other jurisdiction within or outside the

United States by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and amount of such judgment. Except to the extent that a different determination or finding is mandated due to the applicable law being that of a different jurisdiction, the Parties agree that all judicial determinations or findings by a state or federal court in Houston, Texas with respect to any matter under this Agreement shall be binding.

(c) To the extent that any Party hereto has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, each such party hereby irrevocably (i) waives such immunity in respect of its obligations with respect to this Agreement and (ii) submits to the personal jurisdiction of any court described in Section 11.11(b).

(d) THE PARTIES HERETO AGREE THAT THEY HEREBY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION TO ENFORCE OR INTERPRET THE PROVISIONS OF THIS AGREEMENT.

Section 11.12 ***Further Assurances***.

(a) Buyer acknowledges in some instances only beneficial ownership to the Company Assets will have been transferred to the Companies at Closing and record title may be transferred to Buyer or the Companies following the Closing. Sellers are in the process of causing such record title to be transferred into the Companies and Sellers agree from and after the Closing to cause their Affiliates to execute and deliver to Buyer all such further instruments as may be reasonably necessary or appropriate in order to cause record title to the Company Assets to be assigned, transferred and conveyed to the Companies and otherwise to carry out the provisions of this Agreement. In the event that Seller is unable to transfer record title to a Company Asset to the Companies or Buyer, then Seller agrees to hold and maintain such record title for the benefit of Buyer and the Companies, as the case may be.

(b) Buyer agrees that if and to the extent Buyer or any of the Companies receive payments following the Closing which relate to the Excluded Assets or otherwise belonging to Sellers or its Affiliates (other than the Companies), Buyer will cause the Companies to remit such payments promptly to Sellers.

Section 11.13 ***Action by Buyer***. With respect to any action, notice, consent, approval or waiver that is required to be taken or given or that may be taken or given by Buyer prior to or after the Closing Date, such action, notice, consent, approval or waiver shall be taken or given by the Conflicts Committee on behalf of Buyer.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF this Agreement has been duly executed and delivered by each Party as of the date first above written.

SELLERS:

TARGA GP INC.

By: /s/ Rene R. Joyce
Name: Rene R. Joyce
Title: Chief Executive Officer

TARGA LP INC.

By: /s/ Rene R. Joyce
Name: Rene R. Joyce
Title: Chief Executive Officer

BUYER:

TARGA RESOURCES PARTNERS LP

By: **Targa Resources GP LLC**, its general partner

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

EXHIBIT A

SECOND AMENDED AND RESTATED

OMNIBUS AGREEMENT

among

TARGA RESOURCES, INC.

TARGA RESOURCES GP LLC

and

TARGA RESOURCES PARTNERS LP

SECOND AMENDED AND RESTATED
OMNIBUS AGREEMENT

THIS SECOND AMENDED AND RESTATED OMNIBUS AGREEMENT ("*Agreement*") is entered into on, and effective as of, [_____] 2009, and is by and among Targa Resources, Inc., a Delaware corporation ("*Targa*"), Targa Resources LLC, a Delaware limited liability company, Targa Resources GP LLC, a Delaware limited liability company (the "*General Partner*") and Targa Resources Partners LP, a Delaware limited partnership (the "*Partnership*"). The above-named entities are sometimes referred to in this Agreement each as a "*Party*" and collectively as the "*Parties*."

R E C I T A L S:

1. The Parties entered into that certain Omnibus Agreement, dated and effective as of the Closing Date (as defined herein) (the *"Original Agreement"*), to (i) evidence their agreement with respect to the amount to be paid by the Partnership for certain general and administrative services to be performed by Targa and its Affiliates as well as direct expenses, including operating expenses, incurred by Targa and its Affiliates for and on behalf of the Partnership Group (as defined herein) and (ii) evidence their agreement with respect to certain indemnification obligations of the Parties.

2. The Parties entered into that certain Amended and Restated Omnibus Agreement dated and effective as of October 24, 2007 (the "*Current Agreement*") in order to amend and restate the Original Agreement.

3. The Parties desire to amend and restate the Current Agreement to, among other things, reflect the purchase of the Downstream Business (as defined herein) by the Partnership from certain Affiliates of Targa.

In consideration of the agreements contained herein, and for other good and valuable consideration, the Parties hereby amend and restate the Current Agreement as follows:

ARTICLE I
Definitions

1.1 ***Definitions***.

As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Affiliate" is defined in the Partnership Agreement.

"*Change of Control"* means, with respect to any Person (the "Applicable Person"), any of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the Applicable Person's assets to any other Person, unless immediately following such sale, lease, exchange or other transfer such assets are owned, directly or indirectly, by the

Applicable Person; (ii) the dissolution or liquidation of the Applicable Person; (iii) the consolidation or merger of the Applicable Person with or into another Person pursuant to a transaction in which the outstanding Voting Securities of the Applicable Person are changed into or exchanged for cash, securities or other property, other than any such transaction where (a) the outstanding Voting Securities of the Applicable Person are changed into or exchanged for Voting Securities of the surviving Person or its parent and (b) the holders of the Voting Securities of the Applicable Person immediately prior to such transaction own, directly or indirectly, not less than a majority of the outstanding Voting Securities of the surviving Person or its parent immediately after such transaction; and (iv) a "person" or "group" (within the meaning of Sections 13(d) or 14(d)(2) of the Securities Exchange Act of 1934, as amended), other than Warburg Pincus LLC or its Affiliates, being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended) of more than 50% of all of the then outstanding Voting Securities of the Applicable Person, except in a merger or consolidation which would not constitute a Change of Control under clause (iii) above.

"*Closing Date*" means the date of the closing of the Partnership's initial public offering of Common Units.

"*Common Units*" is defined in the Partnership Agreement.

"*Conflicts Committee*" is defined in the Partnership Agreement.

"*Covered Environmental Losses*" means all environmental losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs and expenses (including, without limitation, costs and expenses of any Environmental Activity, court costs and reasonable attorney's and experts' fees) of any and every kind or character, by reason of or arising out of:

(i) any violation or correction of violation of Environmental Laws, including without limitation performance of any Environmental Activity; or

(ii) any event, omission or condition associated with ownership or operation of the North Texas Assets relating to Environmental Activities (including, without limitation, the exposure to or presence of Hazardous Substances on, under, about or migrating to or from the North Texas Assets or the exposure to or release of Hazardous Substances arising out of operation of the North Texas Assets) including, without limitation, (A) the cost and expense of any Environmental Activities, (B) the cost or expense of the preparation and implementation of any closure, remedial or corrective action or other plans required or necessary under Environmental Laws and (C) the cost and expense for any environmental or toxic tort pre-trial, trial or appellate legal or litigation support work; *provided*, in the case of clauses (A) and (B), such cost and expense shall not include the costs associated with project management and soil and ground water monitoring.

"*CPI Index*" is defined in Section 2.1(c) of this Agreement.

"*Distribution Coverage*" means the ratio determined by dividing Distributable Cash Flow of the Partnership for the quarter by Total Distributions of the Partnership for the quarter. In such calculation, (i) "*Distributable Cash Flow*" is net income plus depreciation and amortization, other non cash items and deferred taxes, adjusted for non-cash losses/(gains) on mark-to-market derivative contracts and early extinguishment of debt, less maintenance capital expenditures; and (ii) "*Total Distributions*" equal all cash distributions paid to all equity holders including incentive distributions for the period for which the distributions are declared. By way of example, if Distributable Cash Flow for a quarter (i.e. Q1) equaled X and Total Distributions for the quarter equaled Y, Distribution Coverage for the quarter would be X/Y. The Total Distributions of Y would not be paid until the following quarter (i.e. Q2).

"*Downstream Business*" means the business and operations currently conducted by Targa and its affiliates described in the Targa Resources, Inc. Annual Report on Form 10-K for the year ended December 31, 2008, as the NGL Logistics and Marketing Division, consisting of three segments: Logistics Assets, NGL Distribution and Marketing and Wholesale Marketing.

"*Environmental Activities*" shall mean any investigation, study, assessment, evaluation, sampling, testing, monitoring, containment, removal, disposal, closure, corrective action, remediation (regardless of whether active or passive), natural attenuation, restoration, bioremediation, response, repair, corrective measure, cleanup or abatement that is required or necessary under any applicable Environmental Law, including, but not limited to, institutional or engineering controls or participation in a governmental voluntary cleanup program to conduct voluntary investigatory and remedial actions for the clean-up, removal or remediation of Hazardous Substances that exceed actionable levels established pursuant to Environmental Laws, or participation in a supplemental environmental project in partial or whole mitigation of a fine or penalty.

"*Environmental Laws*" means all federal, state, and local laws, statutes, rules, regulations, orders, judgments, ordinances, codes, injunctions, decrees, Environmental Permits and other legally enforceable requirements and rules of common law relating to (a) pollution or protection of the environment or natural resources including, without limitation, the federal Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Oil Pollution Act of 1990, the Hazardous Materials Transportation Act, the Marine Mammal Protection Act, the Endangered Species Act, the National Environmental Policy Act and other environmental conservation and protection laws, each as amended through the Closing Date, (b) any release or threatened release of, or any exposure of any Person or property to, any Hazardous Substances and (c) the generation, manufacture, processing, distribution, use, treatment, storage, transport or handling of any Hazardous Substances.

"*Environmental Permit*" means any permit, approval, identification number, license, registration, consent, exemption, variance or other authorization required under or issued pursuant to any applicable Environmental Law.

"*Excess Amount*" means the difference between the Support Amount and the Subsequent Payment Amount.

"*G&A Expenses Limit*" is defined in Section 2.1(c) of this Agreement.

"*General Partner*" is defined in the introduction to this Agreement.

"*Hazardous Substance*" means (a) any substance that is designated, defined or classified as a hazardous waste, solid waste, hazardous material, pollutant, contaminant or toxic or hazardous substance, or terms of similar meaning, or that is otherwise regulated under any Environmental Law, including, without limitation, any hazardous substance as defined under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, (b) oil as defined in the Oil Pollution Act of 1990, as amended, including oil, gasoline, natural gas, fuel oil, motor oil, waste oil, diesel fuel, jet fuel and other refined petroleum hydrocarbons and petroleum products and (c) radioactive materials, asbestos containing materials or polychlorinated biphenyls.

"*Indemnified Party*" means each Partnership Group Member and Targa in their capacities as parties entitled to indemnification in accordance with Article III.

"*Indemnifying Party*" means each of Targa and the Partnership Group, as the case may be, in their capacity as the parties from whom indemnification may be required in accordance with Article III.

"*Limited Partner*" is defined in the Partnership Agreement.

"*Losses*" means all losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs and expenses (including, without limitation, court costs and reasonable attorney's and experts' fees) of any and every kind or character.

"*Minimum Coverage Threshold*" shall mean a distribution coverage of 1.0x.

"*North Texas Assets*" means the gathering and processing assets contributed to the Partnership in connection with its initial public offering and as more completely described in the Registration Statement and includes the pipelines, processing plants or related equipment or assets, or portions thereof, conveyed, contributed or otherwise transferred or intended to be conveyed, contributed or otherwise transferred to any member of the Partnership Group, or owned by or necessary for the operation of the business, properties or assets of any member of the Partnership Group, prior to or as of the Closing Date.

"*Partnership*" is defined in the introduction to this Agreement.

"*Partnership Agreement*" means the First Amended and Restated Agreement of Limited Partnership of Targa Resources Partners LP, dated as of February 14, 2007, as amended by Amendment No. 1 thereto, dated May 13, 2008, as such agreement is in effect on the date hereof, to which reference is hereby made for all purposes of this

Agreement. No amendment or modification to the Partnership Agreement subsequent to the date hereof shall be given effect for the purposes of this Agreement unless such amendment receives the approval required pursuant to Section 4.6 hereof.

"*Partnership Entities*" means the General Partner and each member of the Partnership Group.

"*Partnership Group*" means the Partnership and its Subsidiaries treated as a single consolidated entity.

"*Partnership Group Member*" means any member of the Partnership Group.

"*Partnership Indemnitee*" shall mean any Person who is an Indemnitee (as defined in the Partnership Agreement); provided that the term "Partnership Indemnitee" shall exclude Targa and any Affiliate of Targa which is not a member of the Partnership Group.

"*Party*" and "*Parties*" are defined in the introduction to this Agreement.

"*Person*" means an individual or a corporation, limited liability company, partnership, joint venture, trust, business trust, employee benefit plan, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"*PSA*" means the Purchase and Sale Agreement, dated July 27, 2009, by and between Targa GP Inc., Targa LP Inc and the Partnership

"*Registration Statement*" means the Registration Statement on Form S-1 (Registration No. 333-138747), as amended, filed with the Securities and Exchange Commission with respect to the proposed initial public offering of Common Units by the Partnership.

"*SAOU/LOU Business*" means the business conducted by Targa Texas Field Services LP and Targa Louisiana Field Services, LLC.

"*Subsidiary*" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a

majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"*Targa*" is defined in the introduction to this Agreement.

"*Term of Support*" means the fourth quarter of 2009 through and including the fourth quarter of 2011.

"*Voting Securities*" means securities of any class of Person entitling the holders thereof to vote in the election of, or to appoint, members of the board of directors or other similar governing body of the Person.

ARTICLE II
Reimbursement Obligations

2.1 ***Reimbursement for Allocated General and Administrative Expenses; Limitations on Reimbursement.***

(a) Targa hereby agrees to continue to provide the Partnership Group with certain general and administrative services, such as legal, accounting, treasury, insurance, risk management, health, safety and environmental, information technology, human resources, credit, payroll, internal audit, taxes, engineering and marketing. These general and administrative services shall be substantially identical in nature and quality to the services of such type previously provided by Targa in connection with their management and operation of the North Texas Assets prior to their acquisition by the Partnership. In the event that the Partnership Group makes any acquisitions of assets or businesses from Targa or its Affiliates during the first three years following the Closing Date, Targa will similarly provide general and administrative services that are substantially identical in nature and quality to the services of such type previously provided by Targa in connection with their management and operation of such assets or businesses prior to their acquisition by the Partnership.

(b) Subject to the provisions of Section 2.1(c) and 2.1(d) below, the Partnership Group hereby agrees to reimburse Targa for all expenses and expenditures Targa or its Affiliates incur or payments they make on behalf of the Partnership Group for these general and administrative services.

(c) The amount for which Targa shall be entitled to reimbursement from the Partnership Group pursuant to Section 2.1(b) for general and administrative expenses shall not exceed $5.0 million annually for a period of three (3) years following the Closing Date (the "*G&A Expenses Limit*"). Following the first anniversary of the Closing Date, the G&A Expenses Limit shall be increased annually over the next two years by the percentage increase in the *Consumer Price Index — All Urban Consumers, U.S. City Average, Not Seasonally Adjusted* (the "*CPI Index*") for the applicable year. In making such adjustment, the G&A Expenses Limit shall be increased on the first anniversary of the Closing Date by the CPI Index for the prior year period based on the most recent information available from the U.S. Department of Labor and similarly increased on the second anniversary of the Closing Date by the CPI Index for the prior year period. In the event that the Partnership Group makes any acquisitions of assets or businesses or the business of the Partnership Group otherwise expands during the first three

years following the Closing Date, then the G&A Expenses Limit shall be appropriately increased in order to account for adjustments in the nature and extent of the general and administrative services by Targa to the Partnership Group, with any such increase in the G&A Expenses Limit subject to the approval of the Conflicts Committee. From and after October 24, 2007, the G&A Expenses Limit is increased by the actual amount of general and administrative expenses allocated by Targa for the services provided to the SAOU/LOU Business, according to the allocation methodology utilized by Targa. From and after the date hereof, the G&A Expenses Limit is increased by the actual amount of general and administrative expenses allocated by Targa for the services provided to the Downstream Business, according to the allocation methodology utilized by Targa. After the third anniversary of the Closing Date, the G&A Expenses Limit will no longer apply and the General Partner will determine the amount of general and administrative expenses that will be properly allocated to the Partnership in accordance with the terms of the Partnership Agreement. The G&A Expenses Limit shall not apply to reimbursement for direct expenses of the Partnership as provided in Section 2.2.

(d) Notwithstanding the obligations of the Partnership Group set forth in Sections 2.1(b) and 2.1(c) above and subject to Section 4.1(c), for any fiscal quarter during the Term of Support for which the Partnership's Distribution Coverage for such quarter is less than the Minimum Coverage Threshold (before giving effect to any reduction in the reimbursement of general and administrative expenses contemplated in this clause (d) for such quarter), the general and administrative expenses for such quarter relating to the matters for which Targa would otherwise be entitled to reimbursement will be reduced by the amount (the "*Support Amount*") required for the Partnership to meet the Minimum Coverage Threshold for such quarter; *provided, however*, that in no event will the Support Amount exceed $8 million for any quarter. During the Term of Support, the Distribution Coverage for each applicable quarter is to be calculated assuming that Total Distributions for such quarter equal an amount in cash sufficient to pay all equity holders including incentive distributions for the period for which distributions are declared a distribution of $0.5175 per unit. The Support Amount (i) is to be calculated by the Partnership in conjunction with closing the financial statements for the applicable quarter; (ii) will be accrued for the applicable quarter and reflected in distributable cash flow for such quarter; and (iii) will be settled by the Partnership in conjunction with the next regularly scheduled monthly payment (the "*Subsequent Payment*") for allocated expenses to be settled by the Partnership pursuant to this Agreement (the amount of the Subsequent Payment before giving effect to any Support Amount is the "*Subsequent Payment Amount"*). The Subsequent Payment will be settled as follows: (i) if the Support Amount is less than the Subsequent Payment Amount, then the Partnership will pay to Targa the Excess Amount; (ii) if the Support Amount is greater than the Subsequent Payment Amount, then Targa will pay to the Partnership the Excess Amount; and (iii) if the Support Amount is equal to the Subsequent Payment Amount, then no payment will be made by either the Partnership or Targa.

2.2 ***Reimbursement for Direct Expenses.***

(a) The Partnership Group hereby agrees to reimburse Targa and its Affiliates for all direct expenses and expenditures they incur or payments they make on behalf of the Partnership Group, including, but not limited to, (i) salaries of operational personnel performing services on the Partnership Group's behalf, the cost of employee benefits for such personnel and general and administrative expense associated with such personnel, (ii) capital expenditures, (iii)

maintenance and repair costs, (iv) taxes and (v) direct expenses, including operating expenses and certain allocated operating expenses, associated with the ownership and operation of the North Texas Assets, the SAOU/LOU Business and the Downstream Business.

(b) The Partnership Group hereby agrees to reimburse Targa and its Affiliates for all expenses and expenditures they incur or payments they make as a result of the Partnership becoming a publicly traded entity, including costs associated with annual and quarterly reports, tax return and Schedule K-1 preparation and distribution, independent auditor fees, registrar and transfer agent fees, legal fees and independent director compensation.

(c) The obligation of the Partnership Group to reimburse Targa and its Subsidiaries pursuant to this Section 2.2 shall not be subject to any monetary limitation, including the G&A Expenses Limit contained in Section 2.1.

ARTICLE III
Indemnification

3.1 ***Environmental Indemnification.***

(a) Subject to the provisions of Section 3.3, Targa shall indemnify, defend and hold harmless the Partnership Group and the Partnership Indemnitees from and against any Covered Environmental Losses suffered or incurred by the Partnership Group or any Partnership Indemnitee relating to the North Texas Assets for a period of three (3) years from the Closing Date but only to the extent such violations, corrections, events or conditions occurred on or before the Closing Date; *provided*, *however*, that such indemnity shall not apply to any Covered Environmental Losses reserved on the books of the Partnership Group as of the Closing Date.

(b) The Partnership Group shall indemnify, defend and hold harmless Targa and its Affiliates, other than any Partnership Group Member, from and against any Covered Environmental Losses suffered or incurred by Targa and its Affiliates, other than any Partnership Group Member, relating to the North Texas Assets occurring after the Closing Date except to the extent that the Partnership Group is indemnified with respect to any of such Covered Environmental Losses under Section 3.1(a).

(c) The aggregate liability of Targa under Section 3.1(a) shall not exceed $10.0 million.

(d) No claims may be made against Targa for indemnification pursuant to Section 3.1(a) unless the aggregate dollar amount of the Losses suffered or incurred by the Partnership Group or Partnership Indemnitees exceed $250,000, after such time Targa shall be liable for the full amount of such claims, subject to the limitations of Section 3.1(c).

(e) Notwithstanding anything herein to the contrary, in no event shall Targa have any indemnification obligations under this Agreement for claims made as a result of additions to or modifications of Environmental Laws promulgated after the Closing Date.

3.2 ***Additional Indemnification***

(a) Subject to the provisions of Section 3.3, Targa shall indemnify, defend and hold harmless the Partnership Group and the Partnership Indemnitees from and against any Losses suffered or incurred by the Partnership Group or any Partnership Indemnitee by reason of or arising out of:

(i) the failure of the Partnership Group to be the owner of valid and indefeasible easement rights, leasehold and/or fee ownership interests in and to the lands on which are located any North Texas Assets, and such failure renders the Partnership Group liable or unable to use or operate the North Texas Assets in substantially the same manner that the North Texas Assets were used and operated by Targa and its Affiliates immediately prior to the Closing Date as described in the Registration Statement;

(ii) the failure of the Partnership Group to have on the Closing Date any consent or governmental permit necessary to allow (i) the transfer of any of the North Texas Assets to the Partnership Group on the Closing Date or (ii) any such North Texas Assets to cross the roads, waterways, railroads and other areas upon which any such North Texas Assets are located as of the Closing Date, and any such failure specified in such clause (ii) renders the Partnership Group unable to use or operate the North Texas Assets in substantially the same manner that the North Texas Assets were owned and operated by Targa and its Affiliates immediately prior to the Closing Date as described in the Registration Statement;

(iii) all federal, state and local income tax liabilities attributable to the ownership or operation of the North Texas Assets prior to the Closing Date, including any such income tax liabilities of Targa and its Affiliates that may result from the consummation of the formation transactions for the Partnership Group occurring on or prior to the Closing Date; and

(iv) all pending legal actions as of the Closing Date against one or more Partnership Group Members involving or otherwise relating to the North Texas Assets;

provided, however, that, in the case of clauses (i), (ii) and (iv) above, such indemnification obligations shall survive for three (3) years from the Closing Date; and that in the case of clause (iii) above, such indemnification obligations shall survive after the expiration of any applicable statute of limitations;

provided, further, that in the case of clauses (i), (ii), (iii) and (iv) above, such indemnification shall not include indemnity for Losses reserved on the books of the Partnership Group as of the Closing Date;

provided, further, no claims may be made against Targa for indemnification pursuant to Section 3.2 unless the aggregate dollar amount of the Losses suffered or incurred by the Partnership Group or Partnership Indemnitees exceed $250,000, after such time Targa shall be liable for the full amount of such claims.

(b) In addition to and not in limitation of the indemnification provided under this Article III, the Partnership Group shall indemnify, defend, and hold harmless Targa and its Affiliates, other than any Partnership Group Member, from and against any Losses suffered or incurred by Targa and its Affiliates, other than any Partnership Group Member, by reason of or arising out of events and conditions associated with the operation of the North Texas Assets that occurs on or after the Closing Date except to the extent that the Partnership Group is indemnified with respect to any such Losses under Section 3.2(a).

3.3 ***Indemnification Procedures.***

(a) The Indemnified Party agrees that within a reasonable period of time after it becomes aware of facts giving rise to a claim for indemnification pursuant to this Article III, they will provide notice thereof in writing to the Indemnifying Party specifying the nature of and specific basis for such claim; *provided*, *however*, that the Indemnified Party shall not submit claims more frequently than once a calendar quarter (or twice in the case of the last calendar quarter prior to the expiration of the applicable indemnity coverage under this Agreement).

(b) The Indemnifying Party shall have the right to control all aspects of the defense of (and any counterclaims with respect to) any claims brought against the Indemnified Party that are covered by the indemnification set forth in this Article III, including, without limitation, the selection of counsel, determination of whether to appeal any decision of any court or similar authority and the settling of any such matter or any issues relating thereto; *provided*, *however*, that no such settlement shall be entered into without the consent (which consent shall not be unreasonably withheld, conditioned or delayed) of the Indemnified Party unless it includes a full release of the Indemnified Party from such matter or issues, as the case may be.

(c) The Indemnified Party agrees to cooperate fully with the Indemnifying Party with respect to all aspects of the defense of any claims covered by the indemnification set forth in this Article III, including, without limitation, the prompt furnishing to the Indemnifying Party of any correspondence or other notice relating thereto that the Indemnified Party may receive, permitting the names of the Indemnified Party to be utilized in connection with such defense, the making available to the Indemnifying Party of any files, records or other information of the Indemnified Party that the Indemnifying Party considers relevant to such defense and the making available to the Indemnifying Party of any employees of the Indemnified Party; *provided*, *however*, that in connection therewith the Indemnifying Party agrees to use reasonable efforts to minimize the impact thereof on the operations of the Indemnified Party and further agrees to maintain the confidentiality of all files, records and other information furnished by the Indemnified Party pursuant to this Section 3.3. In no event shall the obligation of the Indemnified Party to cooperate with the Indemnifying Party as set forth in the immediately preceding sentence be construed as imposing upon the Indemnified Party an obligation to hire and pay for counsel in connection with the defense of any claims covered by the indemnification set forth in this Article III; *provided*, *however*, that the Indemnified Party may, at its own option, cost and expense, hire and pay for counsel in connection with any such defense. The Indemnifying Party agrees to keep any such counsel hired by the Indemnified Party reasonably informed as to the status of any such defense, but the Indemnifying Party shall have the right to retain sole control over such defense.

(d) In determining the amount of any loss, cost, damage or expense for which the Indemnified Party is entitled to indemnification under this Agreement, the gross amount of the indemnification will be reduced by (i) any insurance proceeds realized by the Indemnified Party, and such correlative insurance benefit shall be net of any incremental insurance premium that becomes due and payable by the Indemnified Party as a result of such claim and (ii) all amounts recovered by the Indemnified Party under contractual indemnities from third Persons.

ARTICLE IV
Miscellaneous

4.1 ***Special Termination Rights***.

(a) Notwithstanding any other provision of this Agreement, if the General Partner is removed as general partner of the Partnership under circumstances where Cause (as defined in the Partnership Agreement) does not exist and the Units (as defined in the Partnership Agreement) held by the General Partner and its Affiliates are not voted in favor of such removal, this Agreement, other than the provisions set forth in Article III hereof, may immediately thereupon be terminated by Targa upon giving notice of termination to the other parties hereto.

(b) This Agreement shall also terminate upon a Change of Control of the General Partner.

(c) If and to the extent that the Partnership hereafter transfers or disposes of (i) the Companies (as defined in the PSA), (ii) the business conducted by the Companies, (iii) all or substantially all of the Company Assets (as defined in the PSA), (iv) all or substantially all of the Downstream Business or (v) all or substantially all of the Houston Area Assets (as defined in the PSA) to a Person that is not an Affiliate of the Partnership, then the obligations of Targa under Section 2.1(d) shall terminate and lapse and Targa would from and after the consummation of such transfer or disposition no longer be obligated to provide the support referenced in Section 2.1(d).

4.2 ***Choice of Law; Submission to Jurisdiction***. This Agreement shall be subject to and governed by the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state. Each Party hereby submits to the jurisdiction of the state and federal courts in the State of Texas and to venue in Houston, Texas.

4.3 ***Notice.*** All notices or requests or consents provided for by, or permitted to be given pursuant to, this Agreement must be in writing and must be given by depositing same in the United States mail, addressed to the Person to be notified, postpaid, and registered or certified with return receipt requested or by delivering such notice in person or by telecopier or telegram to such Party. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram or telecopier shall be effective upon actual receipt if received during the recipient's normal business hours or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices to be sent to a Party pursuant to this Agreement shall be sent to or made at the address set forth below

or at such other address as such Party may stipulate to the other Parties in the manner provided in this Section 4.3.

if to Targa:

Targa Resources, Inc.
1000 Louisiana, Suite 4300
Houston, Texas 77002
Attention: General Counsel

if to the Partnership Entities:

Targa Resources Partners LP
1000 Louisiana, Suite 4300
Houston, Texas 77002
Attention: General Counsel

4.4 ***Entire Agreement***. This Agreement constitutes the entire agreement of the Parties relating to the matters contained herein, superseding all prior contracts or agreements, whether oral or written, relating to the matters contained herein.

4.5 ***Effect of Waiver or Consent***. No waiver or consent, express or implied, by any Party to or of any breach or default by any Person in the performance by such Person of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such Person of the same or any other obligations of such Person hereunder.

4.6 ***Amendment or Modification***. This Agreement may be amended or modified from time to time only by the written agreement of all the Parties hereto; *provided, however*, that the Partnership may not, without the prior approval of the Conflicts Committee, agree to any amendment or modification of this Agreement that, in the reasonable discretion of the General Partner, will adversely affect the holders of Common Units. Each such instrument shall be reduced to writing.

4.7 ***Assignment***. No Party shall have the right to assign any of its rights or obligations under this Agreement without the consent of the other Parties hereto.

4.8 ***Counterparts***. This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

4.9 ***Severability***. If any provision of this Agreement shall be held invalid or unenforceable by a court or regulatory body of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

4.10 ***Further Assurances***. In connection with this Agreement and all transactions contemplated by this Agreement, each signatory party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or

appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

4.11 ***Rights of Limited Partners***. The provisions of this Agreement are enforceable solely by the Parties to this Agreement, and no Limited Partner of the Partnership shall have the right, separate and apart from the Partnership, to enforce any provision of this Agreement or to compel any Party to this Agreement to comply with the terms of this Agreement.

4.12 ***Successors***. This Agreement shall bind and inure to the benefit of the Parties and to their respective successors and assigns.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Agreement on, and effective as of, the date first set forth above.

TARGA RESOURCES, INC.

By: _____
Rene R. Joyce
Chief Executive Officer

TARGA RESOURCES LLC

By: _____
Rene R. Joyce
Chief Executive Officer

TARGA RESOURCES GP LLC

By: _____
Rene R. Joyce
Chief Executive Officer

TARGA RESOURCES PARTNERS LP

By: Targa Resources GP LLC,
its general partner

By: _____
Rene R. Joyce
Chief Executive Officer

[*Signature Page to the Second Amended and Restated Omnibus Agreement]*

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-149200) and Form S-3 (No. 333-159678) of Targa Resources Partners LP of our report dated July 24, 2009 relating to the combined financial statements of the Downstream Assets of Targa Resources, Inc., which appears in this Current Report on Form 8-K of Targa Resources Partners LP dated July 28, 2009.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Houston, Texas
July 28, 2009

Exhibit 99.1

1000 Louisiana, Suite 4300
Houston, TX 77002
713.584.1000
www.targaresources.com

Targa Resources Partners LP Agrees to Acquire Downstream Business from Targa Resources, Inc. and Announces Conference Call for Investors and Analysts

HOUSTON, July 28, 2009 — Targa Resources Partners LP (NASDAQ: NGLS) ("Targa Resources Partners" or the "Partnership") announced today that it has agreed to acquire Targa Resources, Inc.'s ("Targa") natural gas liquids business (the "Downstream Business") for $530 million. The Downstream Business includes the (i) Logistics Assets, (ii) NGL Distribution and Marketing and (iii) Wholesale Marketing segments as reported by Targa. As part of the transaction, Targa will provide distribution support to the Partnership beginning with the fourth quarter of 2009 and continuing through the fourth quarter of 2011. As described further below, Targa will provide support for quarterly distribution coverage of 1.0x, up to a maximum of $8 million of support in any quarter.

Consideration to Targa will include 25% of the transaction value in newly issued common and general partner units of the Partnership, the maximum equity component permitted under Targa's financing agreements. The remaining 75% or approximately $397.5 million will be in cash, funded through borrowings under the Partnership's senior secured revolving credit facility.

The acquisition improves business diversity of and adds primarily fee-based cash flow to the Partnership. For the full year ending December 31, 2009 the Downstream Business is expected to generate Adjusted EBITDA of approximately $80 to $85 million. The Downstream Business consists of critical natural gas liquids infrastructure including:

- Three fractionation facilities with approximately 380 MBbls/d maximum gross capacity;
- Storage wells with approximately 65 MMBbl of capacity and 15 terminal facilities;
- Approximately 800 miles of pipeline supporting fractionation, storage and terminalling;
- The second largest LPG import and export facility in the Gulf Coast; and
- Approximately 770 railcars, 70 transport tractors, 100 tank trailers and 21 pressurized NGL barges.

"The acquisition of the Downstream Business is immediately accretive to the Partnership's distributable cash flow. Moreover, the acquisition provides visibility with respect to the current distribution for the foreseeable future, especially given the cash flow generating capability of the Downstream Business and the distribution support that the Partnership will enjoy for the next two years. More importantly, the transaction adds high quality assets that generate a significant amount of fee based income and will strengthen and diversify the EBITDA profile of the Partnership. The Downstream Business includes a large portfolio of potential internal growth projects that if developed would generate additional fee based income. We believe that the combined businesses will provide positive distribution coverage under most scenarios and that Targa's distribution support will provide additional security for the current distribution," said Rene Joyce, Chief Executive Officer of the Partnership's general partner and of Targa. "The powerful combination of this strategic asset platform, substantial distribution support and the maximum equity consideration permitted under Targa's financing agreements underscores Targa's commitment to the Partnership's long term success."

Liquidity and Financing Update

The Partnership is currently seeking commitment increases under the accordion feature of its existing $850 million senior secured revolving credit facility. The Partnership has received $127.5 million of additional commitments and expects to close the commitment increase July 29, 2009 which would bring total commitments under the revolver to $977.5 million. As of June 30, 2009 and after giving effect to the July 6th closing of the 11.25 percent senior unsecured notes due July 2017, pro forma borrowings under the senior secured revolving credit facility were $216.4 million. After giving effect to the recent notes offering and the transaction, including letters of credit required for the Downstream Business, pro forma liquidity would be approximately $300 million as of June 30, 2009.

The Downstream Business

The Downstream Business is also referred to as Targa's NGL Logistics and Marketing Division, which consists of three segments: (i) Logistics Assets, (ii) NGL Distribution and Marketing and (iii) Wholesale Marketing. The Logistics Assets segment includes the assets involved in the fractionation, storage and transportation of NGLs, as well as Targa's 39% equity method investment in Gulf Coast Fractionators LP. The NGL Distribution and Marketing segment markets internal and affiliate NGL production, purchases NGL products from third parties for resale, and manages much of the logistics between facilities. The Wholesale Marketing segment includes the refinery services business and wholesale propane marketing operations.

For the full year ending December 31, 2009, the Downstream Business is expected to generate Adjusted EBITDA of approximately $80 to $85 million (see the section of this release entitled "Non-GAAP Financial Measures" for a discussion of Adjusted EBITDA and reconciliations of such measures to the comparable GAAP measures).

We estimate maintenance capital expenditures associated with the Downstream Business will be approximately $10 million and $5 million for the twelve and four month period ending December 31, 2009, respectively.

Distribution Support Mechanism

As part of the transaction, Targa has agreed to provide distribution support to the Partnership in the form of a reduction in allocated general and administrative expense if necessary for a 1.0x distribution coverage ratio, subject to maximum support of $8 million in any quarter. The distribution support will be in effect for the nine quarter period beginning with the fourth quarter of 2009 and continuing through the fourth quarter of 2011.

Transaction Impact on Targa

Following closing of the transaction, Targa will apply the net cash proceeds of approximately $397.5 million to repay a portion of the senior secured term loan due October 2012. The outstanding term loan balance was $515.9 million as of June 30, 2009. After giving effect to the transaction, Targa's pro forma net debt leverage ratio will be significantly improved for the four-quarter period ending June 30, 2009. Following the transaction, Targa anticipates significant free cash flow and pro forma liquidity as of June 30, 2009 of approximately $265 million.

Additional Transaction Details

Total consideration from the Partnership to Targa will consist of (i) 8,527,615 common partnership units and 174,033 general partner units valued at $15.227 per unit (calculated using the volume weighted average trading price for the 10-day period through and including July 17, 2009) and equal to 25% of the transaction value, or $132.5 million, and (ii) cash of $397.5 million or 75% of the transaction value.

The transaction, which is subject to standard closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") is anticipated to close in the third quarter of this year.

The Board of Directors of the general partner of the Partnership approved the transaction based on a recommendation from its Conflicts Committee which consists entirely of independent directors. Tudor, Pickering, Holt & Co. Securities, Inc. acted as financial advisor and rendered a fairness opinion to the Conflicts Committee.

Barclays Capital, Inc. acted as a financial advisor to the Partnership and Wells Fargo Securities, LLC acted as a financial advisor to Targa.

Investor Conference Call and Presentation

The Partnership will host a conference call for investors and analysts on Tuesday, July 28, 2009 beginning at 2:00 p.m. Eastern Time (1:00 p.m. Central Time) to review the transaction and discuss the Downstream Business. An investor presentation will accompany the call via live Webcast as well as be posted to the Partnership's website concurrent with the start of the call. The presentation can be accessed at the following link: http://ir.targaresources.com/events.cfm

The call can be accessed via Webcast through the Investor's section of the Partnership's website at http://ir.targaresources.com/events.cfm or by dialing 877-440-5784. A replay of the Webcast will be available approximately two hours following completion of the Webcast through the Investor's section of the Partnership's website.

About Targa Resources Partners

Targa Resources Partners was formed by Targa to engage in the business of gathering, compressing, treating, processing and selling natural gas and fractionating and selling natural gas liquids and natural gas liquids products. Targa Resources Partners owns an extensive network of integrated gathering pipelines, seven natural gas processing plants and two fractionators and currently operates in Southwest Louisiana, the Permian Basin in West Texas and the Fort Worth Basin in North Texas. A subsidiary of Targa is the general partner of Targa Resources Partners.

Targa Resources Partners' principal executive offices are located at 1000 Louisiana, Suite 4300, Houston, Texas 77002 and its telephone number is 713-584-1000.

Non-GAAP Financial Measures

This press release and accompanying schedules include the non-GAAP financial measure Adjusted EBITDA. The accompanying schedules provide reconciliations of these non-GAAP financial measures to their most directly comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Our non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income or any other GAAP measure of liquidity or financial performance.

Adjusted EBITDA — We define Adjusted EBITDA as net income before interest, income taxes, depreciation and amortization and non-cash income or loss related to derivative instruments. Adjusted EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks and others, to assess: (1) the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; (2) our operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to financing or capital structure; and (3) the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

The economic substance behind management's use of Adjusted EBITDA is to measure the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness and make distributions to our investors. The GAAP measure most directly comparable to Adjusted EBITDA is net income. Our non-GAAP financial measure of Adjusted EBITDA should not be considered as an alternative to 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 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, thereby diminishing its utility. Management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these learnings into management's decision-making processes.

Reconciliation of Non-GAAP Measures for
The Downstream Business

	Twelve Months Ended December 31,	
	2009	2009
	(In millions)	
	Low Range	High Range
Reconciliation of net loss to Adjusted EBITDA:		
Net loss	$ (5.6)	$ (0.6)
Add:		
Interest expense, net	59.4	59.4
Income tax expense	0.8	0.8
Depreciation and amortization expense	25.4	25.4
Adjusted EBITDA	$ 80.0	$ 85.0

Forward-Looking Statements

Certain statements in this release are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this release that address activities, events or developments that the Partnership expects, believes or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside Targa Resources Partners’ control, which could cause results to differ materially from those expected by management of Targa Resources Partners. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including a decline in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts; and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2008 and other reports filed with the Securities and Exchange Commission. Targa Resources Partners undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Investor contact:
713-584-1133

Anthony Riley
Sr. Manager — Finance / Investor Relations

Matthew Meloy
Vice President — Finance and Treasurer

Exhibit 99.2

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholder and Board of Directors of Targa Resources, Inc.:

In our opinion, the accompanying combined balance sheets and the related combined statements of operations, of changes in owners' equity, and of cash flows present fairly, in all material respects, the combined financial position of the Downstream Assets of Targa Resources, Inc. at December 31, 2008 and 2007, and the combined results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of Targa Resources, Inc.; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 10 to the financial statements, the Downstream Assets of Targa Resources, Inc. have engaged in significant transactions with other subsidiaries of their parent company, Targa Resources, Inc., a related party.

/s/ PricewaterhouseCoopers

Houston, Texas
July 24, 2009

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
COMBINED BALANCE SHEETS

	December 31, 2008	2007
	(In thousands)	
ASSETS (Collateral for Parent Debt — Note 7)		
Current assets:		
Cash and cash equivalents	$ 13,540	$ 13,348
Trade receivables, net of allowances of $2,207 and $943	177,782	674,622
Inventory	71,196	145,967
Other current assets	493	414
Total current assets	263,011	834,351
Property, plant and equipment, at cost	543,652	502,203
Accumulated depreciation	(68,933)	(45,376)
Property, plant and equipment, net	474,719	456,827
Investment in unconsolidated affiliate	18,465	19,238
Other assets	13	13
Total assets (collateral for Parent debt — Note 7)	$ 756,208	$ 1,310,429
LIABILITIES AND OWNERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 130,096	$ 429,425
Affiliate payables	39,522	153,145
Accrued liabilities	17,921	12,861
Total current liabilities	187,539	595,431
Long-term debt payable to Parent	773,883	711,267
Deferred income taxes	1,378	970
Asset retirement obligations	2,684	2,595
Commitments and contingencies (Note 9)		
Owners' equity (deficit):		
Parent deficit	(223,368)	(13,352)
Noncontrolling interest in subsidiaries	14,092	13,518
Total owners' equity (deficit)	(209,276)	166
Total liabilities and owners' equity	$ 756,208	$ 1,310,429

See notes to combined financial statements

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
COMBINED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Revenues from third parties	$ 6,134,899	$ 5,767,948	$ 4,626,300
Revenues from affiliates	37,780	—	6,296
Total operating revenues	6,172,679	5,767,948	4,632,596
Costs and expenses:			
Product purchases from third parties	4,345,372	4,106,027	3,356,103
Product purchases from affiliates	1,547,004	1,374,947	1,069,076
Operating expenses from third parties	139,931	124,099	105,075
Operating expenses from affiliates	58,846	44,530	38,603
Depreciation and amortization expense	23,563	21,764	20,787
General and administrative expense	46,249	45,059	41,196
Casualty loss	4,784	—	—
Loss (gain) on sale of assets	(5,812)	—	34
	6,159,937	5,716,426	4,630,874
Income from operations	12,742	51,522	1,722
Other income (expense):			
Interest expense allocated from Parent	—	—	(39,263)
Interest expense from affiliate	(59,255)	(58,526)	—
Other interest income, net	517	606	227
Equity in earnings of unconsolidated investments	3,877	3,511	2,754
Other	1,314	(1,131)	(155)
Loss before income taxes	(40,805)	(4,018)	(34,715)
Income tax expense:			
Current	(582)	(574)	—
Deferred	(408)	(466)	(504)
	(990)	(1,040)	(504)
Net loss	(41,795)	(5,058)	(35,219)
Less: Net income (loss) attributable to noncontrolling interest	274	112	(630)
Net loss attributable to Parent	$ (42,069)	$ (5,170)	$ (34,589)

See notes to combined financial statements

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
COMBINED STATEMENT OF CHANGES IN OWNERS' EQUITY (DEFICIT)

	Parent Investment (Deficit)	Noncontrolling Interest	Total
		(In thousands)	
Balance, December 31, 2005	**$ 299,946**	**$ 14,036**	**$ 313,982**
Net loss	(34,589)	(630)	(35,219)
Other comprehensive loss:			
Interest rate hedges allocated from Parent			
Change in fair value	571	—	571
Settlements	(220)	—	(220)
Currency translation adjustment	59	—	59
Comprehensive loss	(34,179)	(630)	(34,809)
Distribution to Parent	(131,137)	—	(131,137)
Balance, December 31, 2006	**134,630**	**13,406**	**148,036**
Net income (loss)	(5,170)	112	(5,058)
Other comprehensive loss:			
Currency translation adjustment	1,925	—	1,925
Comprehensive income (loss)	(3,245)	112	(3,133)
Distribution to Parent	(144,737)	—	(144,737)
Balance, December 31, 2007	**(13,352)**	**13,518**	**166**
Net income (loss)	(42,069)	274	(41,795)
Other comprehensive loss:			
Currency translation adjustment	(1,820)	—	(1,820)
Comprehensive income (loss)	(43,889)	274	(43,615)
Distribution to Parent	(166,127)	—	(166,127)
Contribution from noncontrolling interest	—	300	300
Balance, December 31, 2008	**$ (223,368)**	**$ 14,092**	**$ (209,276)**

See notes to combined financial statements

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Cash flows from operating activities			
Net loss	$ (41,795)	$ (5,058)	$ (35,219)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Amortization in interest expense	—	—	2,849
Interest expense on affiliate indebtedness	59,255	58,526	—
Depreciation and amortization expense	23,563	21,764	20,787
Accretion of asset retirement obligations	81	71	66
Deferred income tax expense	408	466	504
Equity in earnings of unconsolidated investments	(3,877)	(3,511)	(2,754)
Distributions from unconsolidated investments	4,650	3,875	2,306
Loss (gain) on sale of assets	(5,812)	—	34
Changes in operating assets and liabilities:			
Accounts receivable and other assets	496,760	(294,130)	(44,500)
Inventory	74,771	(27,964)	34,604
Accounts payable and other liabilities	(410,249)	243,733	106,405
Net cash provided by (used in) operating activities	197,755	(2,228)	85,082
Cash flows from investing activities			
Additions of property, plant and equipment	(35,110)	(36,457)	(21,830)
Other	13	415	161
Net cash used in investing activities	(35,097)	(36,042)	(21,669)
Cash flows from financing activities			
Contribution from (distribution to) Parent	(166,127)	26,029	(58,803)
Loan from Parent	3,361	13,024	
Contribution from noncontrolling interest	300	—	—
Net cash provided by (used in) financing activities	(162,466)	39,053	(58,803)
Net increase in cash and cash equivalents	192	783	4,610
Cash and cash equivalents, beginning of year	13,348	12,565	7,955
Cash and cash equivalents, end of year	$ 13,540	$ 13,348	$ 12,565

See notes to combined financial statements

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS

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 thousands of dollars.

Note 1—Organization and Operations

***Organization*.** The combined financial statements of the Downstream Assets of Targa Resources, Inc. ("we", "us", "our" or "the Company") include the accounts of substantially all of Targa Downstream LP, a Delaware limited partnership formed on November 28, 2005 and Targa LSNG LP, a Delaware limited partnership formed on March 1, 2006. Targa Downstream LP and Targa LSNG LP are owned 50% by their general partners, respectively Targa Downstream GP LLC, a Delaware limited liability company, and Targa LSNG GP LLC, a Delaware limited liability company, and 50% by their sole limited partner, Targa LP Inc., a Delaware corporation.

Targa Downstream GP LLC, Targa LSNG GP LLC, and Targa LP Inc. are indirect wholly-owned subsidiaries of Targa Resources, Inc. ("Targa" or "Parent"). Targa manages our operations and employs our officers and personnel (see Note 10).

The combined financial statements have been prepared in conjunction with Targa Resources Partners LP's (the "Partnership") potential purchase from Targa of substantially all of Targa's natural gas liquids business. Certain assets owned by Targa Downstream LP have been excluded from the combined financial statements because they will be retained by Targa.

The combined financial statements are presented on a carve-out combined basis to include the historical operations of Targa Downstream LP and Targa LSNG LP (except for the excluded assets). In this context, no direct owner relationship existed among Targa Downstream LP and Targa LSNG LP. Accordingly, Targa's net investment in us ("Parent investment") is shown in lieu of partners' capital in the combined financial statements.

Basis of Presentation. Targa acquired the assets of the Company on October 31, 2005 as part of its acquisition of substantially all of Dynegy Inc.'s midstream natural gas business. On December 1, 2005, in a series of transactions, Targa conveyed those assets to Targa Downstream LP. Targa's conveyance of assets to Targa Downstream LP was accounted for as a transfer of assets between entities under common control.

Throughout the periods covered by the combined financial statements, Targa has provided cash management services to the Company through a centralized treasury system. Transactions with affiliated entities that are not 100% owned by Targa are cash settled by the Company. The balances due to these non-100% owned affiliates are reflected in affiliate payables in the combined balance sheets. Also reflected in affiliate payables in the combined balance sheets are the amounts settled subsequent to month end between Targa and us for purchases and sales of natural gas and natural gas liquids ("commodity transactions") in prior periods associated with the routine conduct of business with Targa subsidiaries. All other charges and cost allocations covered by the centralized treasury system (including operating expenses and general and administrative expenses) were deemed to have been paid to Targa in cash during the period in which the cost was recorded in the combined financial statements.

Cash receipts advanced by Targa in excess/deficit of charges and cash allocations are reflected as contributions from/distributions to Parent in the combined statements of changes in owners' equity. Consequently, we had a combined negative Parent investment balance of $223.4 million as of December 31, 2008. Despite the negative Parent investment balance, on a combined basis, the Company generated a positive operating margin of $81.5 million for the year ended December 31, 2008. See Note 11.

The accompanying combined financial statements and related notes present our combined financial position as of December 31, 2008 and 2007, and the results of our combined operations, combined cash flows and combined changes in owners' equity for the years ended December 31, 2008, 2007 and 2006. Our combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany balances and transactions have been eliminated.

Noncontrolling interest in our combined balance sheets and statements of changes in owners' equity represents the investment by a party other than Targa Downstream LP in Cedar Bayou Fractionators, LP. ("CBF"). Net income (loss) attributable to noncontrolling interest in our combined statements of operations represents that party's share of the net income or loss of CBF.

Operations. We provide midstream energy services consisting of fractionating, storing, terminalling, transporting, distributing and marketing of natural gas liquids ("NGL"). Our business activities consist of three segments: (a) Logistics Assets, (b) NGL Distribution and Marketing and (c) Wholesale Marketing (see Note 11 — Segment Information).

Our Logistics Assets segment is involved with gathering and storing mixed NGLs and fractionating, storing, and transporting of finished NGLs. These assets, which are generally connected to and supplied, in part, by Targa's natural gas processing plants, are predominantly located in Mont Belvieu, Texas and West Louisiana.

Our NGL Distribution and Marketing segment markets Targa's natural gas liquids production and also purchases natural gas liquids products in selected United States markets. We also have the right to purchase or market substantially all of Chevron Corporation's ("Chevron") natural gas liquids pursuant to a Master Natural Gas Liquids Purchase Agreement.

Our Wholesale Marketing segment includes our refinery services business and wholesale propane marketing operations. In our refinery services business, we provide liquefied petroleum gas balancing services, purchasing natural gas liquids products from refinery customers and selling natural gas liquids products to various customers. Our wholesale propane marketing operations include the sale of propane and related logistics services to multi-state retailers, independent retailers and other end-users. Wholesale Marketing operates principally in the United States, and has a small marketing presence in Canada.

Note 2—Accounting Policies and Related Matters

Asset Retirement Obligations ("AROs") are legal obligations associated with the retirement of tangible long-lived assets that result from the asset's acquisition, construction, development and/or normal operation. An ARO is initially measured at its estimated fair value. Upon initial recognition of an ARO, we record an increase to the carrying amount of the related long-lived asset and an offsetting ARO liability. The consolidated cost of the asset and the capitalized asset retirement obligation is depreciated using a systematic and rational allocation method over the period during which the long-lived asset is expected to provide benefits. After the initial period of ARO recognition, the ARO will change as a result of either the passage of time or revisions to the original estimates of either the amounts of estimated cash flows or their timing. Changes due to the passage of time increase the carrying amount of the liability because there are fewer periods remaining from the initial measurement date until the settlement date; therefore, the present values of the discounted future settlement amount increases. These changes are recorded as a period cost called accretion expense. Upon settlement, AROs will be extinguished by us at either the recorded amount or we will recognize a gain or loss on the difference between the recorded amount and the actual settlement cost.

Cash and Cash Equivalents. Cash and cash equivalents include all cash on hand, demand deposits, and investments with original maturities of three months or less. We consider cash equivalents to include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2008 and 2007, accounts payable included approximately $0.2 million and $0.7 million of outstanding checks that were reclassed from cash and cash equivalents.

Comprehensive Income. Comprehensive income includes net income and other comprehensive income, which includes unrealized foreign exchange gains and losses and unrealized gains and losses on derivative instruments allocated from our Parent.

Concentration of Credit Risk. Financial instruments which potentially subject us to concentrations of credit risk consist primarily of trade accounts receivable.

Trade Accounts Receivable. We extend credit to customers and other parties in the normal course of business. We have established various procedures to manage our credit exposure, including initial credit approvals, credit limits and terms, letters of credit, and rights of offset. We also use prepayments and guarantees to limit credit risk to ensure that our established credit criteria are met.

Estimated losses on accounts receivable are provided through an allowance for doubtful accounts. In evaluating the level of established reserves, we make judgments regarding each party's ability to make required payments, economic events and other factors. As the financial condition of any party changes, circumstances develop or additional information becomes available, adjustments to an allowance for doubtful accounts may be required.

The following table presents the activity of our allowance for doubtful accounts for the periods indicated:

	Year Ended December 31,		
	2008	2007	2006
Balance at beginning of year	$ 943	$ 781	$ 775
Additions	1,264	242	746
Deductions	—	(80)	(740)
Balance at end of year	$ 2,207	$ 943	$ 781

Significant Commercial Relationships

The following table lists the percentage of our combined sales and purchases with Chevron (including the Chevron Phillips Chemical Company LLC joint venture ("CPC")), and Louis Dreyfus Energy Services L.P., which accounted for more than 10% of our combined revenues and combined product purchases for the years indicated:

	Year Ended December 31,		
	2008	2007	2006
% of revenues:			
Chevron and CPC	25%	29%	30%
% of product purchases:			
Chevron and CPC	9%	12%	20%
Louis Dreyfus Energy Services L.P. (1)	11%	—	—

(1) Product purchases from Louis Dreyfus Energy Services L.P. for 2007 and 2006 did not exceed 10% of our combined product purchases for those years.

Environmental Liabilities. Liabilities for loss contingencies, including environmental remediation costs arising from claims, assessments, litigation, fines, and penalties and other sources are charged to expense when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

Exchanges. Exchanges are movements of NGL products between parties to satisfy timing and logistical needs of the parties. Volumes received and delivered under exchange agreements are recorded as inventory. If the locations of receipt and delivery are in different markets, a price differential may be billed or owed. The price differential is recorded as either accounts receivable or accrued liabilities.

Impairment Testing for Unconsolidated Investments. We evaluate equity method investments (which include excess cost amounts attributable to tangible or intangible assets) for impairment when events or changes in circumstances indicate that there is a loss in value of the investment which is an other than temporary decline. Examples of such events or changes in circumstances include continuing operating losses of the investee or long-term negative changes in the investee's industry. In the event we determine that the decline in value of an investment is other than temporary, we record a charge to earnings to adjust the carrying value to fair value.

Income Taxes. The entities combined herein are treated as pass-through entities for income tax purposes. Earnings or losses for federal income tax purposes are included in the tax returns of the partners. In May 2006, Texas adopted a margin tax applicable at the entity level, consisting generally of a 1% tax on the amount by which total revenues exceed cost of goods sold, as apportioned to Texas. Accordingly, we have estimated our liability for this tax.

We have determined that there are no significant uncertain tax positions requiring recognition in our financial statements as of December 31, 2008. There are no unrecognized tax benefits that, if recognized, would affect the effective rate, and there are no unrecognized tax benefits that are reasonably expected to increase or decrease in the next twelve months. Presently, no income tax examinations are underway, and none have been announced. No potential interest or penalties were recognized as of December 31, 2008.

Noncontrolling Interest. Noncontrolling interest represents third party ownership interests in the net assets of our consolidated subsidiaries. For financial reporting purposes, the assets and liabilities of our majority owned subsidiaries are consolidated with those of our own, with any third party investor's interest in our combined balance amounts shown as noncontrolling interest. In the statements of operations, noncontrolling interest reflects the allocation of joint venture earnings to third party investors. Distributions to and contributions from noncontrolling interests represent cash payments and cash contributions from such third party investors.

Property, Plant and Equipment. Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated service lives of our functional asset groups are as follows:

Asset Group	Range of Years
Fractionation, terminalling and natural gas liquids storage facilities	5 to 25
Transportation assets	10 to 25
Other property and equipment	3 to 25

Expenditures for maintenance and repairs are expensed as incurred. Expenditures to refurbish assets that extend the useful lives or prevent environmental contamination are capitalized and depreciated over the remaining useful life of the asset

Our determination of the useful lives of property, plant and equipment requires us to make various assumptions, including the supply of and demand for hydrocarbons in the markets served by our assets, normal wear and tear of the facilities, and the extent and frequency of maintenance programs. From time to time, we utilize consultants and other experts to assist us in assessing the remaining lives of the crude oil or natural gas production in the basins we serve.

We may capitalize certain costs directly related to the construction of assets, including internal labor costs, interest and engineering costs. Upon disposition or retirement of property, plant and equipment, any gain or loss is charged to operations.

We evaluate the recoverability of our property, plant and equipment when events or circumstances such as economic obsolescence, the business climate, legal and other factors indicate we may not recover the carrying amount of the assets. We continually monitor our businesses and the market and business environments to identify indicators that may suggest an asset may not be recoverable.

We evaluate an asset for recoverability by comparing the carrying value of the asset with the asset's expected future undiscounted cash flows. These cash flow estimates require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. If the carrying amount exceeds the expected future undiscounted cash flows we recognize an impairment loss to write down the carrying amount of the asset to its fair value as determined by quoted market prices in active markets or present value techniques if quotes are unavailable. The determination of the fair value using present value techniques requires us to make projections and assumptions regarding the probability of a range of outcomes and the rates of interest used in the present value calculations. Any changes we make to these projections and assumptions could result in significant revisions to our evaluation of recoverability of our property, plant and equipment and the recognition of

an impairment loss in our combined statements of operations.

Revenue Recognition. The primary types of sales and service activities reported as operating revenues include:

- sales of NGLs; and
- fractionation, storage, terminalling and transportation of NGLs, from which we generate fee-based revenue.

We recognize revenues when all of the following criteria are met: (1) persuasive evidence of an exchange arrangement exists, if applicable, (2) delivery has occurred or services have been rendered, (3) the price is fixed or determinable and (4) collectability is reasonably assured.

We generally report revenues gross in our combined statements of operations. Except for fee-based contracts, we act as the principal in the transactions where we receive and take title to the commodities and incur the risks and rewards of ownership.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates and judgments are based on information available at the time such estimates and judgments are made. Adjustments made with respect to the use of these estimates and judgments often relate to information not previously available. Uncertainties with respect to such estimates and judgments are inherent in the preparation of financial statements. Estimates and judgments are used in, among other things, (1) estimating unbilled revenues and operating and general and administrative costs, (2) developing fair value assumptions, including estimates of future cash flows and discount rates, (3) analyzing long-lived assets for possible impairment, (4) estimating the useful lives of assets and (5) determining amounts to accrue for contingencies, guarantees and indemnifications. Actual results could differ materially from estimated amounts.

Accounting Pronouncements Recently Adopted

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 157, "*Fair Value Measurements.*" SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. SFAS 157 was initially effective as of January 1, 2008, but in February 2008, FASB delayed the effective date for applying this standard to nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis until periods beginning after November 15, 2008. We adopted SFAS 157 as of January 1, 2008 for assets and liabilities within its scope and the impact was not material to our financial statements.

In February 2007, the FASB issued SFAS 159, "*The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115.*" SFAS 159 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. Our adoption of SFAS 159 on January 1, 2008 did not have a material impact on our combined financial statements.

In December 2007, the FASB issued SFAS 160, "*Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51.*" SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective for fiscal periods, and interim periods within those fiscal years, beginning on or after December 15, 2008 with retroactive presentation of all years presented. These financial statements incorporate the provisions of SFAS 160.

Accounting Pronouncements Recently Issued

In December 2007, the FASB issued SFAS 141R, "*Business Combinations.*" SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective as of the beginning of an entity's fiscal year that begins after December 15, 2008. This new accounting standard will only impact how we account for business combinations on a prospective basis.

On April 1, 2009 FASB issued FASB Staff Position ("FSP") FAS 141R-1, "*Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies.*" FSP FAS 141R-1 amends and clarifies SFAS 141R to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This FSP is effective for assets and liabilities arising from contingencies in business combinations for which the acquisition date is on or after January 1, 2009. We do not expect any material financial statement implications relating to the adoption of this FSP.

On May 28, 2009, FASB issued SFAS 165, "*Subsequent Events*." SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, SFAS 165 provides (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. We do not expect any material financial statement implications relating to the adoption of this SFAS.

Note 3—Inventory

Our inventories consist primarily of NGLs. Most NGL inventories turn over monthly, but some inventory, primarily propane, is held during the year to meet anticipated heating season requirements of our customers. Our NGL inventories are valued at the lower of cost or market using the average cost method.

Due to fluctuating commodity prices for natural gas liquids, we occasionally recognize lower of cost or market adjustments when the carrying values of our inventories exceed their net realizable value. These non-cash adjustments are charged to product purchases within operating costs and expenses in the period they are recognized, with the related cash impact in the subsequent period. For 2008, 2007 and 2006 we recognized $6.0 million, $0.2 million and $13.1 million to reduce the carrying value of NGL inventory to its net realizable value.

As of December 31, 2008 and 2007, inventory consisted primarily of NGL products of $71.2 million and $146.0 million.

Note 4—Property, Plant and Equipment

Our property, plant and equipment and accumulated depreciation were as follows at the dates indicated:

	December 31,	
	2008	2007
NGL gathering systems	$ 6,860	$ 5,376
Processing and fractionation facilities	136,690	129,916
Terminalling and natural gas liquids storage facilities	221,883	213,261
Transportation assets	107,161	99,073
Other property, plant, and equipment	6,291	4,157
Land	46,028	46,028
Construction in progress	18,739	4,392
	543,652	502,203
Accumulated depreciation	(68,933)	(45,376)
	$ 474,719	$ 456,827

Note 5—Investment in Unconsolidated Affiliate

Our investment in unconsolidated affiliate consists of our 38.75% ownership interest in Gulf Coast Fractionators LP (“GCF”), a venture that fractionates natural gas liquids on the Gulf Coast. As of December 31, 2008 and 2007, our investment in GCF was $18.5 million and $19.2 million.

Our equity in the net assets of GCF exceeded our acquisition date investment account by approximately $5.2 million. This amount is being amortized over the estimated remaining life of the net assets on a straight-line basis, and is included as a component of our equity in earnings of unconsolidated investments.

The following table shows our equity earnings and cash activity with respect to our investment in GCF for the periods indicated:

	Year Ended December 31,		
	2008	2007	2006
Equity in earnings	$3,877	$3,511	$2,754
Cash distributions	4,650	3,875	2,306

Note 6—Asset Retirement Obligations

The changes in our aggregate asset retirement obligations are as follows:

	Year Ended December 31,		
	2008	2007	2006
Beginning of period	$ 2,595	$ 2,524	$ 396
Allocated from Parent	—	—	2,062
Change in cash flow estimate	8	—	—
Accretion expense	81	71	66
End of period	$ 2,684	$ 2,595	$ 2,524

Note 7—Debt Obligations

Our combined debt obligations consisted of the following as of the dates indicated:

	December 31, 2008	December 31, 2007
Targa Downstream LP:		
Note payable to Parent, 10% fixed rate, due December 2011 (including accrued interest of $175,343 and $118,475)	$ 744,020	$ 687,152
Targa LSNG LP:		
Note payable to Parent, 10% fixed rate, due December 2011 (including accrued interest of $4,281 and $1,894)	29,863	24,115
	$ 773,883	$ 711,267

On January 1, 2007, Targa contributed to us affiliated indebtedness related to the assets of Targa Downstream LP and Targa LSNG LP of approximately $639.7 million (including accrued interest of $61.8 million). During the years ended December 31, 2008 and 2007, additional affiliated indebtedness of $3.4 million and $13.0 million was incurred by Targa LSNG LP to fund the construction of its Mont Belvieu, Texas isomerization unit. During 2008 and 2007, we recorded $59.3 million and $58.5 million in interest expense associated with this affiliated debt.

The stated 10% interest rate in the formal debt arrangements is not indicative of prevailing external rates of interest including that incurred under Targa's credit facility which is secured by substantially all of our assets. On a pro forma basis, at prevailing interest rates the affiliated interest expense for the years ended December 31, 2008 and 2007 would have been reduced by $15.9 million and $10.2 million. The pro forma interest expense adjustment has been calculated by applying the weighted average rates of 7.3% and 8.3% that Targa incurred under its credit facility to the affiliate debt balance for the periods indicated.

Note 8—Insurance Claims

We recognize income from business interruption insurance in our combined statements of operations as a component of revenues from third parties in the period that a proof of loss is executed and submitted to the insurers for payment. For 2008, 2007 and 2006 income from business interruption insurance resulting from the effects of Hurricanes Katrina and Rita was $18.1 million, $4.6 million and $7.0 million. In addition, we received $0.6 million during 2008 as a result of fire damage claims at certain plants in our wholesale marketing segment.

Hurricanes Gustav and Ike

In September 2008, certain of our facilities in Louisiana and Texas sustained damage and had disruption to their operations from Hurricanes Gustav and Ike.

We currently estimate the cost associated with our interest for repairs to the impacted facilities to be approximately $17.2 million. We believe that we have adequate insurance coverage (subject to customary deductibles, limits and sub-limits) to cover the respective facility repair costs and to offset the majority of the associated lost profits as a result of the hurricanes. The property damage deductibles under our insurance coverage will reduce our ultimate property damage insurance recoveries by approximately $3.3 million. We will have additional out of pocket costs associated with improvements (e.g., elevating critical equipment) that may not be covered by insurance.

During 2008 we recorded a loss provision of $4.8 million for our estimated out-of-pocket cleanup and repair costs related to these two hurricanes, after estimated insurance proceeds. As of December 31, 2008, expenditures related to the hurricanes totaled $5.5 million.

Note 9—Commitments and Contingencies

Certain property and equipment is leased under non-cancelable leases that require fixed monthly rental payments and expire at various dates through 2011. Surface and underground access for gathering, processing, and distribution assets that are located on property not owned by us is obtained through right of way agreements, which require annual rental payments and expire at various dates through 2013. Future non-cancelable commitments related to these obligations and our asset retirement obligations are presented below:

	Payments Due by Period						
	Total	2009	2010	2011	2012	2013	Thereafter
Operating leases (1)	$ 53,942	$ 10,258	$ 8,874	$ 6,655	$ 6,196	$ 5,436	$ 16,523
Right of way	2,517	184	153	128	128	126	1,798
Asset retirement obligations	2,684	—	—	6	—	—	2,678
	$ 59,143	$ 10,442	$ 9,027	$ 6,789	$ 6,324	$ 5,562	$ 20,999

(1) Operating lease obligations include minimum lease payment obligations associated with site leases, railcar leases, and office space leases.

Total expenses related to operating leases and right of way payments were $9.2 million and $1.4 million for 2008; $11.0 million and $0.6 million for 2007; and $4.7 million and $0.7 million for 2006.

Environmental

We are a party to various environmental agency proceedings. We believe all such matters involve amounts which, if resolved unfavorably, would not have a material effect on our financial position, results of operations, or cash flows.

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 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.

Note 10—Related-Party Transactions

Transactions with Targa

Sales to and purchases from affiliates. We routinely conduct business with other subsidiaries of Targa. The related transactions result primarily from commodity transactions. The balances that are reflected in affiliate payables in the combined balance sheets are the amounts settled subsequent to month end between Targa and us for these commodity transactions in prior periods associated with the routine conduct of business with Targa subsidiaries. In addition, all of our expenditures are paid through our parent company resulting in intercompany transactions. Unlike sales transactions with third parties that settle in cash, settlement of these sales transactions occurs primarily through adjustments to Parent investment.

Allocation of costs. The employees supporting our operations are employees of Targa. Our financial statements include costs allocated to us by Targa for centralized general and administrative services performed by them, as well as depreciation of assets utilized by Targa's centralized general and administrative functions. Costs were allocated to us based on our proportionate share of Targa's assets, revenues and employees. Costs allocated to us were based on identification of our resources which directly benefit us and our proportionate share of costs based on our estimated usage of shared resources and functions. All of the allocations are based on assumptions that management believes are reasonable; however, these allocations are not necessarily indicative of the costs and

expenses that would have resulted if we had operated as a stand-alone entity. These allocations are not settled in cash. Settlement of these allocations occurs through adjustments to Parent investment.

Allocations of long-term debt, debt issue costs, interest rate swaps and interest expense. Our financial statements include long-term debt, debt issue costs, interest rate swaps and interest expense allocated from Targa. The allocations were calculated in a manner based on the fair value of tangible assets. These allocations are not settled in cash. Settlement of these allocations occurs through an adjustment to Parent investment.

The following table summarizes the sales to and purchases from affiliates of Targa, payments made or received by them on our behalf, and allocations of costs from them which are settled through an adjustment to Parent investment. Management believes these transactions were executed on fair and reasonable terms.

	Year Ended December 31,		
	2008	2007	2006
Cash			
Sales to affiliates	$ (37,780)	$ —	$ (6,296)
Purchases from affiliates			
Included in product purchases	1,547,004	1,374,947	1,069,076
Included in operating expenses	58,846	44,530	38,603
Payments made to our Parent	(1,658,240)	(1,496,142)	(1,265,111)
Parent allocation of interest expense	—	—	39,263
Parent allocation of general and administrative expense	37,666	38,625	39,470
Net change in affiliate payable	(113,623)	64,069	26,192
	$ (166,127)	$ 26,029	$ (58,803)
Loan from Parent	$ 3,361	$ 13,024	$ —
Noncash			
Parent allocation of assets, net	$ —	$ —	$ (75,226)
Parent allocation of debt	—	478,677	2,741
Parent allocation of debt issue costs	—	(9,726)	151
Parent contribution of affiliate indebtedness	—	(639,717)	—
	$ —	$ (170,766)	$ (72,334)

Centralized cash management. Targa operates a cash management system whereby excess cash from most of its various subsidiaries, held in separate bank accounts, is swept to a centralized account. Cash distributions are deemed to have occurred through Parent investment and are reflected as adjustments to Parent investment. Deemed net distributions of cash to (from) Targa were $166.1 million, $(26.0) million and $58.8 million for 2008, 2007 and 2006.

Transactions with Merrill Lynch

An affiliate of Merrill Lynch holds a non-voting equity interest in Targa's parent. We have executed NGL sales and purchase transactions on the spot market with Merrill Lynch Commodities Inc. ("MLCI"), an affiliate of Merrill Lynch. For the years 2008, 2007 and 2006, sales to MLCI which were included in revenues totaled $4.4 million, $18.1 million and $12.4 million. For the same periods, purchases from MLCI were $0.8 million, $9.4 million and $11.2 million.

Transactions with GCF

For the years 2008, 2007 and 2006, transactions with GCF which were included in revenues totaled $0.5 million, $4.5 million and $1.4 million. For the same periods, transactions included in costs and expenses were $3.5 million, $3.3 million and $3.3 million.

Note 11—Segment Information

We evaluate segment performance based on the financial measure of operating margin. We define operating margin as total operating revenues less product purchases and operating expense. Operating margin (either in total or by individual segment) is an important performance measure of the core profitability of our operations. Operating margin is reviewed monthly for consistency and trend analysis.

Eliminations and Other consists of the elimination of intersegment revenues and expenses.

Our reportable segment information is shown in the following tables:

	Year Ended December 31, 2008				
	Logistics Assets	NGL Distribution and Marketing	Wholesale Marketing	Eliminations and Other	Total
Revenues from third parties	$ 106,016	$ 4,613,423	$ 1,415,460	$ —	$ 6,134,899
Revenues from affiliates	131,995	571,296	44,587	(710,098)	37,780
Revenues	238,011	5,184,719	1,460,047	(710,098)	6,172,679
Product purchases from third parties	(101)	3,445,263	900,210	—	4,345,372
Product purchases from affiliates	101	1,719,177	546,680	(718,954)	1,547,004
Product purchases	—	5,164,440	1,446,890	(718,954)	5,892,376
Operating expenses from third parties	138,125	1,746	60	—	139,931
Operating expenses from affiliates	49,990	—	—	8,856	58,846
Operating expenses	188,115	1,746	60	8,856	198,777
Operating margin	$ 49,896	$ 18,533	$ 13,097	$ —	$ 81,526
Other financial information:					
Equity in earnings of unconsolidated investments	$ 3,877	$ —	$ —	$ —	$ 3,877
Identifiable assets	498,189	142,349	115,670	—	756,208
Unconsolidated investments	18,465	—	—	—	18,465
Capital expenditures	41,460	—	—	—	41,460
Revenues by type:					
NGL sales	$ 60	$ 5,172,168	$ 1,453,130	$ (578,122)	$ 6,047,236
Services	235,398	2,961	408	(131,976)	106,791
Business interruption/other	2,553	9,590	6,509	—	18,652
	$ 238,011	$ 5,184,719	$ 1,460,047	$ (710,098)	$ 6,172,679

	Year Ended December 31, 2007				
	Logistics Assets	NGL Distrib-ution and Marketing	Wholesale Marketing	Eliminations and Other	Total
Revenues from third parties	$ 83,129	$ 4,419,636	$ 1,265,183	$ —	$ 5,767,948
Revenues from affiliates	111,968	476,178	30,822	(618,968)	—
Revenues	195,097	4,895,814	1,296,005	(618,968)	5,767,948
Product purchases from third parties	—	3,322,534	783,493	—	4,106,027
Product purchases from affiliates	—	1,516,288	489,707	(631,048)	1,374,947
Product purchases	—	4,838,822	1,273,200	(631,048)	5,480,974
Operating expenses from third parties	122,639	1,562	(102)	—	124,099
Operating expenses from affiliates	32,473	(23)	—	12,080	44,530
Operating expenses	155,112	1,539	(102)	12,080	168,629
Operating margin	$ 39,985	$ 55,453	$ 22,907	$ —	$ 118,345
Other financial information:					
Equity in earnings of unconsolidated investments	$ 3,511	$ —	$ —	$ —	$ 3,511
Identifiable assets	482,190	588,505	239,734	—	1,310,429
Unconsolidated investments	19,238	—	—	—	19,238
Capital expenditures	35,179	—	—	—	35,179
Revenues by type:					
NGL sales	$ 45	$ 4,889,339	$ 1,294,599	$ (507,018)	$ 5,676,965
Services	195,081	2,643	580	(111,950)	86,354
Business interruption/other	(29)	3,832	826	—	4,629
	$ 195,097	$ 4,895,814	$ 1,296,005	$ (618,968)	$ 5,767,948

	Year Ended December 31, 2006				
	Logistics Assets	NGL Distrib-ution and Marketing	Wholesale Marketing	Eliminations and Other	Total
Revenues from third parties	$ 63,429	$ 3,315,535	$ 1,247,336	$ —	$ 4,626,300
Revenues from affiliates	114,700	423,234	63,106	(594,744)	6,296
Revenues	178,129	3,738,769	1,310,442	(594,744)	4,632,596
Product purchases from third parties	3	2,496,448	859,652	—	3,356,103
Product purchases from affiliates	(3)	1,229,673	440,646	(601,240)	1,069,076
Product purchases	—	3,726,121	1,300,298	(601,240)	4,425,179
Operating expenses from third parties	103,405	2,044	(374)	—	105,075
Operating expenses from affiliates	32,107	—	—	6,496	38,603
Operating expenses	135,512	2,044	(374)	6,496	143,678
Operating margin	$ 42,617	$ 10,604	$ 10,518	$ —	$ 63,739
Other financial information:					
Equity in earnings of unconsolidated investments	$ 2,754	$ —	$ —	$ —	$ 2,754
Identifiable assets	479,819	346,805	158,018	—	984,642
Unconsolidated investments	19,602	—	—	—	19,602
Capital expenditures	23,167	—	—	—	23,167
Revenues by type:					
NGL sales	$ —	$ 3,730,172	$ 1,302,287	$ (480,069)	$ 4,552,390
Services	177,744	3,092	7,059	(114,675)	73,220
Business interruption/other	385	5,505	1,096	—	6,986
	$ 178,129	$ 3,738,769	$ 1,310,442	$ (594,744)	$ 4,632,596

The following table is a reconciliation of operating margin to net loss:

	Year Ended December 31,		
	2008	2007	2006
Reconciliation of operating margin to net loss:			
Operating margin	$ 81,526	$ 118,345	$ 63,739
Depreciation and amortization expense	(23,563)	(21,764)	(20,787)
Income tax expense	(990)	(1,040)	(504)
Other, net	6,219	2,380	2,565
Interest expense, net	(58,738)	(57,920)	(39,036)
General and administrative expense	(46,249)	(45,059)	(41,196)
Net loss	$ (41,795)	$ (5,058)	$ (35,219)

Note 12—Supplemental Cash Flow Information

We engaged in the following noncash investing and financing activities:

Year ended December 31, 2008:

- Noncash addition to property, plant and equipment of $5.8 million resulting from a like-kind exchange transaction in which our basis in the exchanged property was zero.

Year ended December 31, 2007:

- Debt issue costs of $9.7 million allocated to our Parent.
- Long-term debt of $478.7 million allocated to our Parent.
- Affiliated indebtedness of $639.7 million contributed by our Parent.

Year ended December 31, 2006:

- Net asset allocation to our Parent of $75.2 million, resulting from purchase price adjustments and reallocations by Targa.
- Debt issue costs of $0.2 million allocated from our Parent.
- Long-term debt repayments of $2.7 million allocated from our Parent.

Note 13—Significant Risks and Uncertainties

Nature of Operations in the Midstream Energy Industry

We operate in the midstream energy industry. Our business activities include gathering, transporting, processing, fractionating and storing NGLs and crude oil. As such, our results of operations, cash flows and financial condition may be affected by (i) changes in the commodity prices of these hydrocarbon products and (ii) changes in the relative price levels among these hydrocarbon products. In general, the prices of natural gas, NGLs, crude oil and other hydrocarbon products are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond our control.

Our profitability could be impacted by a decline in the volume of natural gas, NGLs and condensate transported, gathered or processed at our facilities. A material decrease in natural gas or crude oil production or crude oil refining, as a result of depressed commodity prices, a decrease in exploration and development activities or otherwise, could result in a decline in the volume of natural gas, NGLs and condensate handled by our facilities.

A reduction in demand for NGL products by the petrochemical, refining or heating industries, whether because of (i) general economic conditions, (ii) reduced demand by consumers for the end products made with NGL products, (iii) increased competition from petroleum-based products due to the pricing differences, (iv) adverse

weather conditions, (v) government regulations affecting commodity prices and production levels of hydrocarbons or the content of motor gasoline or (vi) other reasons, could also adversely affect our results of operations, cash flows and financial position.

Credit Risk due to Industry Concentrations

A substantial portion of our revenues are derived from companies in the domestic natural gas, NGL and petrochemical industries. This concentration could impact our overall exposure to credit risk since these customers may be impacted by similar economic or other conditions. To help reduce our credit risk, we evaluate our counterparties' financial condition and, where appropriate, negotiate netting agreements. We generally do not require collateral for our accounts receivable; however, in certain circumstances we will call for prepayment, require automatic debit agreements or obtain collateral to minimize our potential exposure to defaults.

Casualties and Other Risks

Targa maintains coverage in various insurance programs, on our behalf, which provide us with property damage, business interruption and other coverages which are customary for the nature and scope of our operations. The financial impact of storm events such as Hurricanes Gustav and Ike, as well as the current economic environment, have affected many insurance carriers, and may affect their ability to meet their obligation or trigger limitations in certain insurance coverages. At present, there is no indication of any of Targa's insurance carriers being unable or unwilling to meet their coverage obligations.

Management believes that Targa has adequate insurance coverage, although insurance will not cover every type of interruption that might occur. As a result of insurance market conditions, premiums and deductibles for certain insurance policies have increased substantially, and in some instances, certain insurance may become unavailable, or available for only reduced amounts of coverage. As a result, Targa may not be able to renew existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all.

If we were to incur a significant liability for which Targa were not fully insured, it could have a material impact on our combined financial position and results of operations. In addition, the proceeds of any such insurance may not be paid in a timely manner and may be insufficient if such an event were to occur. Any event that interrupts the revenues generated by our combined operations, or which causes us to make significant expenditures not covered by insurance, could reduce our ability to meet our obligations under various agreements with our lenders. A portion of the insurance costs described above is allocated to us by Targa.

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DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
COMBINED BALANCE SHEETS

	March 31, 2009	December 31, 2008
	(Unaudited) (In thousands)	
ASSETS (Collateral for Parent Debt — Note 4)		
Current assets:		
Cash and cash equivalents	$ 11,660	$ 13,540
Trade receivables, net of allowances of $1,992 and $2,207	173,759	177,782
Inventory	24,814	71,196
Other current assets	770	493
Total current assets	211,003	263,011
Property, plant and equipment, at cost	558,426	543,652
Accumulated depreciation	(74,838)	(68,933)
Property, plant and equipment, net	483,588	474,719
Investment in unconsolidated affiliate	18,586	18,465
Other assets	13	13
Total assets (collateral for Parent debt — Note 4)	$ 713,190	$ 756,208
LIABILITIES AND OWNERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 132,796	$ 130,096
Affiliate payables	57,175	39,522
Accrued liabilities	8,767	17,921
Total current liabilities	198,738	187,539
Long-term debt payable to Parent	788,739	773,883
Deferred income taxes	1,434	1,378
Asset retirement obligations	2,705	2,684
Owners' equity (deficit):		
Parent deficit	(292,406)	(223,368)
Noncontrolling interest in subsidiaries	13,980	14,092
Total owners' deficit	(278,426)	(209,276)
Total liabilities and owners' deficit	$ 713,190	$ 756,208

See notes to combined financial statements

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
COMBINED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2009	2008
	(Unaudited) (In thousands)	
Revenues from third parties	$ 754,852	$ 1,763,192
Revenues from affiliates	5,859	6,603
Total operating revenues	760,711	1,769,795
Costs and expenses:		
Product purchases from third parties	510,626	1,277,396
Product purchases from affiliates	186,009	421,395
Operating expenses from third parties	29,949	33,469
Operating expenses from affiliates	6,140	12,674
Depreciation and amortization expense	5,954	5,746
General and administrative expense	10,717	12,281
Gain on sale of assets	(6)	(4,352)
	749,389	1,758,609
Income from operations	11,322	11,186
Other income (expense):		
Interest expense from affiliate	(14,856)	(14,772)
Other interest income, net	332	48
Equity in earnings of unconsolidated investment	121	1,084
Other	—	276
Loss before income taxes	(3,081)	(2,178)
Income tax expense:		
Current	(154)	(146)
Deferred	(56)	(102)
	(210)	(248)
Net loss	(3,291)	(2,426)
Less: Net loss attributable to noncontrolling interest	(112)	(281)
Net loss attributable to Parent	$ (3,179)	$ (2,145)

See notes to combined financial statements

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
COMBINED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2009	2008
	(Unaudited) (In thousands)	
Cash flows from operating activities		
Net loss	$ (3,291)	$ (2,426)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Interest expense on affiliate indebtedness	14,856	14,772
Depreciation and amortization expense	5,954	5,746
Accretion of asset retirement obligations	21	19
Deferred income tax expense	56	102
Equity in earnings of unconsolidated investment	(121)	(1,084)
Distributions from unconsolidated investment	—	775
Gain on sale of assets	(6)	(4,352)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	3,746	211,959
Inventory	36,242	63,944
Accounts payable and other liabilities	11,939	(104,353)
Net cash provided by operating activities	69,396	185,102
Cash flows from investing activities		
Additions of property, plant and equipment	(5,641)	(5,894)
Other	43	7
Net cash used in investing activities	(5,598)	(5,887)
Cash flows from financing activities		
Distribution to Parent	(65,678)	(183,474)
Loan from Parent	—	924
Net cash used in financing activities	(65,678)	(182,550)
Net decrease in cash and cash equivalents	(1,880)	(3,335)
Cash and cash equivalents, beginning of period	13,540	13,348
Cash and cash equivalents, end of period	$ 11,660	$ 10,013

See notes to combined financial statements

DOWNSTREAM ASSETS OF TARGA RESOURCES, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Unaudited)

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

Note 1—Organization and Basis of Presentation

The unaudited combined financial statements of the Downstream Assets of Targa Resources, Inc. ("we", "us", "our" or "the Company") include the accounts of substantially all of Targa Downstream LP ("Downstream LP"), a Delaware limited partnership formed on November 28, 2005 and Targa LSNG LP ("LSNG LP"), a Delaware limited partnership formed on March 1, 2006.

Downstream LP and LSNG LP are indirect wholly-owned subsidiaries of Targa Resources, Inc. ("Targa" or "Parent"). Targa manages our operations and employs our officers and personnel (see Note 7).

The unaudited combined financial statements have been prepared in conjunction with Targa Resources Partners LP's (the "Partnership") potential purchase from Targa of substantially all of Targa's natural gas liquids business. Certain assets owned by Downstream LP have been excluded from the combined presentation because they will be retained by Targa.

The unaudited combined financial statements are presented on a carve-out combined basis to include the historical operations of Downstream LP and LSNG LP (except for the excluded assets). In this context, no direct owner relationship existed among Downstream LP and LSNG LP. Accordingly, Targa's net investment in us ("Parent investment") is shown in lieu of partners' capital in the unaudited combined financial statements.

The unaudited combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The year-end balance sheet data was derived from audited financial statements. The unaudited combined financial statements for the three month periods ended March 31, 2009 and 2008 include all adjustments, both normal and recurring, which are, in the opinion of management, necessary for a fair statement of the results for the interim periods. All significant intercompany balances and transactions have been eliminated. Transactions between us and other Targa operations have been identified in the unaudited combined financial statements as transactions between affiliates (see Note 7). Our financial results for the three months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2009. These unaudited combined financial statements and other information included herein should be read in conjunction with our audited combined financial statements and notes thereto for the year ended December 31, 2008.

Throughout the periods covered by the combined financial statements, Targa has provided cash management services to the Company through a centralized treasury system. Transactions with affiliated entities that are not 100% owned by Targa are cash settled by the Company. The balances due to these non-100% owned affiliates are reflected in affiliate payables in the combined balance sheets. Also reflected in affiliate payables in the combined balance sheets are the amounts settled subsequent to month end between Targa and us for purchases and sales of natural gas and natural gas liquids ("commodity transactions") in prior periods associated with the routine conduct of business with Targa subsidiaries. All other charges and cost allocations covered by the centralized treasury system (including operating expenses and general and administrative expenses) were deemed to have been paid to Targa in cash during the period in which the cost was recorded in the combined financial statements.

Cash receipts advanced by Targa in excess/deficit of charges and cash allocations are reflected as contributions from/distributions to Parent in the combined statements of changes in owners' equity (see Note 5). Consequently, we had a combined negative Parent investment balance of $292.4 million as of March 31, 2009. Despite the negative Parent investment balance, on a combined basis, the Company generated a positive operating margin of $28.0 million for the three months ended March 31, 2009. See Note 8.

Noncontrolling interest in our unaudited combined balance sheets and statements of changes in owners' equity represents the investment by a party other than Downstream LP in Cedar Bayou Fractionators, L.P. ("CBF"). Net loss attributable to noncontrolling interest in our unaudited combined statements of operations represents that party's share of the net loss of CBF.

Operations. We provide midstream energy services consisting of fractionating, storing, terminalling, transporting, distributing and marketing of natural gas liquids ("NGL"). Our business activities are separated into three segments: (a) Logistics Assets, (b) NGL Distribution and Marketing and (c) Wholesale Marketing. See Note 8.

Our Logistics Assets segment is involved with gathering and storing mixed NGLs and fractionating, storing, and transporting of finished NGLs. These assets, which are generally connected to and supplied, in part, by Targa's natural gas processing plants, are predominantly located in Mont Belvieu, Texas and West Louisiana.

Our NGL Distribution and Marketing segment markets Targa's natural gas liquids production and also purchases natural gas liquids products in selected United States markets. We also have the right to purchase or market substantially all of Chevron Corporation's ("Chevron") natural gas liquids pursuant to a Master Natural Gas Liquids Purchase Agreement.

Our Wholesale Marketing segment includes our refinery services business and wholesale propane marketing operations. In our refinery services business, we provide liquefied petroleum gas balancing services, purchasing natural gas liquids products from refinery customers and selling natural gas liquids products to various customers. Our wholesale propane marketing operations include the sale of propane and related logistics services to multi-state retailers, independent retailers and other end-users. Wholesale Marketing operates principally in the United States, and has a small marketing presence in Canada.

Note 2—Accounting Policies and Related Matters

Accounting Pronouncements Recently Adopted

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 157, "*Fair Value Measurements*." SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. SFAS 157 was initially effective as of January 1, 2008, but in February 2008, FASB delayed the effective date for applying this standard to nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis until periods beginning after November 15, 2008. We adopted SFAS 157 as of January 1, 2008 for assets and liabilities within its scope and the impact was not material to our financial statements. As of January 1, 2009, nonfinancial assets and nonfinancial liabilities were also required to be measured at fair value. The adoption of these additional provisions did not have a material impact on our financial statements.

In December 2007, FASB issued SFAS 141R, "*Business Combinations.*" SFAS 141R requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed and requires the acquirer to disclose certain information related to the nature and financial effect of the business combination. SFAS 141R also establishes principles and requirements for how an acquirer recognizes any noncontrolling interest in the acquiree and the goodwill acquired in a business combination. SFAS 141R was effective on a prospective basis for business combinations for which the acquisition date is on or after January 1, 2009. For any business combination that takes place subsequent to January 1, 2009, SFAS 141R may have a material impact on our financial statements. The nature and extent of any such impact will depend upon the terms and conditions of the transaction.

On April 1, 2009 FASB issued FSP FAS 141R-1, "*Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies.*" FSP FAS 141R-1 amends and clarifies SFAS 141R to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This FSP is effective for

assets and liabilities arising from contingencies in business combinations for which the acquisition date is on or after January 1, 2009. We do not expect any material financial statement implications relating to our adoption of this FSP.

Accounting Pronouncements Recently Issued

In May 2009, FASB issued SFAS 165, "*Subsequent Events*." SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim and annual periods ended after June 15, 2009 and should be applied prospectively. We do not expect any material financial statement implications relating to our adoption of SFAS 165.

In June 2009, FASB issued SFAS 168, "*The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162*." SFAS 168 establishes the FASB Accounting Standards Codification ("Codification") as the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. On the effective date, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative.

Following SFAS 168, FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASU"). FASB will not consider ASUs as authoritative in their own right. They will serve only to update the Codification, provide background information about the guidance, and provide the bases for conclusions on the change(s) in the Codification.

On June 30, 2009, FASB issued ASU 2009-1, "*Topic 105—Generally Accepted Accounting Principles—amendments based on—Statement of Financial Accounting Standards No. 168—The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*." ASU 2009-1 amends the Codification for the issuance of SFAS 168.

On June 30, 2009, FASB issued ASU 2009-2, "*Omnibus Update—Amendments to Various Topics for Technical Corrections.*" The technical corrections in ASU 2009-2 are not expected to impact our financial statements.

Note 3—Asset Retirement Obligations

The changes in our aggregate asset retirement obligations are as follows:

	Three Months Ended March 31, 2009
Beginning of period	$ 2,684
Accretion expense	21
End of period	$ 2,705

Note 4—Debt Obligations

Our combined debt obligations consisted of the following at the dates indicated:

	March 31, 2009	December 31, 2008
Targa Downstream LP:		
Note payable to Parent, 10% fixed rate, due December 2011 (including accrued interest of $189,559 and $175,343)	$ 758,236	$ 744,020
Targa LSNG LP:		
Note payable to Parent, 10% fixed rate, due December 2011 (including accrued interest of $4,921 and $4,281)	30,503	29,863
	$ 788,739	$ 773,883

The stated 10% interest rate in the formal debt arrangements is not indicative of prevailing external rates of interest including that incurred under Targa's credit facility which is secured by substantially all of our assets. On a pro forma basis, at prevailing interest rates the affiliated interest expense for the three months ended March 31, 2009 and 2008 would have been reduced by $2.2 million and $2.3 million. The pro forma interest expense adjustment has been calculated by applying the weighted average rate of 8.5% that Targa incurred under its credit facility to the affiliate debt balance for the periods indicated.

Collateral for Parent Debt

The assets of our 100% owned subsidiaries are pledged as collateral on substantially all of Targa's debt.

Note 5—Statement of Changes in Owners' Equity

The following table reflects the reconciliation at the beginning and the end of the period of the carrying amount of owners' equity, Parent investment and equity attributable to the noncontrolling interest:

	Parent Investment (Deficit)	Noncontrolling Interest	Total
Balance, December 31, 2008	**$ (223,368)**	**$ 14,092**	**$ (209,276)**
Net loss	(3,179)	(112)	(3,291)
Other comprehensive loss:			
Currency translation adjustment	(181)	—	(181)
Comprehensive loss	(3,360)	(112)	(3,472)
Distribution to Parent	(65,678)	—	(65,678)
Balance, March 31, 2009	**$ (292,406)**	**$ 13,980**	**$ (278,426)**

	Parent Investment (Deficit)	Noncontrolling Interest	Total
Balance, December 31, 2007	**$ (13,352)**	**$ 13,518**	**$ 166**
Net loss	(2,145)	(281)	(2,426)
Other comprehensive loss:			
Currency translation adjustment	(342)	—	(342)
Comprehensive loss	(2,487)	(281)	(2,768)
Distribution to Parent	(183,474)	—	(183,474)
Balance, March 31, 2008	**$ (199,313)**	**$ 13,237**	**$ (186,076)**

Note 6—Insurance Claims

Certain of our Louisiana and Texas facilities sustained damage and had operations disruptions during the 2008 hurricane season from two Gulf Coast hurricanes—Gustav and Ike. As of December 31, 2008, we recorded a $4.8 million loss provision (net of estimated insurance reimbursements) related to the hurricanes. As of March 31, 2009, that estimate was unchanged.

During the three months ended March 31, 2009, expenditures related to the hurricanes totaled $4.3 million, and we recognized $0.5 million of business interruption insurance revenue in our Wholesale Marketing segment. No proofs of loss were executed during the three months ended March 31, 2009 or 2008.

Note 7—Related-Party Transactions

Transactions with Targa

Sales to and purchases from affiliates. We routinely conduct business with other subsidiaries of Targa. The related transactions result primarily from commodity transactions. The balances that are reflected in affiliate payables in the combined balance sheets are the amounts settled subsequent to month end between Targa and us for these commodity transactions in prior periods associated with the routine conduct of business with Targa subsidiaries. In addition, all of our expenditures are paid through our parent company resulting in intercompany transactions. Unlike sales transactions with third parties that settle in cash, settlement of these sales transactions occurs primarily through adjustments to Parent investment.

Allocation of costs. The employees supporting our operations are employees of Targa. Our financial statements include costs allocated to us by Targa for centralized general and administrative services performed by them, as well as depreciation of assets utilized by Targa's centralized general and administrative functions. Costs were allocated to us based on our proportionate share of Targa's assets, revenues and employees. Costs allocated to us were based on identification of our resources which directly benefit us and our proportionate share of costs based on our estimated usage of shared resources and functions. All of the allocations are based on assumptions that management believes are reasonable; however, these allocations are not necessarily indicative of the costs and expenses that would have resulted if we had operated as a stand-alone entity. These allocations are not settled in cash. Settlement of these allocations occurs through adjustments to Parent investment.

The following table summarizes, for the periods indicated, the sales to and purchases from affiliates of Targa, payments made or received by them on our behalf, and allocations of costs from Targa which are settled through an adjustment to Parent investment. Management believes these transactions were executed on fair and reasonable terms.

	Three Months Ended March 31,	
	2009	2008
Cash		
Sales to affiliates	$ (5,859)	$ (6,603)
Purchases from affiliates:		
Included in product purchases	186,009	421,395
Included in operating expenses	6,140	12,674
Payments made to our Parent	(276,880)	(614,508)
Parent allocation of general and administrative expense	7,259	10,630
Net change in affiliate payable	17,653	(7,062)
	$ (65,678)	$ (183,474)
Loan from Parent	$ —	$ 924

Centralized cash management. Targa operates a cash management system whereby excess cash from most of its various subsidiaries, held in separate bank accounts, is swept to a centralized account. Cash distributions are deemed to have occurred through Parent investment and are reflected as adjustments to Parent investment. Deemed net distributions of cash to Targa were $65.7 million and $183.5 million for the three months ended March 31, 2009 and 2008.

Transactions with Merrill Lynch

An affiliate of Merrill Lynch holds a non-voting equity interest in Targa's parent. We have executed NGL sales and purchase transactions on the spot market with Merrill Lynch Commodities Inc. ("MLCI"), an affiliate of Merrill Lynch. For the three months ended March 31, 2009 and 2008, sales to MLCI which were included in revenues totaled $0.4 million and nil. For the same periods, purchases from MLCI were $0.3 million and $0.4 million.

Transactions with GCF

For the three months ended March 31, 2009 and 2008, transactions with GCF which were included in revenues were less than $0.1 million. For the same periods, transactions included in costs and expenses were $1.2 million and $1.3 million.

Note 8—Segment Information

We evaluate segment performance based on the financial measure of operating margin. We define operating margin as total operating revenues less product purchases and operating expense. Operating margin (either in total or by individual segment) is an important performance measure of the core profitability of our operations. Operating margin is reviewed monthly for consistency and trend analysis.

Eliminations and Other consists of the elimination of intersegment revenues and expenses.

Our reportable segment information is shown in the following tables:

	Three Months Ended March 31, 2009				
	Logistics Assets	NGL Distrib-ution and Marketing	Wholesale Marketing	Eliminations and Other	Total
Revenues from third parties	$ 21,786	$ 467,357	$ 265,709	$ —	$ 754,852
Revenues from affiliates	22,634	120,403	22,965	(160,143)	5,859
Revenues	44,420	587,760	288,674	(160,143)	760,711
Product purchases from third parties	—	349,781	160,845	—	510,626
Product purchases from affiliates	—	223,131	123,489	(160,611)	186,009
Product purchases	—	572,912	284,334	(160,611)	696,635
Operating expenses from third parties	29,639	299	11	—	29,949
Operating expenses from affiliates	5,672	—	—	468	6,140
Operating expenses	35,311	299	11	468	36,089
Operating margin	$ 9,109	$ 14,549	$ 4,329	$ —	$ 27,987
Other financial information:					
Equity in earnings of unconsolidated investments	$ 121	$ —	$ —	$ —	$ 121
Unconsolidated investments	18,586	—	—	—	18,586
Capital expenditures	4,719	—	—	—	4,719
Revenues by type:					
NGL sales	$ —	$ 586,643	$ 287,881	$ (137,510)	$ 737,014
Services	44,420	1,117	293	(22,633)	23,197
Business interruption/other	—	—	500	—	500
	$ 44,420	$ 587,760	$ 288,674	$ (160,143)	$ 760,711

	Three Months Ended March 31, 2008				
	Logistics Assets	NGL Distrib-ution and Marketing	Wholesale Marketing	Eliminations and Other	Total
Revenues from third parties	$ 20,818	$ 1,219,113	$ 523,261	$ —	$ 1,763,192
Revenues from affiliates	30,336	200,504	20,086	(244,323)	6,603
Revenues	51,154	1,419,617	543,347	(244,323)	1,769,795
Product purchases from third parties	—	944,386	333,010	—	1,277,396
Product purchases from affiliates	—	466,429	200,732	(245,766)	421,395
Product purchases	—	1,410,815	533,742	(245,766)	1,698,791
Operating expenses from third parties	32,959	499	11	—	33,469
Operating expenses from affiliates	11,231	—	—	1,443	12,674
Operating expenses	44,190	499	11	1,443	46,143
Operating margin	$ 6,964	$ 8,303	$ 9,594	$ —	$ 24,861
Other financial information:					
Equity in earnings of unconsolidated investments	$ 1,084	$ —	$ —	$ —	$ 1,084
Unconsolidated investments	19,547	—	—	—	19,547
Capital expenditures	5,920	—	—	—	5,920
Revenues by type:					
NGL sales	$ 48	$ 1,418,841	$ 543,263	$ (214,004)	$ 1,748,148
Services	51,106	776	84	(30,319)	21,647
Business interruption/other	—	—	—	—	—
	$ 51,154	$ 1,419,617	$ 543,347	$ (244,323)	$ 1,769,795

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

	Three Months Ended March 31,	
	2009	2008
Reconciliation of operating margin to net loss:		
Operating margin	$ 27,987	$ 24,861
Less:		
Depreciation and amortization expense	(5,954)	(5,746)
Income tax expense	(210)	(248)
Other, net	127	5,712
Interest expense, net	(14,524)	(14,724)
General and administrative expense	(10,717)	(12,281)
Net loss	$ (3,291)	$ (2,426)

Note 9—Supplemental Cash Flow Information

During the three months ended March 31, 2009, we had a noncash addition to property, plant and equipment of $10.1 million resulting from the reclassification from inventory of working NGL volumes in third-party owned facilities. During the three months ended March 31, 2008, we had a noncash addition to property, plant and equipment of $4.4 million resulting from a like-kind exchange transaction in which our basis in the exchanged property was zero.

TARGA RESOURCES PARTNERS LP
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Introduction

The unaudited pro forma condensed combined financial statements of Targa Resources Partners LP ("the Partnership") as of March 31, 2009, for the years ended December 31, 2008, 2007 and 2006, and for the three months ended March 31, 2009 and 2008 are based upon the historical audited and unaudited financial statements of the Partnership and the Downstream Assets of Targa Resources, Inc., which owns the Downstream Business. The Partnership and the Downstream Assets of Targa Resources, Inc. are controlled by a common parent entity, Targa Resources, Inc. The acquisition of the Downstream Business by the Partnership is accounted for and presented herein under common control accounting. Under common control accounting, the Downstream Business' assets and liabilities are recorded by the Partnership at their historical book values with the balance of acquisition proceeds recorded as an adjustment to parent equity.

The unaudited pro forma condensed combined balance sheet as of March 31, 2009 has been prepared as if the Partnership's acquisition of the Downstream Business and certain related transactions occurred on March 31, 2009. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2008 and the three months ended March 31, 2009 have been prepared as if the Partnership's acquisition of the Downstream Business and certain related transactions occurred on January 1, 2008. The unaudited pro forma condensed combined statements of operations for the years ended December 31, 2007 and 2006, and for the three months ended March 31, 2008 combine the results of operations for the Partnership and the Downstream Business because during such periods the businesses were under the common controlling ownership of Targa Resources, Inc. The unaudited pro forma condensed combined financial statements should be read in conjunction with the notes accompanying the pro forma condensed combined financial statements.

The Partnership expects to finance its acquisition of the Downstream Business through borrowings under the Partnership's senior secured revolving credit facility, and by issuing to Targa or its affiliates common units representing limited partner interests in the Partnership and general partner units representing general partner interests in the Partnership. Approximately 75%, or $397.5 million of the estimated $530 million purchase price will be paid in cash and 25%, or $132.5 million will be paid in common units and general partner units of the Partnership.

The adjustments to the historical audited and unaudited financial statements are based upon currently available information and certain estimates and assumptions. Actual effects of these transactions will differ from the pro forma adjustments. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and that the pro forma adjustments are factually supportable, give appropriate effect to the expected impact of events that are directly attributable to the transactions, and reflect those items expected to have a continuing impact on the Partnership.

The unaudited pro forma condensed combined financial statements of the Partnership have been derived from the historical financial statements of the Partnership and the Downstream Business and are qualified in their entirety by reference to such historical financial statements and the related notes contained therein. The unaudited pro forma condensed combined financial statements are not necessarily indicative of the results that actually would have occurred if the Partnership has assumed the operations of the Downstream Businesses on the dates indicated or which would be obtained in the future.

TARGA RESOURCES PARTNERS LP
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
MARCH 31, 2009

	Targa Resources Partners LP	Downstream Business	Pro Forma Adjustments—Elimination	Pro Forma Adjustments—Other	Targa Resources Partners LP Pro Forma
			(in millions)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 62.3	$ 11.7	$ —	$ 397.5(c)	$ 71.9
				(397.5)(d)	
				(2.1)(f)	
Receivables from third parties	37.5	173.8	—	—	211.3
Receivables from affiliated companies	37.3	—	(24.8)(a)	—	12.5
Inventory	0.7	24.8	—	—	25.5
Assets from risk management activities	90.8	—	—	—	90.8
Other current assets	0.2	0.7	—	—	0.9
	228.8	211.0	(24.8)	(2.1)	412.9
Property, plant and equipment, net	1,233.3	483.6	—	—	1,716.9
Long-term assets from risk management activities	63.3	—	—	—	63.3
Investment in unconsolidated affiliate	—	18.6	—	—	18.6
Other long-term assets	13.2	—	—	—	13.2
Total assets	$ 1,538.6	$ 713.2	$ (24.8)	$ (2.1)	$ 2,224.9
LIABILITIES AND OWNERS' EQUITY					
Current liabilities:					
Accounts payable to third parties	$ 5.9	$ 132.8	$ —	$ —	$ 138.7
Accounts payable to affiliated companies	—	57.2	(24.8)(a)	—	32.4
Accrued liabilities	61.0	8.8	—	—	69.8
Liabilities from risk management activities	12.3	—	—	—	12.3
Total current liabilities	79.2	198.8	(24.8)	—	253.2
Long-term debt payable to third parties	696.8	—	—	397.5(c)	1,094.3
Long-term debt payable to Targa	—	788.7		(391.2)(b)	—
				(397.5)(d)	
Long term liabilities from risk management activities	16.3	—	—	—	16.3
Deferred income tax liability	2.3	1.4	—	—	3.7
Other long-term liabilities	3.6	2.7	—	—	6.3
Commitments and contingencies					
Owners' equity:					
Owners' equity	—	(292.4)	—	391.2(b)	—
				(132.5)(d)	
				33.7(d)	
Common and subordinated unitholders	656.9	—	—	129.8(d)	751.6
				(33.0)(d)	
				(2.1)(f)	
General partner interest	5.0	—	—	2.7(d)	7.0
				(0.7)(d)	
Accumulated other comprehensive income	78.5	—	—	—	78.5
	740.4	(292.4)	—	389.1	837.1
Noncontrolling interest in subsidiaries	—	14.0	—	—	14.0
Total owners' equity	740.4	(278.4)	—	389.1	851.1
Total liabilities and owners' equity	$ 1,538.6	$ 713.2	$ (24.8)	$ (2.1)	$ 2,224.9

See accompanying notes to condensed combined financial statements

TARGA RESOURCES PARTNERS LP
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
Three Months Ended March 31, 2009

	Targa Resources Partners LP	Downstream Business	Pro Forma Adjustments—Elimination	Pro Forma Adjustments—Other	Targa Resources Partners LP Pro Forma
			(in millions, except per unit data)		
Revenues from third parties	$ 105.8	$ 754.9	$ —	$ —	$ 860.7
Revenues from affiliates	133.2	5.9	(87.5)(a)	—	51.6
Total operating revenues	239.0	760.8	(87.5)	—	912.3
Costs and expenses:					
Product purchases from third parties	153.4	510.6	—	—	664.0
Product purchases from affiliates	41.1	186.0	(87.5)(a)	—	139.6
Operating expenses	12.9	36.1	—	—	49.0
Depreciation and amortization expense	18.9	6.0	—	—	24.9
General and administrative expense	5.3	10.7	—	2.1(f)	18.1
	231.6	749.4	(87.5)	2.1	895.6
Income from operations	7.4	11.4	—	(2.1)	16.7
Other income (expense):					
Interest income (expense), net	(9.9)	0.3	—	(2.0)(e)	(11.6)
Interest expense from Parent	—	(14.9)	—	14.9(e)	—
Equity in earnings of unconsolidated investment	—	0.1	—	—	0.1
Other	0.7	—	—	—	0.7
Loss before income taxes	(1.8)	(3.1)	—	10.8	5.9
Income tax expense	(0.3)	(0.2)	—	—	(0.5)
Net loss	(2.1)	(3.3)	—	10.8	5.4
Less: Net loss allocable to noncontrolling interest	—	(0.1)	—	—	(0.1)
Net income (loss) allocable to partners	(2.1)	(3.2)	—	10.8	5.5
Net income attributable to general partner interests	1.9				1.9
Net income (loss) allocable to limited partners	$ (4.0)				$ 3.6
Net income (loss) per limited partner unit—basic and diluted	$ (0.09)				$ 0.07
Weighted average limited partner units outstanding—basic and diluted	46.2			8.5	54.7

See accompanying notes to condensed combined financial statements

TARGA RESOURCES PARTNERS LP
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
Three Months Ended March 31, 2008

	Targa Resources Partners LP	Downstream Business	Pro Forma Adjustments—Elimination	Targa Resources Partners LP Pro Forma
		(in millions, except per unit data)		
Revenues from third parties	$ 195.1	$ 1,763.2	$ —	$ 1,958.3
Revenues from affiliates	317.0	6.6	(202.3)(a)	121.3
Total operating revenues	512.1	1,769.8	(202.3)	2,079.6
Costs and expenses:				
Product purchases from third parties	375.6	1,277.4	—	1,653.0
Product purchases from affiliates	66.5	421.4	(202.3)(a)	285.6
Operating expenses	12.6	46.1	—	58.7
Depreciation and amortization expense	18.3	5.8	—	24.1
General and administrative expense	5.2	12.3	—	17.5
Other	—	(4.4)	—	(4.4)
	478.2	1,758.6	(202.3)	2,034.5
Income from operations	33.9	11.2	—	45.1
Other income (expense):				
Interest expense, net	(8.7)	—	—	(8.7)
Interest expense from Parent	—	(14.8)	—	(14.8)
Equity in earnings of unconsolidated investment	—	1.1	—	1.1
Other	—	0.3	—	0.3
Income (loss) before income taxes	25.2	(2.2)	—	23.0
Income tax expense	(0.3)	(0.2)	—	(0.5)
Net income (loss)	24.9	(2.4)	—	22.5
Less: Net loss allocable to predecessor operations	—	(2.1)	—	(2.1)
Less: Net loss allocable to noncontrolling interest	—	(0.3)	—	(0.3)
Net income allocable to partners	24.9	—	—	24.9
Net income attributable to general partner interests	1.8	—	—	1.8
Net income allocable to limited partners	$ 23.1	$ —	$ —	$ 23.1
Net income per limited partner unit—basic and diluted	$ 0.50			$ 0.50
Weighted average limited partner units outstanding—basic and diluted	46.2			46.2

See accompanying notes to condensed combined financial statements

TARGA RESOURCES PARTNERS LP
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
Year Ended December 31, 2008

	Targa Resources Partners LP	Downstream Business	Pro Forma Adjustments—Elimination	Pro Forma Adjustments—Other	Targa Resources Partners LP Pro Forma
			(in millions, except per unit data)		
Revenues from third parties	$ 848.7	$ 6,134.9	$ —	$ —	$ 6,983.6
Revenues from affiliates	1,225.4	37.8	(773.3)(a)	—	489.9
Total operating revenues	2,074.1	6,172.7	(773.3)	—	7,473.5
Costs and expenses:					
Product purchases from third parties	1,479.0	4,345.3	—	—	5,824.3
Product purchases from affiliates	324.0	1,547.0	(773.3)(a)	—	1,097.7
Operating expenses	55.3	198.8	—	—	254.1
Depreciation and amortization expense	74.3	23.6	—	—	97.9
General and administrative expense	22.4	46.2	—	2.1(f)	70.7
Other	0.1	(1.0)	—	—	(0.9)
	1,955.1	6,159.9	(773.3)	2.1	7,343.8
Income from operations	119.0	12.8	—	(2.1)	129.7
Other income (expense):					
Interest income (expense), net	(38.3)	0.5	—	(8.0)(e)	(45.8)
Interest expense from Parent	—	(59.3)	—	59.3(e)	—
Equity in earnings of unconsolidated investment	—	3.9	—	—	3.9
Gain on debt extinguishment	13.1	—	—	—	13.1
Other	(0.9)	1.3	—	—	0.4
Income (loss) before income taxes	92.9	(40.8)	—	49.2	101.3
Income tax expense	(1.4)	(1.0)	—	—	(2.4)
Net income (loss)	91.5	(41.8)	—	49.2	98.9
Less: Net income allocable to noncontrolling interest	—	0.3	—	—	0.3
Net income (loss) allocable to partners	91.5	$ (42.1)	$ —	$ 49.2	98.6
Net income attributable to general partner interests	7.0				7.0
Net income allocable to limited partners	$ 84.5				$ 91.6
Net income per limited partner unit—basic and diluted	$ 1.83				$ 1.68
Weighted average limited partner units outstanding—basic and diluted	46.2			8.5	54.7

See accompanying notes to condensed combined financial statements

TARGA RESOURCES PARTNERS LP
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
Year Ended December 31, 2007

	Targa Resources Partners LP	Downstream Business	Pro Forma Adjustments Elimination	Targa Resources Partners LP Pro Forma
		(in millions, except per unit data)		
Revenues from third parties	$ 630.8	$ 5,767.9	$ —	$ 6,398.7
Revenues from affiliates	1,030.7	—	(613.4)(a)	417.3
Total operating revenues	1,661.5	5,767.9	(613.4)	6,816.0
Costs and expenses:				
Product purchases from third parties	1,215.7	4,106.0	—	5,321.7
Product purchases from affiliates	191.1	1,374.9	(613.4)(a)	952.6
Operating expenses	50.9	168.6	—	219.5
Depreciation and amortization expense	71.8	21.8	—	93.6
General and administrative expense	18.9	45.1	—	64.0
Other	(0.3)	—	—	(0.3)
	1,548.1	5,716.4	(613.4)	6,651.1
Income from operations	113.4	51.5	—	164.9
Other income (expense):				
Interest income (expense), net	(22.0)	0.6	—	(21.4)
Interest expense from Parent	—	(58.5)	—	(58.5)
Interest expense allocated from Parent	(19.4)	—	—	(19.4)
Equity in earnings of unconsolidated investment	—	3.5	—	3.5
Other	(30.2)	(1.1)	—	(31.3)
Income (loss) before income taxes	41.8	(4.0)	—	37.8
Income tax expense	(1.5)	(1.1)	—	(2.6)
Net income (loss)	40.3	(5.1)	—	35.2
Less: Net income (loss) allocable to predecessor operations	12.2	(5.2)	—	7.0
Less: Net income allocable to noncontrolling interest	—	0.1	—	0.1
Net income allocable to partners	28.1	—	—	28.1
Net income attributable to general partner interests	0.6	—	—	0.6
Net income allocable to limited partners	$ 27.5	$ —	$ —	$ 27.5
Net income per limited partner unit—basic and diluted	$ 0.81			$ 0.81
Weighted average limited partner units outstanding—basic and diluted	34.0			34.0

See accompanying notes to condensed combined financial statements

TARGA RESOURCES PARTNERS LP
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
Year Ended December 31, 2006

	Targa Resources Partners LP	Downstream Business	Pro Forma Adjustments—Elimination	Targa Resources Partners LP Pro Forma
		(in millions)		
Revenues from third parties	$ 951.9	$ 4,626.3	$ —	$ 5,578.2
Revenues from affiliates	786.6	6.3	(463.8) (a)	329.1
Total operating revenues	1,738.5	4,632.6	(463.8)	5,907.3
Costs and expenses:				
Product purchases from third parties	1,194.8	3,356.1	—	4,550.9
Product purchases from affiliates	322.9	1,069.1	(463.8) (a)	928.2
Operating expenses	49.1	143.7	—	192.8
Depreciation and amortization expense	70.0	20.8	—	90.8
General and administrative expense	16.0	41.2	—	57.2
	1,652.8	4,630.9	(463.8)	5,819.9
Income from operations	85.7	1.7	—	87.4
Other income (expense):				
Interest income, net	—	0.2	—	0.2
Interest expense allocated from Parent	(88.0)	(39.2)	—	(127.2)
Equity in earnings of unconsolidated investment	—	2.8	—	2.8
Other	16.8	(0.2)	—	16.6
Income (loss) before income taxes	14.5	(34.7)	—	(20.2)
Income tax expense	(2.9)	(0.5)	—	(3.4)
Net income (loss)	11.6	(35.2)	—	(23.6)
Less: Net income (loss) allocable to predecessor operations	11.6	(34.6)	—	(23.0)
Less: Net loss allocable to noncontrolling interest	—	(0.6)	—	(0.6)
Net loss allocable to partners	—	—	—	—
Net income attributable to general partner interests	—	—	—	—
Net loss allocable to limited partners	$ —	$ —	$ —	$ —

See accompanying notes to condensed combined financial statements

TARGA RESOURCES PARTNERS LP
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1—Basis of Presentation

The historical financial information is derived from the historical financial statements of Targa Resources Partners LP (the "Partnership", "we", "our") and the Downstream Assets of Targa Resources, Inc. (the "Downstream Business"). The unaudited pro forma condensed combined balance sheet as of March 31, 2009 has been prepared as if the Partnership's acquisition of the Downstream Business and certain related transactions occurred on March 31, 2009. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2008 and for the three months ended March 31, 2009 have been prepared as if the Partnership's acquisition of the Downstream Business and certain related transactions occurred on January 1, 2008. The unaudited pro forma condensed combined statements of operations for the years ended December 31, 2007 and 2006, and for the three months ended March 31, 2008 combine the results of operations for the Partnership and the Downstream Business because during such periods the businesses were under the common controlling ownership of Targa Resources, Inc. ("Targa").

The Partnership expects to finance its acquisition of the Downstream Business through borrowings under the Partnership's senior secured revolving credit facility, and by issuing to Targa or its affiliates common units representing limited partner interests in the Partnership and general partner units representing general partner interests in the Partnership. Approximately 75%, or $397.5 million of the estimated $530 million acquisition price will be paid in cash and 25%, or $132.5 million will be paid in common units and general partner units of the Partnership.

The pro forma financial statements reflect the following transactions:

- the borrowing of $397.5 million under our senior secured revolving credit facility;
- our purchase from Targa of the Downstream Business;
- the distribution to Targa of the aggregate consideration consisting of $397.5 million in cash, and the issuance of 8,527,615 common units and 174,033 general partner units; and
- the retirement of $391.2 million in affiliate indebtedness, treated as a capital contribution to the Downstream Business.

Our affiliate indebtedness consists of intercompany indebtedness to be contributed to us together with the Downstream Business.

Note 2—Pro Forma Adjustments and Assumptions

(a) Reflects the elimination of affiliate receivable/payable and affiliate revenues and expenses between Targa Resources Partners LP and the Downstream Business.

(b) Reflects the retirement of $391.2 million of the Downstream Business' affiliate indebtedness payable to Targa, treated as a contribution by Targa to the Downstream Business.

(c) Reflects the borrowing of $397.5 million under our senior secured credit facility.

(d) Reflects the payment to Targa of the aggregate consideration as follows (in millions):

Cash consideration	$ 397.5
Common units (1)	129.8
General partner units (1)	2.7
	$ 530.0

The pro forma elimination/transaction adjustments associated with the payment are:

Elimination of affiliated indebtedness payable to Targa	$ 397.5
Issuance of 8,527,615 common units	96.8
Issuance of 174,033 general partner units	2.0
Adjustments for purchase of assets under common control:	
Common and subordinated unitholders	33.0
General partner	0.7
	$ 530.0

(1) As per the purchase and sale agreement, the total issued units will be valued at the volume weighted average price of the common units on the NASDAQ for the ten (10) trading days ending five trading days prior to the execution of the purchase and sale agreement, or $15.227 per common unit.

$132.5 million divided by $15.227 per common unit equals 8,701,648 total units

8,701,648 times 98% equals 8,527,615 common units

8,701,648 total units less 8,527,615 common units equals 174,033 general partner units

8,527,615 common units times $15.227 per unit equals $129.8 million

174,033 general partner units times $15.227 per unit equals $2.7 million

(e) Reflects the reversal of interest expense associated with the affiliated indebtedness and interest expense on $397.5 million in borrowings under our senior secured credit facility as though the borrowing occurred on January 1, 2008. Interest is calculated at an estimated annual interest rate of 2%. A one-eighth percentage point change in the interest rate would change pro forma interest expense by $0.5 million for the year ended December 31, 2008 and $0.1 million for the three months ended March 31, 2009.

(f) Reflects the payment of $2.1 million for estimated transaction-related expenses associated with our acquisition from Targa of the Downstream Business, which is allocated to the common units.

Note 3—Pro Forma Net Income Per Unit

Pro forma net income per unit is determined by dividing the pro forma net income that would have been allocated to the common unitholders, which is 98% of the pro forma net income less incentive distributions reflected in our historical financial statements, by the weighted average number of common units expected to be outstanding. All units issued pursuant to Targa's sale to us of the Downstream Business were assumed to have been outstanding since January 1, 2006. Basic and diluted pro forma net income per limited partner unit is equivalent as there are no dilutive units for all periods presented.