Targa Resources

Investor Presentation

Fourth Quarter 2013

February 13, 2014

Forward Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that Targa Resources Partners LP ("TRP" or the "Partnership") or Targa Resources Corp. ("TRC" or the "Company") expect, believe or anticipate 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 and the Company's control, which could cause results to differ materially from those expected by management of Targa Resources Partners LP and Targa Resources Corp. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including declines in the production of natural gas or in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts, the credit risk of customers and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Partnership's and the Company's Annual Reports on Form 10-K for the year ended December 31, 2012 and other reports filed with the Securities and Exchange Commission. The Partnership and the Company undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Targa Resources' Two Public Companies

Targa Resources Partners LP (NYSE: NGLS; "TRP" or the "Partnership")

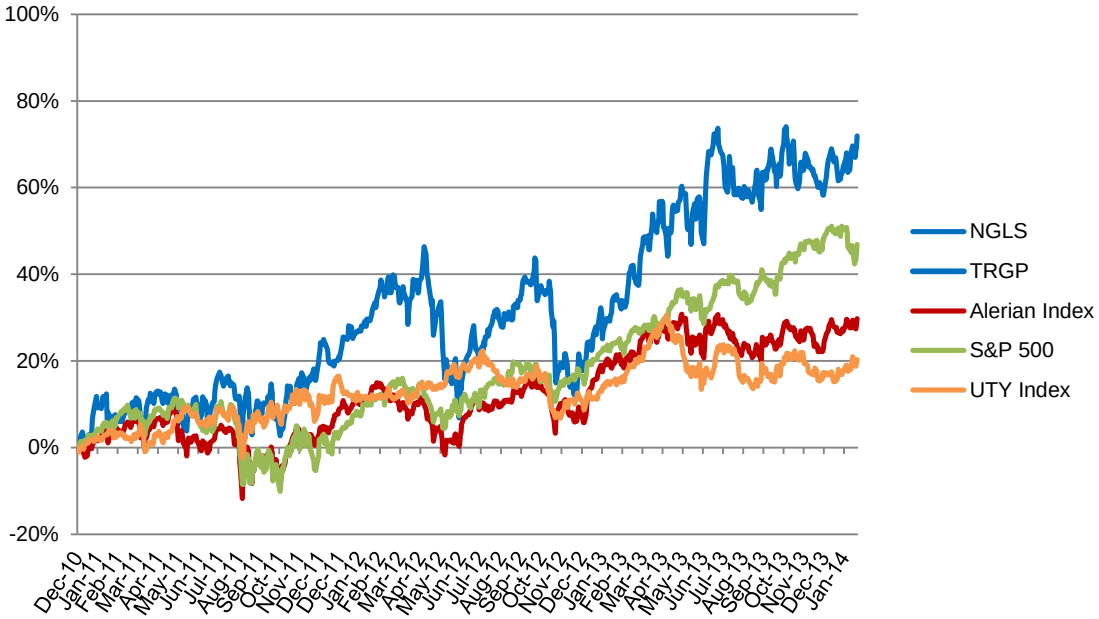
- IPO February 2007
- MLP
- Owner/Operator of all assets

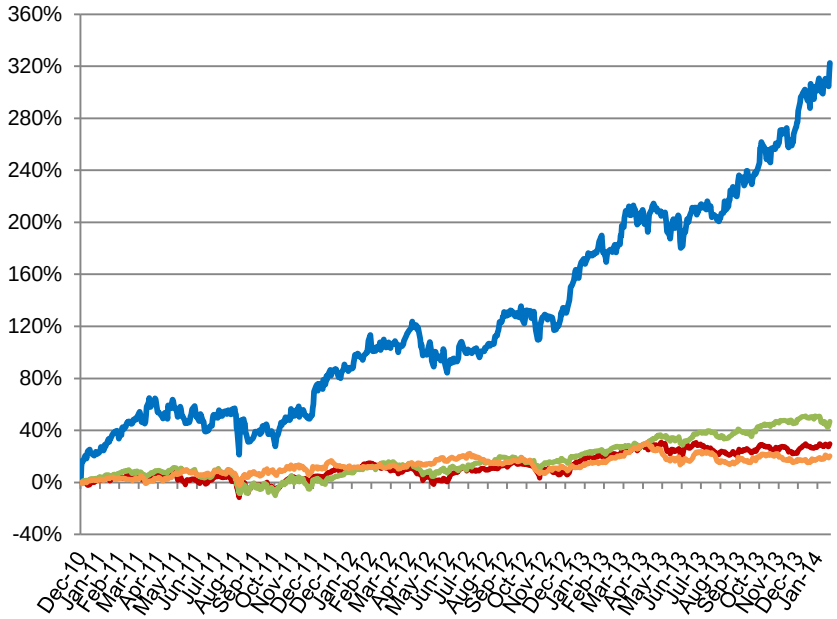
Market Cap:	$6.0 billion
Enterprise Value:	$9.0 billion
Unit Price:	$53.20
Yield:	5.6%
Current Annualized Distribution:	$2.99
Sequential / FY13 vs. FY12 Growth:	2% / 11%

Targa Resources Corp. (NYSE: TRGP; "TRC" or the "Company")

- IPO December 2010
- C-Corp
- General Partner of NGLS

Market Cap:	$3.9 billion
Enterprise Value:	$4.0 billion
Share Price:	$92.94
Yield:	2.6%
Current Annualized Dividend:	$2.43
Sequential / FY13 vs. FY12 Growth:	7% / 35%





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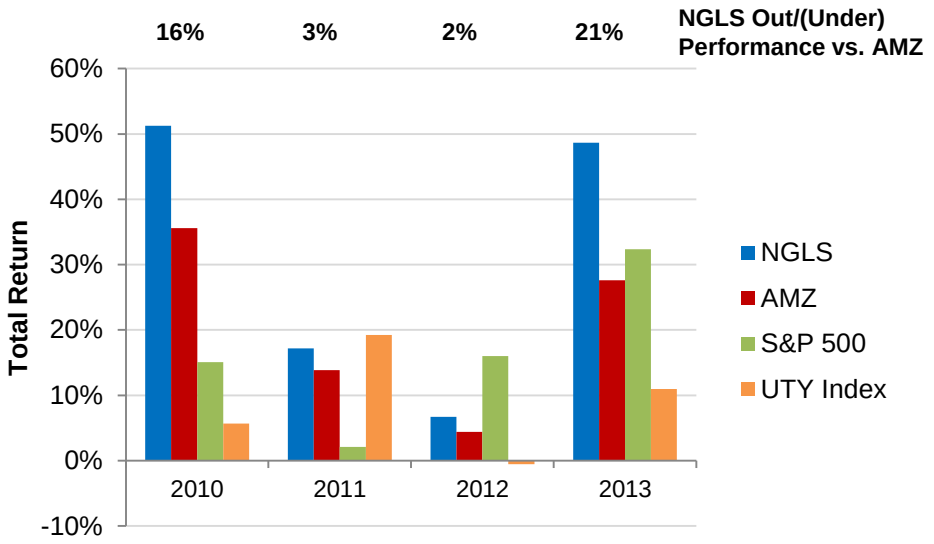
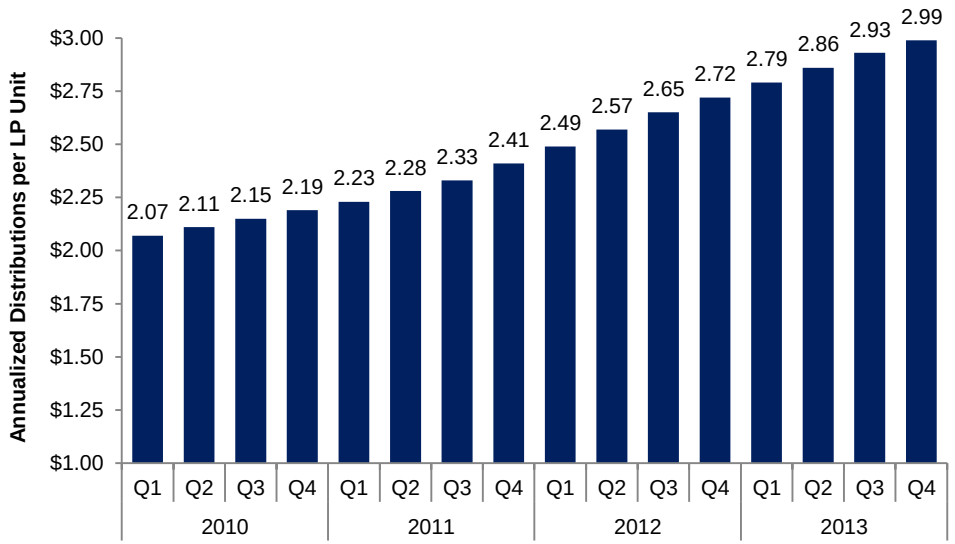
Note: Market Cap, Unit/Share Price and Yield as of February 7, 2014. Enterprise Value calculated using current Market Cap as of February 7, 2014 and balance sheet data as of December 31, 2013. Unit and Stock Price Performance graphs through December 31, 2013

TRP and TRC Performance

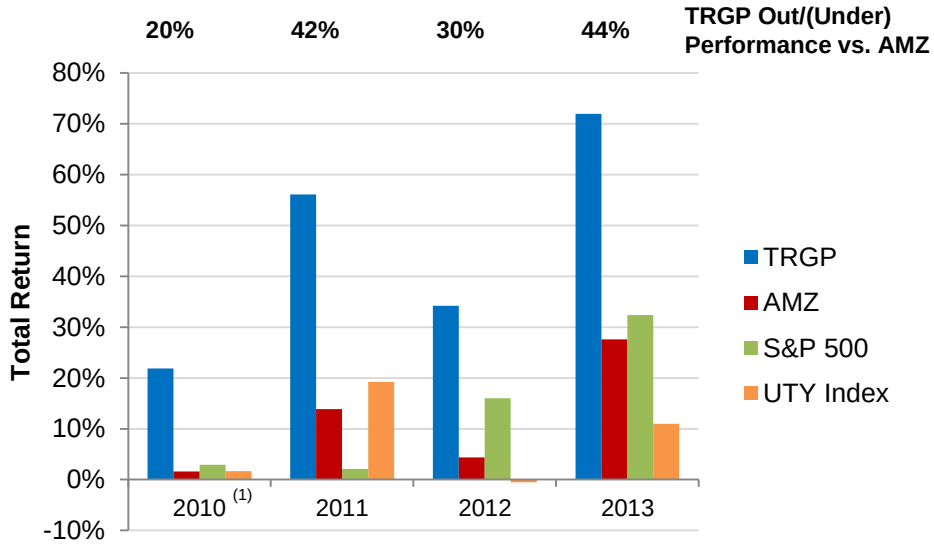
TRP – Total Return Since 2010



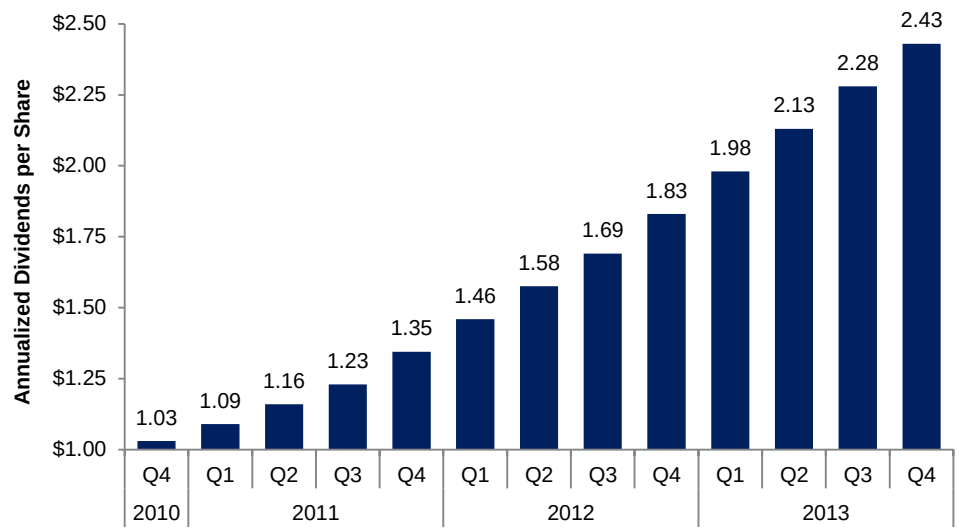
TRP – Distributions



TRC – Total Return Since IPO



TRC – Dividends



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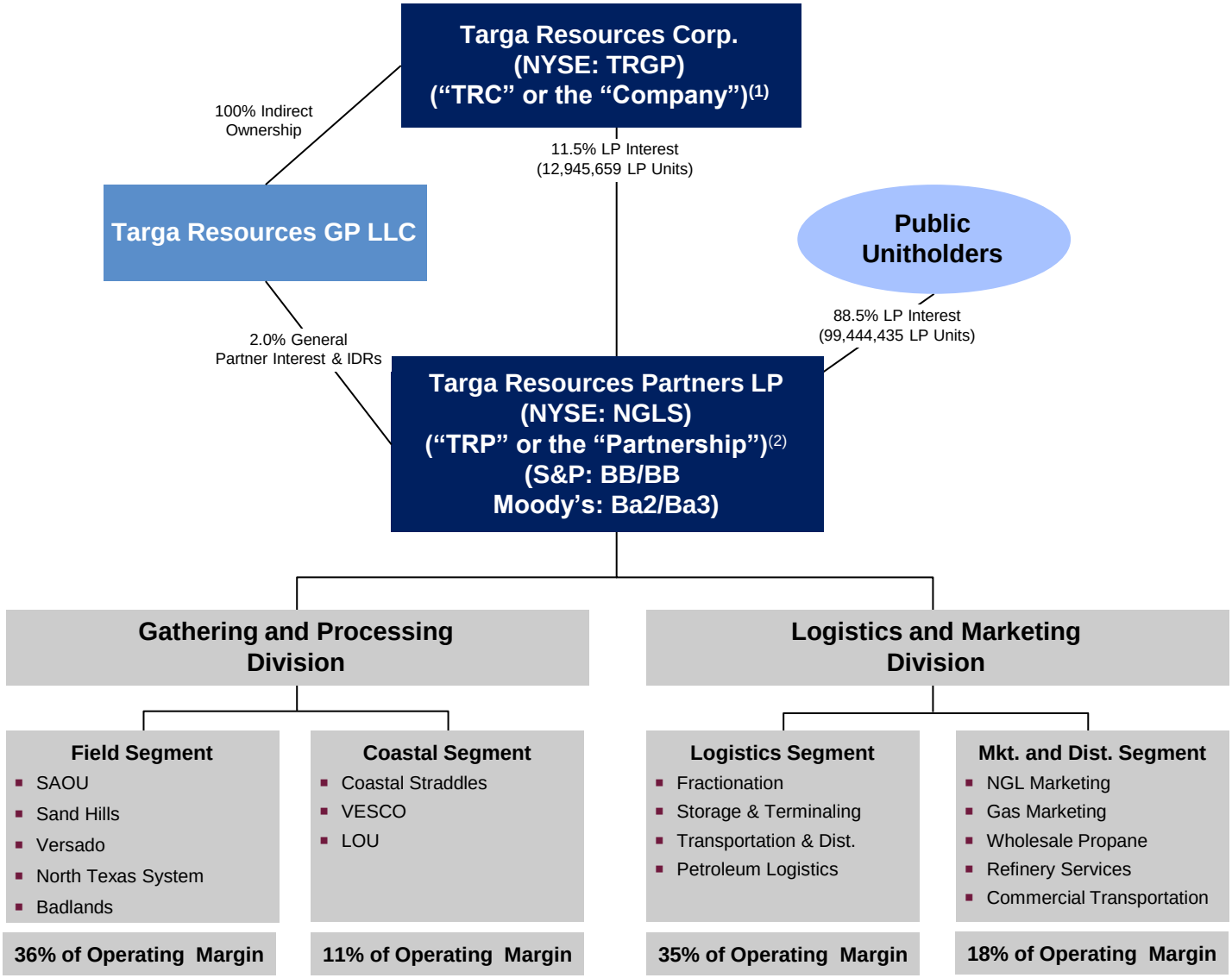
(1) 2010 covers time period from IPO (December 6, 2010) through December 31, 2010
Source: Bloomberg

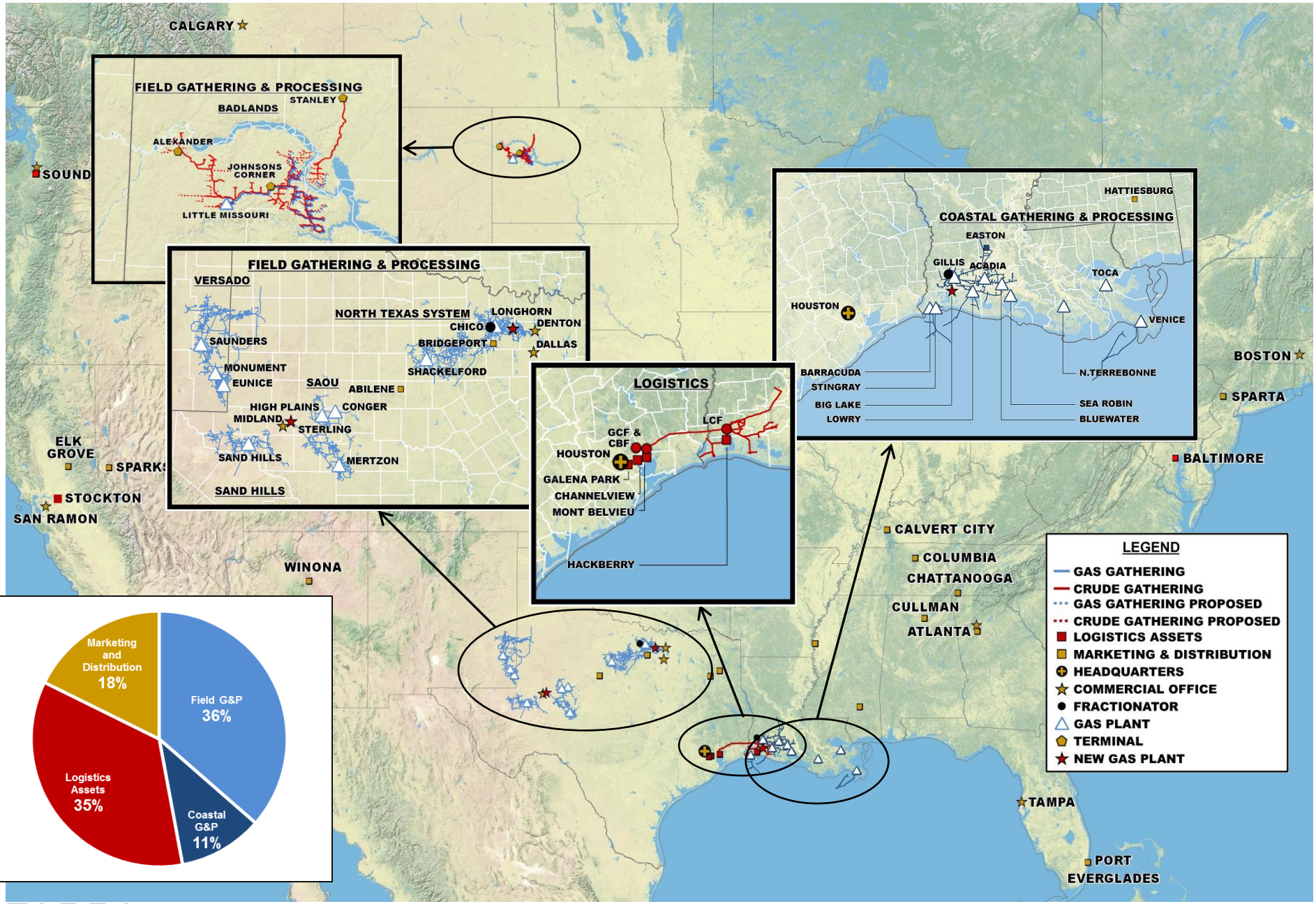
Targa Corporate Structure



(1) *TRC has 42,162,178 common shares outstanding as of February 10, 2014*

(2) *TRP ownership as of February 10, 2014; TRP operating margin percentages based on fiscal year ended December 31, 2013. Field segment includes "Other" Operating Margin*

Targa's Diversified Midstream Platform



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Well Positioned for 2014 and Beyond

A Strong Footprint in Active Basins

- Leadership position in oil and liquids rich Permian Basin
- Bakken position capitalizes on strong crude oil fundamentals and active drilling activity
- Leadership position in the active portion of Barnett Shale "combo" play
- GOM and onshore Louisiana provide longer term upside potential for well positioned assets

And a Leading Position at Mont Belvieu

- Mont Belvieu is the NGL hub of North America
- Increased domestic NGL production is driving capacity expansions into and at Mont Belvieu
- Second largest fractionation ownership position at Mont Belvieu
- One of only two operating commercial NGL export facilities on the Gulf Coast linked to Mont Belvieu
- Position not easily replicated

Drive Targa's Long-Term Growth

- Approximately $2 billion in announced organic capex projects for 2013 and 2014
- Increased capacity to support multiple U.S. shale / resource plays
- Additional fractionation expansion to support increased NGL supply
- Increased connectivity to U.S. end users of NGLs
- Expansion of export services capacity for global LPG markets at Galena Park marine terminal

Investment Highlights

- Increasing scale and diversity
- Increasing fee-based margin
- Expected 7 - 9% NGLS distribution growth in 2014
- Expected TRGP dividend growth in excess of 25% in 2014
- 2014 adjusted EBITDA guidance of $750 million+

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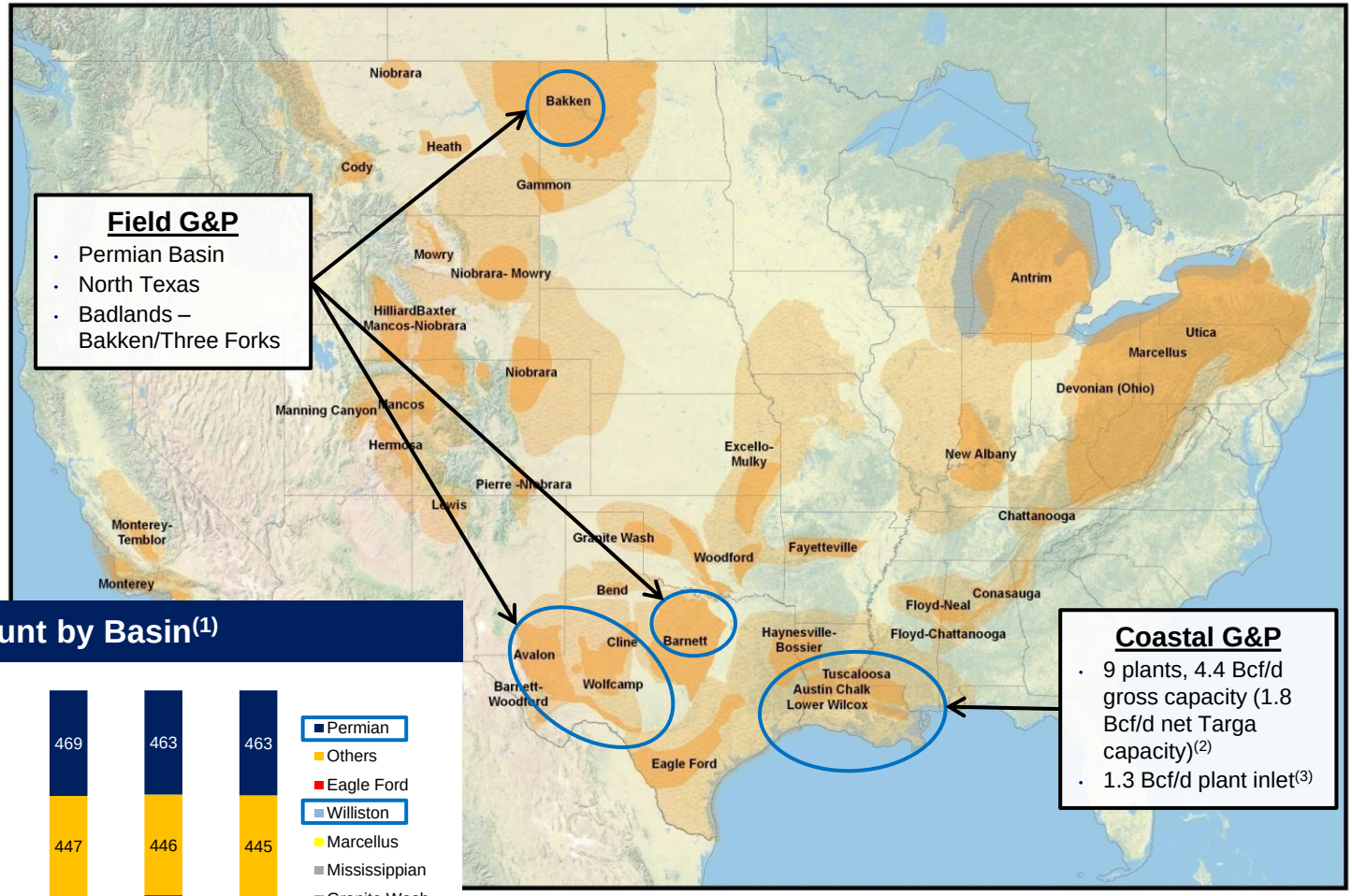
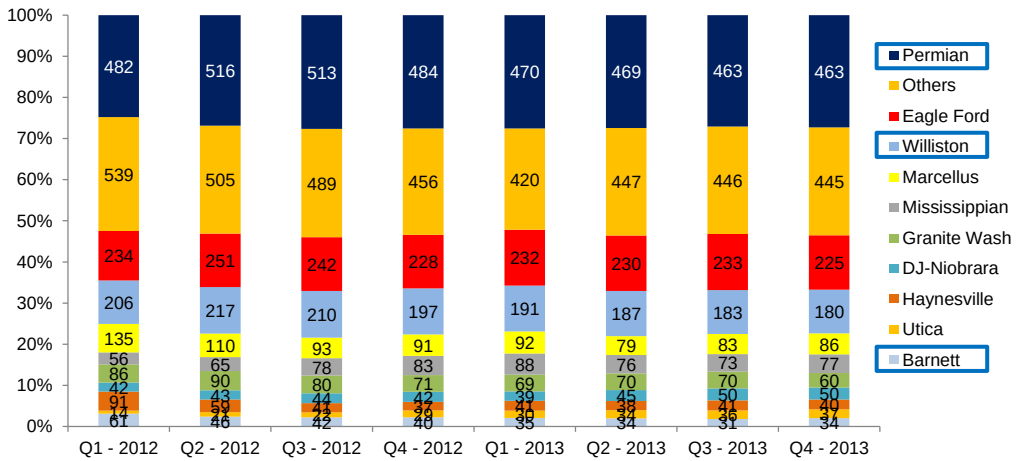
Targa's G&P Assets are Well Positioned

- **Targa's G&P assets are located in and around some of the most active shale / resource plays, which is driving continued growth and expansion**
- **Field G&P assets are located in crude oil and liquids rich plays**
- **Field G&P gross processing capacity will expand from ~900 MMcf/d at YE 2013 to ~1,300 MMcf/d by YE 2014**



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



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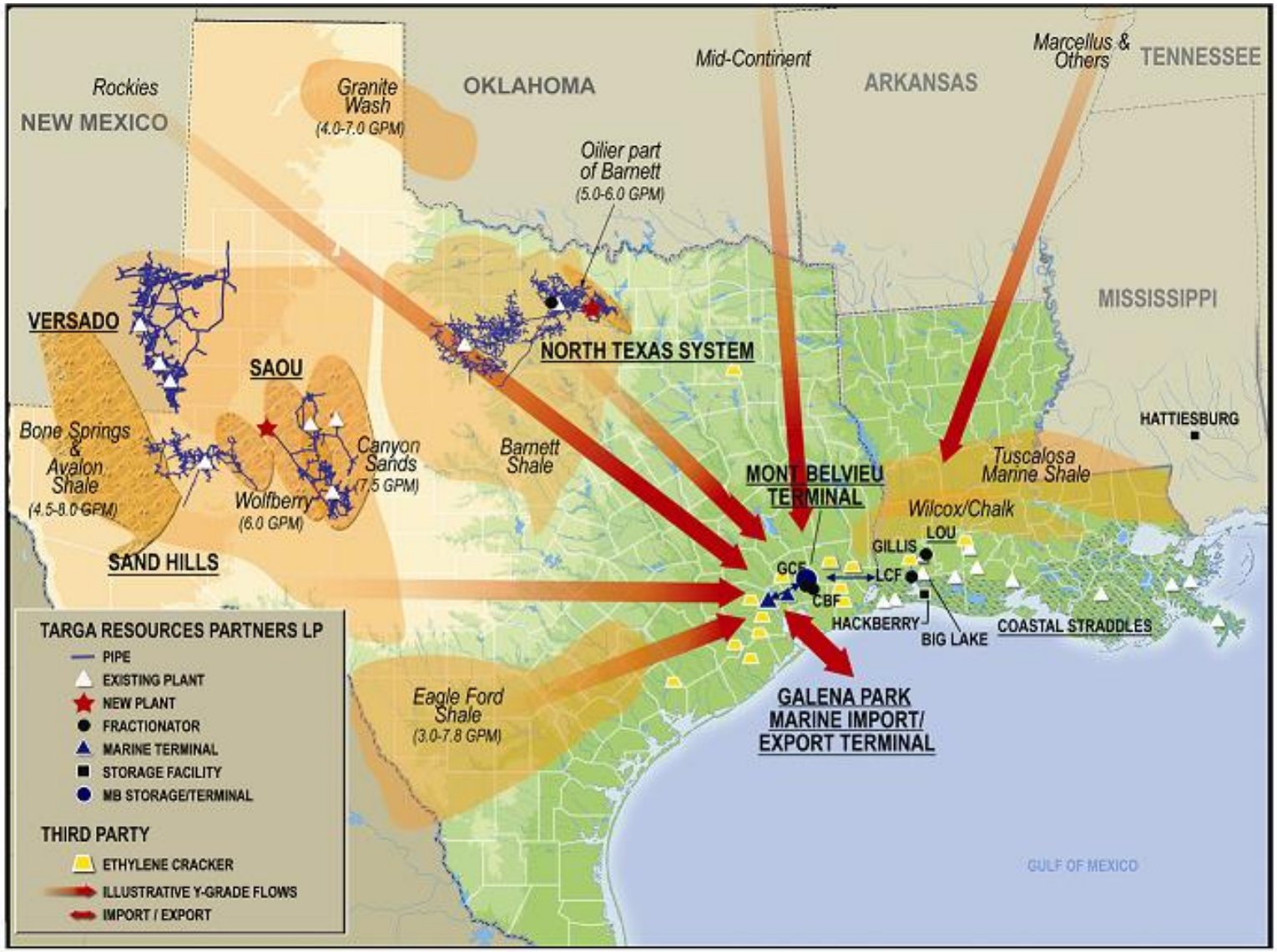
(1) *Source: Baker Hughes Incorporated, as of January 10, 2014*
(2) *Does not include the Stingray Plant that was idled on December 8, 2013*
(3) *Reported volumes shown for the year ended December 31, 2013 (gross Vesco volumes and net volumes from non-operated JVs). Includes 2013 Stingray volumes*

Producer Activity Drives NGL Flows to Mont Belvieu



- NGL flows to Mont Belvieu expected to increase
- Recent pipeline conversion announcements will bring additional NGL volumes from the Utica/ Marcellus to the Gulf Coast
- Petrochemical investments, fractionation and export services will continue to clear additional supply

Increasing NGL supplies to Mont Belvieu are driving Targa's investments in additional fractionation, storage and export capacity

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Major Announced Capital Projects

- **Approximately $2 billion of announced projects online in 2013 and 2014**
- **Over $1 billion of projects completed in 2013 and approximately $1 billion to be completed in 2014**
- **Additional high quality growth projects under development for 2014 and beyond**

G&P Growth Projects	Total CAP EX ($ millions)	2013 CAP EX ($ millions)	2014 CAP EX ($ millions)	Actual / Expected Completion	Primarily Fee-Based
Gathering & Processing Expansion Program - 2013 / 2014[1]	$155	$75	$80	2013 / 2014	
North Texas Longhorn Project (200 MMcf/d)	150	40	20	Q2 2014	
SAOU High Plains Plant (200 MMcf/d)	225	125	85	Mid 2014	
Badlands Expansion Program - 2013 / 2014	430	250	180	2013 / 2014[2]	✓
Other	40	25	15		
Total G&P Projects	**$1,000**	**$515**	**$380**		**$430**

Downstream Growth Projects	Total CAP EX ($ millions)	2013 CAP EX ($ millions)	2014 CAP EX ($ millions)	Actual / Expected Completion	Primarily Fee-Based
Petroleum Logistics Projects - 2013 / 2014	$75	$40	$35	2013 / 2014	✓
CBF Train 4 Expansion (100 MBbl/d)	385	120	20	Mid 2013	✓
International Export Project	480	250	165	Q3 2013 / Q3 2014	✓
Other	80	30	50		✓
Total Downstream Projects	**$1,020**	**$440**	**$270**		**$1,020**

Total Projects	**$2,020**	**$955**	**$650**		**$1,450[3]**

(1) Includes additional spending in both North Texas and Permian Basin
(2) Additional gas processing plant may not be in service until the first part of 2015
(3) ~$1.4 billion of fee-based capital, 72% of listed projects to be completed in 2013 and 2014

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Major Capital Projects Under Development

- **Over $1.5 billion of additional opportunities are in various stages of development**
- **Opportunities include additional infrastructure in both G&P and Downstream**
- **Increasing NGL supplies across the country will continue to drive the need for more processing, fractionation and connectivity**

Additional Growth Opportunities	CAP EX ($ millions)	Estimated Timing	Primarily Fee-Based
Badlands Expansion Program			✓
Permian Expansion Program			
Train 5 Expansion (100 MBbl/d)			✓
Train 6 Expansion (100 MBbl/d)			✓
Condensate Splitter			✓
Other Projects			primarily
Total	**$1,500+**	**2015 and beyond**	

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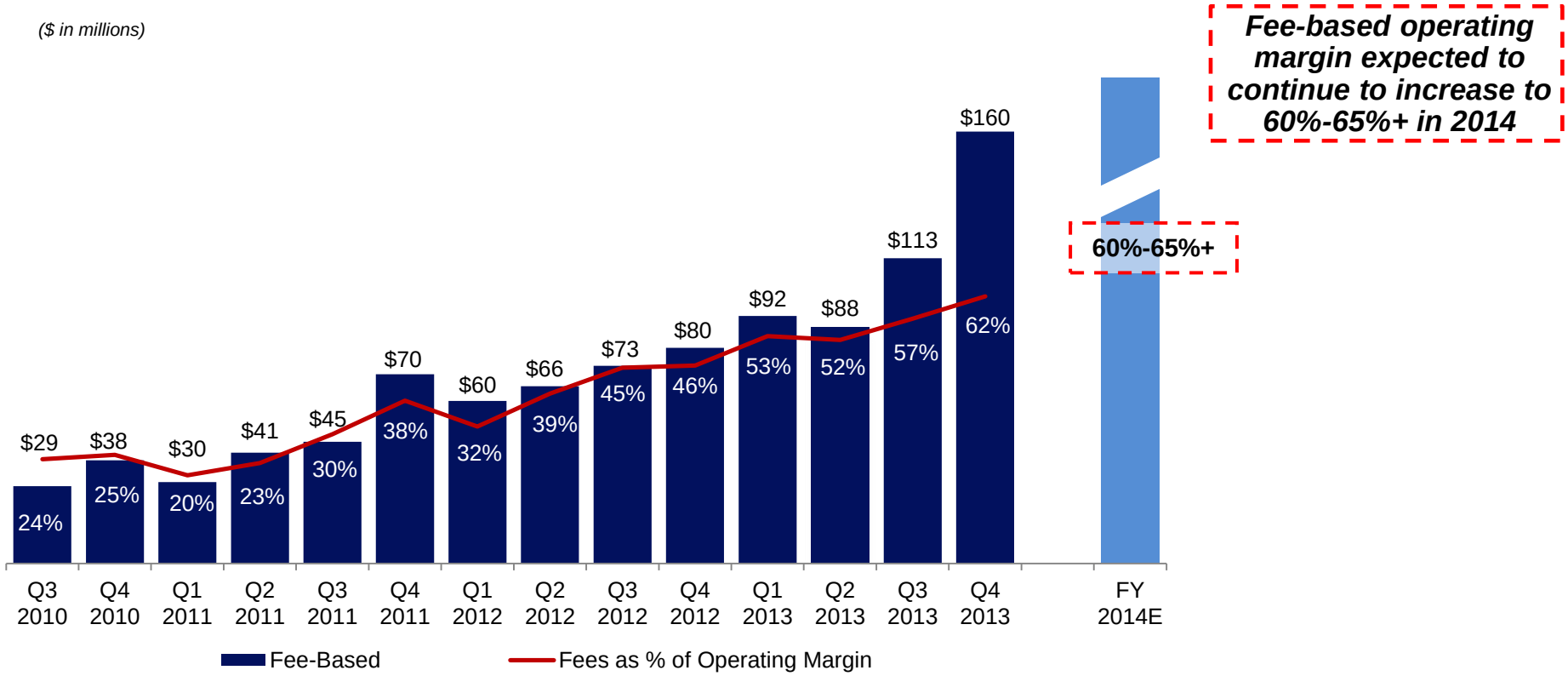
Strong Growth in Fee-Based Margin Continues

Increasing Fee-Based Margin Provides Additional Stability to Our Business



- **Capex projects with firm contracts provide clear visibility on increasing fee operating margin**
- **Announced fee-based projects coming online in 2014**
  - International Export Expansion Phase II
  - Additional Badlands Expansions

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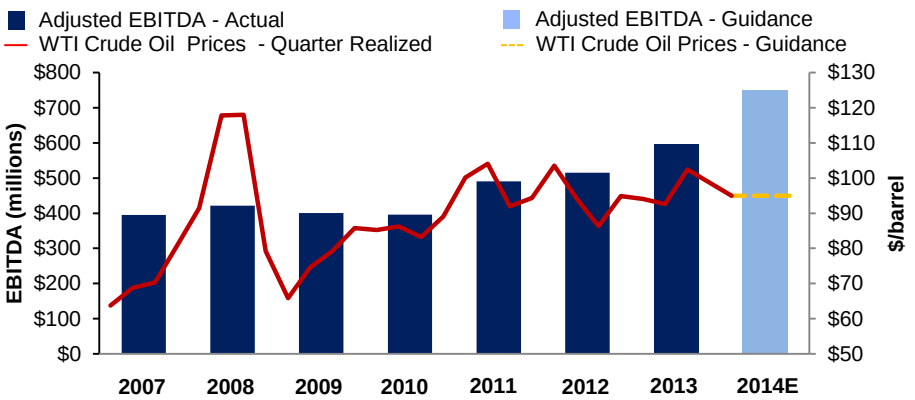
Diversity and Scale Mitigate Commodity Price Changes

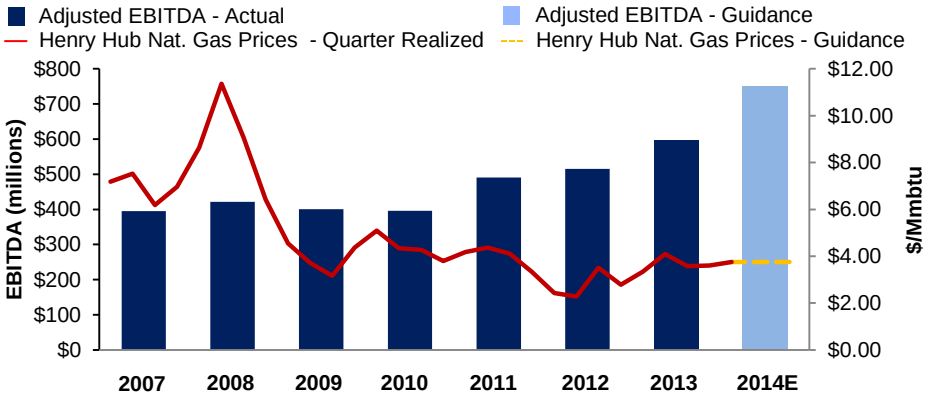
- **TRP benefits from multiple factors that help mitigate commodity price volatility, including:**
  - Scale
  - Business and geographic diversity
  - Increasing fee-based margin
  - Hedging
- **Given the current price environment, TRP is less hedged than in previous years, primarily on ethane and propane**
  - TRP currently has hedged approximately 70% of 2014 natural gas and approximately 20% of 2014 combined NGL and condensate
- **2014E Commodity Price guidance:**
  - $95.00/barrel Crude Oil
  - $3.75/MMBtu Henry Hub Natural Gas
  - $0.90/gal Weighted Average NGL[2]
    - +/- $0.05/gal Weighted Average NGL[2] equals a 2% change in 2014E Adjusted EBITDA

Adjusted EBITDA[1] vs. Commodity Prices

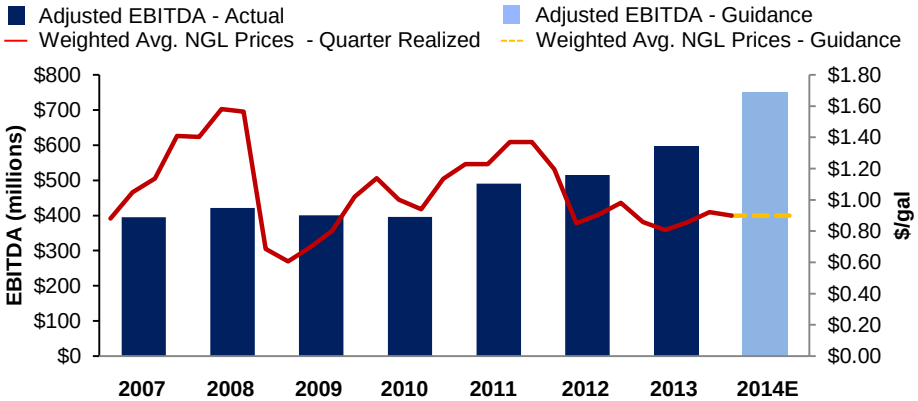
Crude Oil



Natural Gas



NGLs



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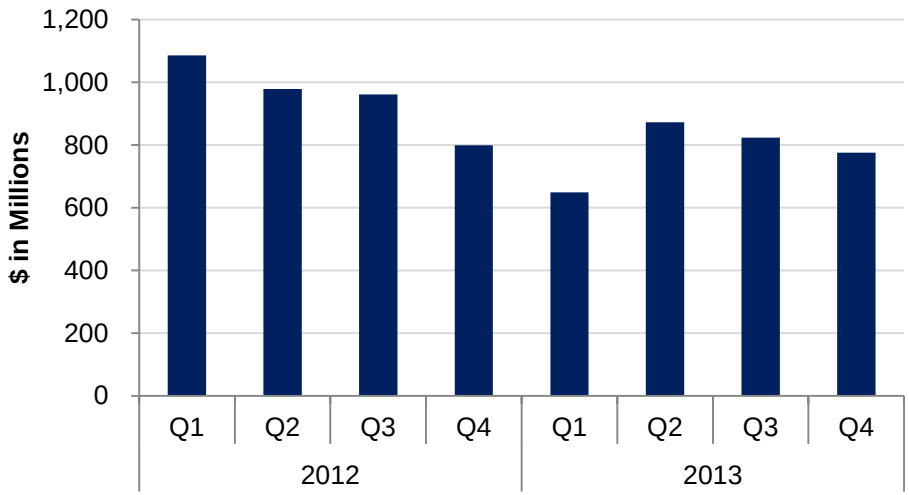
(1) *Adjusted EBITDA for 2014E is the mid-point of the guidance range of $740 million to $760 million*

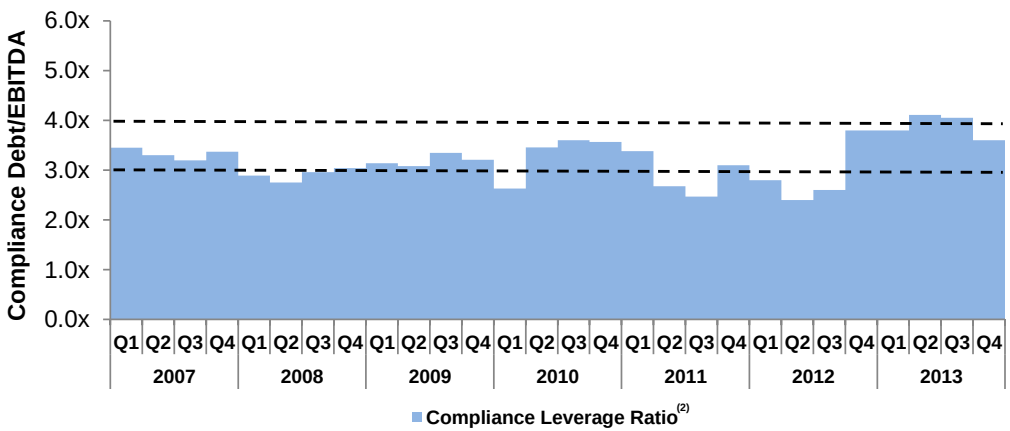
(2) *Based on an illustrative Targa NGL barrel that contains 44% ethane, 30% propane, 11% natural gasoline, 5% isobutane and 10% normal butane*

Targa Leverage and Liquidity

Liquidity[1]



Compliance Leverage Ratio



- **TRP is well positioned with $776 million of Total Liquidity available**
  - In Q4 2013, raised gross proceeds of $142 million from equity issuances under at-the-market ("ATM") program
  - $525 million gross issued in 2013 under the ATM program
  - Target funding in 2014 consistent with prior years (50% debt / 50% equity)
- **Target compliance leverage ratio 3x - 4x Debt/EBITDA**
  - Q4 2013 leverage ratio was 3.6x
  - 2014 leverage ratio will trend toward mid-range as growth projects continue to ramp up

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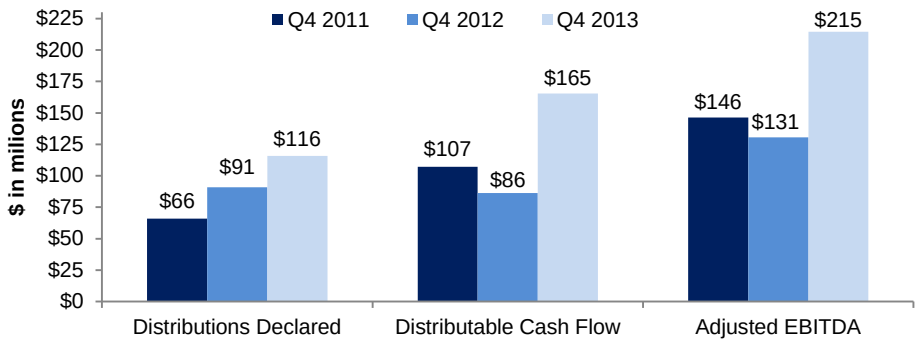
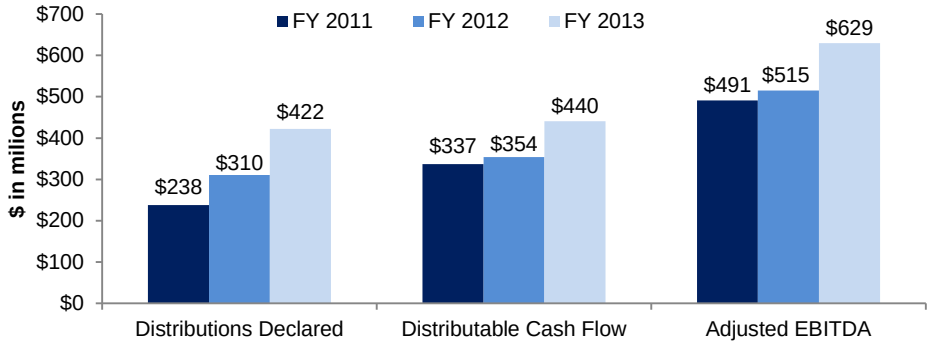
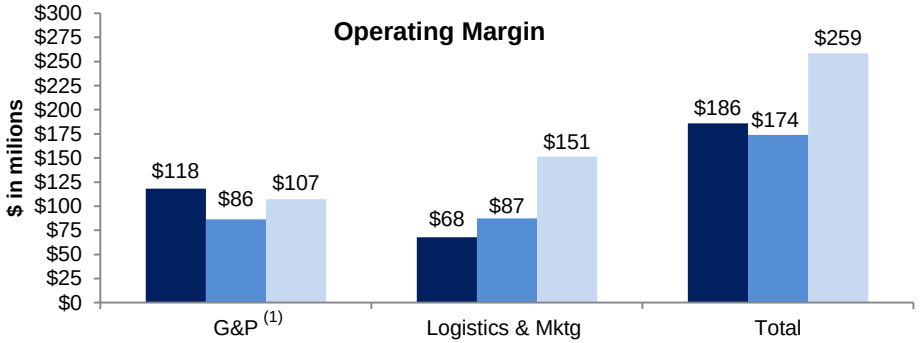
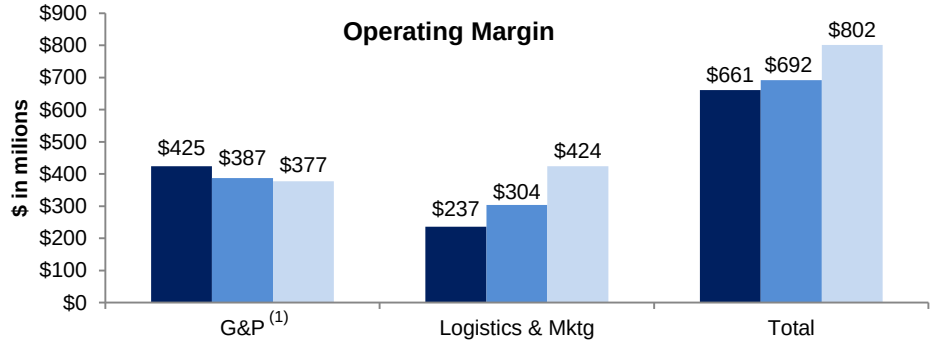
(1) Includes TRP's total availability under the revolver plus cash, less outstanding borrowings and letters of credit under the TRP revolver
(2) Adjusts EBITDA to provide credit for material capital projects that are in process, but have not started commercial operation, and other items

TRP Update









Highlights

- **Record $629 million of Adjusted EBITDA in 2013 was 22% higher than in 2012**
  - **$215 million of Adjusted EBITDA in Q4 2013 was 64% higher than Q4 2012**
- **Logistics & Marketing operating margin increased by 39% in 2013 versus 2012, and 74% in Q4 2013 versus Q4 2012, driven by margin contributions from Phase I of the International Export Expansion at Galena Park and an additional 100 Mbbl/d fractionator at Mont Belvieu (CBF Train 4)**
- **Gathering & Processing operating margin increased in Q4 2013 compared to Q4 2012 driven by increased natural gas inlet volumes across Sand Hills, SAOU and North Texas, plus contributions from Badlands**

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(1) Includes impact of commodity hedge settlements

TRP Capitalization and Liquidity

($ in millions)

Cash and Debt	Maturity	Coupon	Actual 9/30/2013	Adjustments	Actual 12/31/2013
Cash and Cash Equivalents			$74.1	($16.6)	$57.5
Accounts Receivable Securitization	Dec-14		168.0	$111.7	279.7
Revolving Credit Facility	Oct-17		400.0	(5.0)	395.0
Total Senior Secured Debt			**568.0**		**674.7**
Senior Notes	Oct-18	7.875%	250.0		250.0
Senior Notes	Feb-21	6.875%	483.6		483.6
Senior Notes	Aug-22	6.375%	300.0		300.0
Senior Notes	May-23	5.250%	600.0		600.0
Senior Notes	Nov-23	4.250%	625.0		625.0
Unamortized Discounts			(28.7)	0.7	(28.0)
Total Consolidated Debt			**$2,797.9**		**$2,905.3**
Compliance Leverage Ratio[1]			4.0x		3.6x
Liquidity:					
Credit Facility Commitment			1,200.0		1,200.0
Funded Borrowings			(400.0)	5.0	(395.0)
Letters of Credit			(50.0)	($36.8)	(86.8)
Total Revolver Availability			**$750.0**		**$718.2**
Cash			74.1		57.5
Total Liquidity			**$824.1**		**$775.7**

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(1) Adjusts EBITDA to provide credit for material capital projects that are in process, but have not started commercial operation, and other items

Targa 2014 Annual Guidance Summary

Financial	FY 2014	Comments
2014 EBITDA ($ in millions)	$750+	Expect to be at or higher than $750 million
Fee-Based Margin %	60% - 65%	
Growth Cap Ex - Announced Projects Only	$650	
Maintenance Cap Ex ($ in millions)	$90	
TRP Distribution Growth (FY 2014 vs FY 2013)	7% - 9%	
TRP Distribution Coverage	~1.0x	Stronger coverage in second half of year
TRP Leverage Ratio	3.0 - 4.0x	Trending towards mid range across year
TRC Dividend Growth (FY 2014 vs FY 2013)	25%+	
TRC Effective Cash Tax Rate	27%	

Operating Statistics	FY 2014	Comments
Field Gas Inlet Volumes	Growth across all systems	
Badlands Crude Gathered Volumes (FY 2014 vs FY 2013)	Approximately double	
Coastal NGL Production	Approximately 2013	

Commodity Price Assumptions	FY 2014	Comments
Weighted Average NGL ($/gallon)[1]	$0.90	
Henry Hub Natural Gas ($/MMBtu)	$3.75	
Crude Oil ($/barrel)	$95.00	
Weighted Average NGL Price Sensitivities[1]		+/- $0.05/gallon Weighted Avg. NGL = +/- 2% EBITDA

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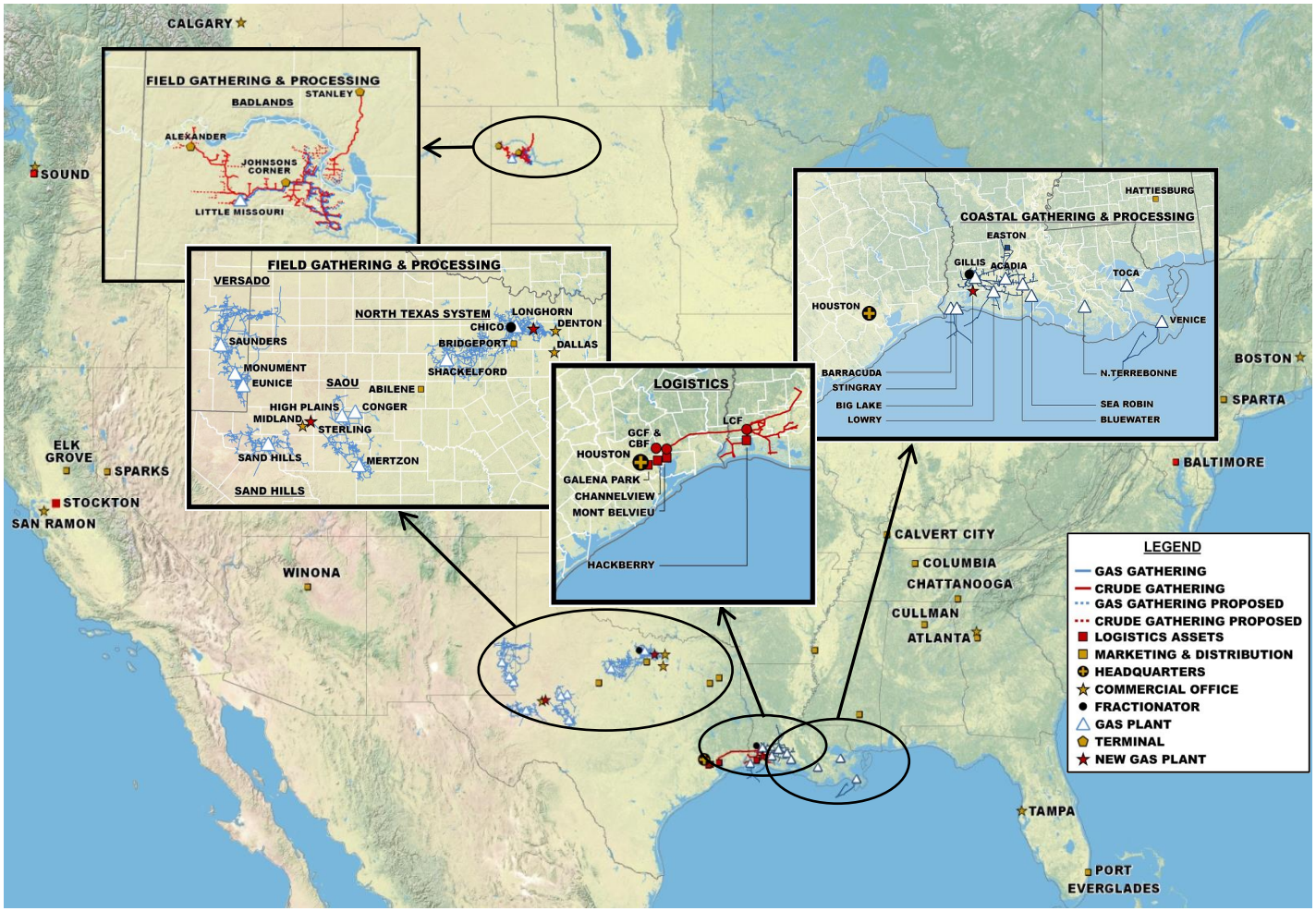
(1) Based on an illustrative Targa NGL barrel that contains 44% ethane, 30% propane, 11% natural gasoline, 5% isobutane and 10% normal butane

Targa Investment Highlights

Diversified Midstream Platform



- Well positioned in U.S. shale / resource plays
- Leadership position at Mont Belvieu
- Increasing scale, diversity and fee-based margin
- Approximately $2 billion in announced organic cap ex projects for 2013 and 2014
- Additional projects under development of similar scale and mix
- Strong financial profile
- Strong track record of distribution and dividend growth
- Experienced management team

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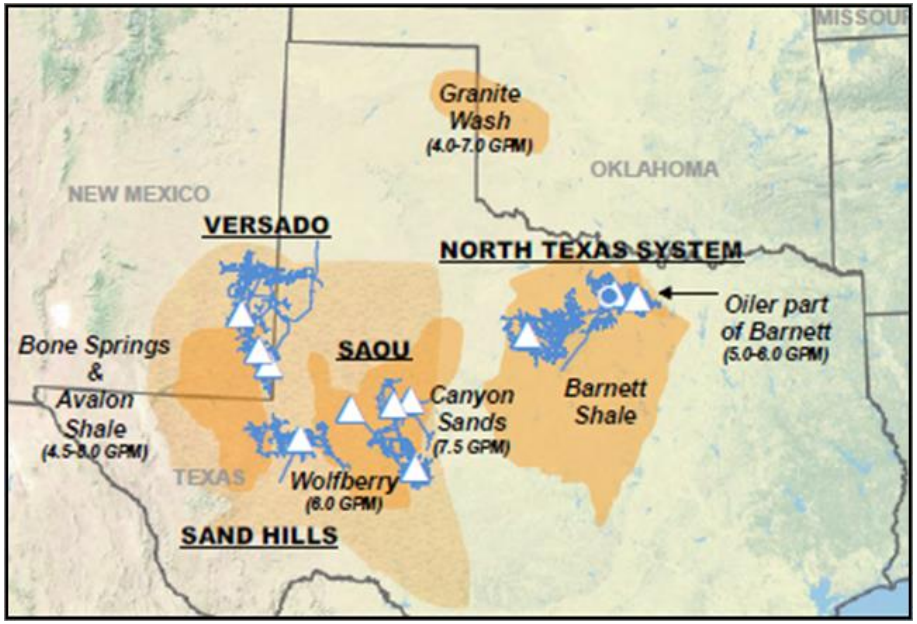
Business Division and Segment Review

Field Gathering and Processing Segment

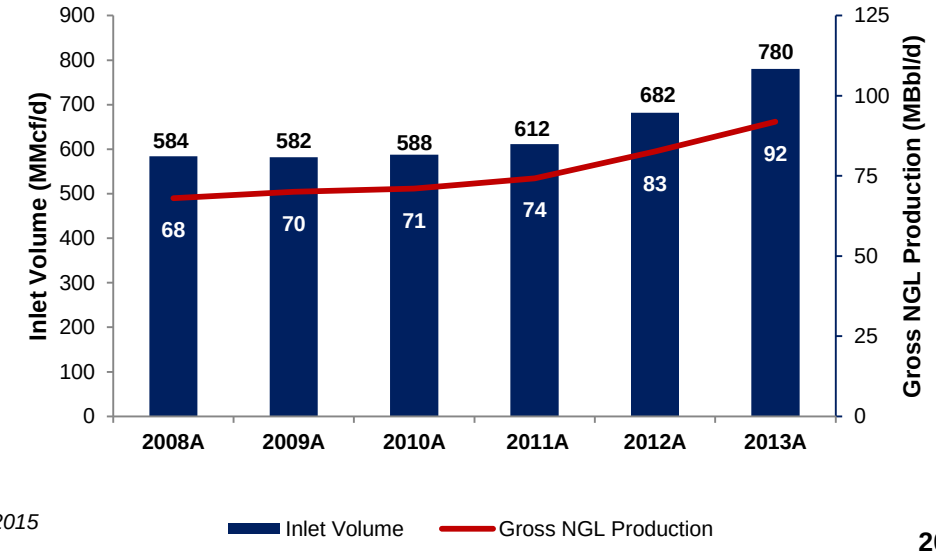


	Capacity YE 2013 (MMcf/d)	Expansions 2014 (MMcf/d)	Capacity Post-Expansions (MMcf/d)
North Texas	278	200	478
SAOU	169	200	369
Sand Hills	175	0	175
Versado	240	0	240
Badlands	38	0[1]	38
Total	**900**		**1,300**

Field G&P Highlights

- **Approximately 900 MMcf/d of gross processing capacity at the end of 2013, expanding to approximately 1,300 MMcf/d in 2014**
- **Permian Basin activity dominated by oil shale / resource plays; SAOU, Sand Hills and Versado are gathering from oil wells with associated gas and NGLs**
- **North Texas assets are located in oiler portion of Barnett Shale where drilling activity remains active**
- **Bakken activity also dominated by oil shale / resource plays**

Meaningful Increase in Plant Inlet Volumes



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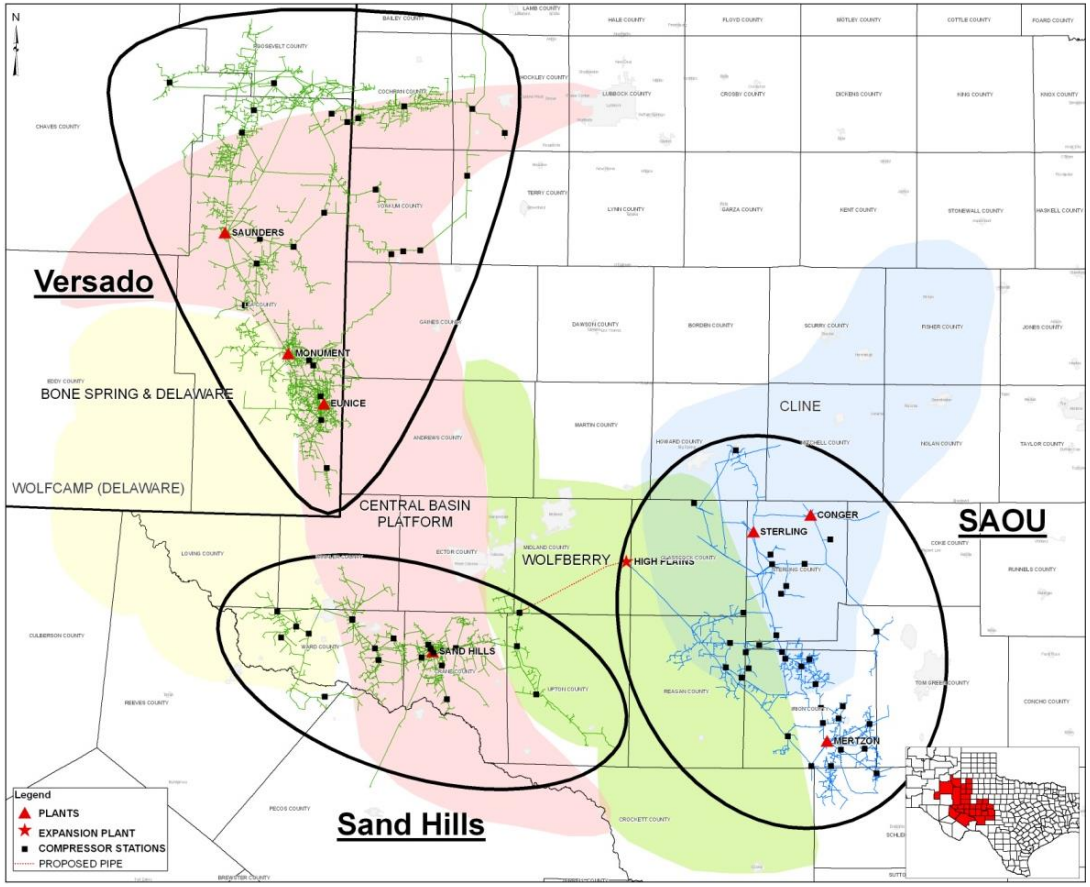
(1) *Additional gas processing plant may not be in service until the first part of 2015*

Targa's Permian Basin Systems Across Broad Active Plays

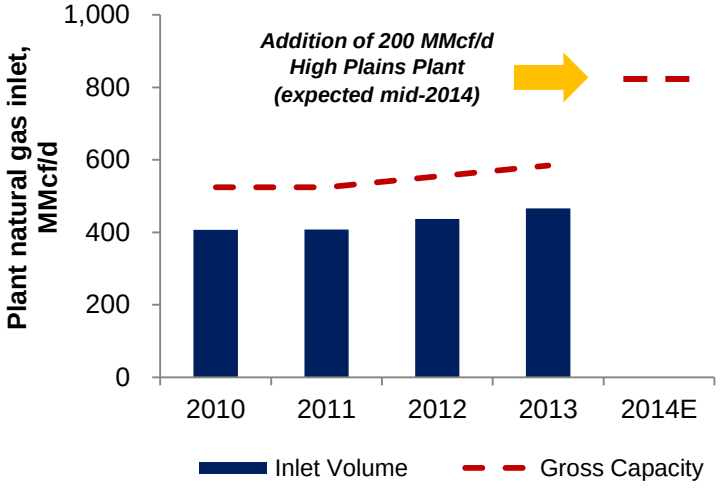


	Gross Processing Capacity (MMcf/d)(1)	2013 Inlet Volume (MMcf/d)(2)	Pipeline Miles(3)	Recovered GPM
SAOU	169	154	1,800	6.0+
Sand Hills	175	156	1,500	4.5 - 9.5
Versado	240	156	3,350	4.0 - 5.0
Total	584(4)	466	6,650	

Permian Growth Continues

- **2013 inlet volumes were meaningfully higher than 2012 at SAOU and Sand Hills**
  - Versado volumes would have also been higher, but the fire at Saunders reduced volumes from early September through early December
- **2014 inlet volumes are expected to be meaningfully higher than 2013 in each of SAOU, Sand Hills and Versado**
  - 60 MMcf/d of recent expansions essentially full
  - Expansions under construction:
    - 200 MMcf/d High Plains Plant expected to be online in mid-2014

Permian Basin Throughput and Capacity



(1) *Approximate for the year ended December 31, 2013*
(2) *Approximate for the year ended December 31, 2013*
(3) *Approximate for the year ended December 31, 2013*
(4) *Gross processing capacity varies as GPM increases and decreases*

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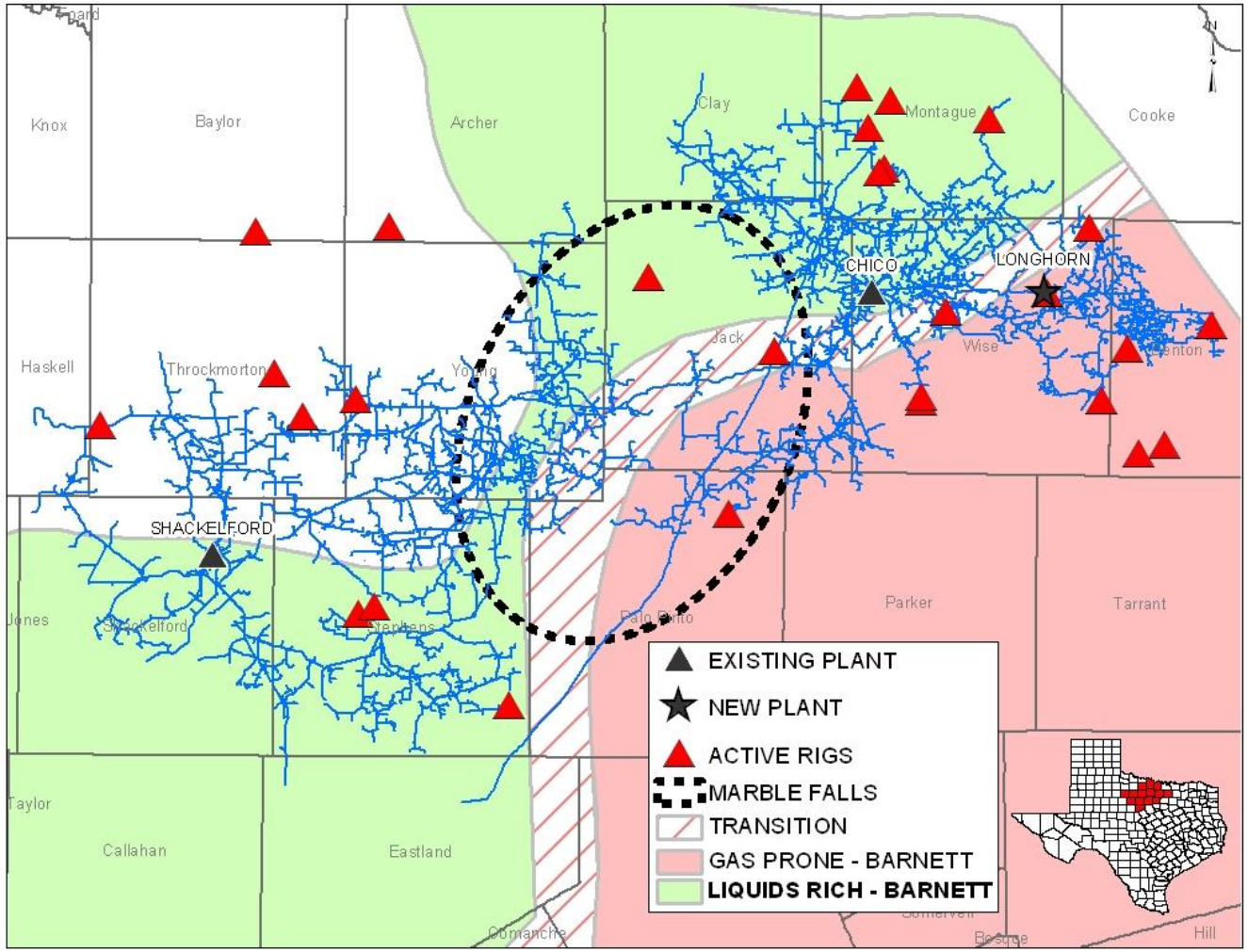
North Texas – Well Positioned for Growth

Rig Activity in North Texas[1]



Liquids-Rich Barnett Shale and Marble Falls Driving Growth

- **Targa's assets are well positioned to access the active liquids-rich portion of the Barnett Shale and the Marble Falls play**
- **Barnett volumes continue to trend higher as improvements in horizontal drilling and multi-staged frac completions result in higher initial production rates**
- **Marble Falls play in Jack and Palo Pinto counties leverages existing system, while providing expansion opportunities**

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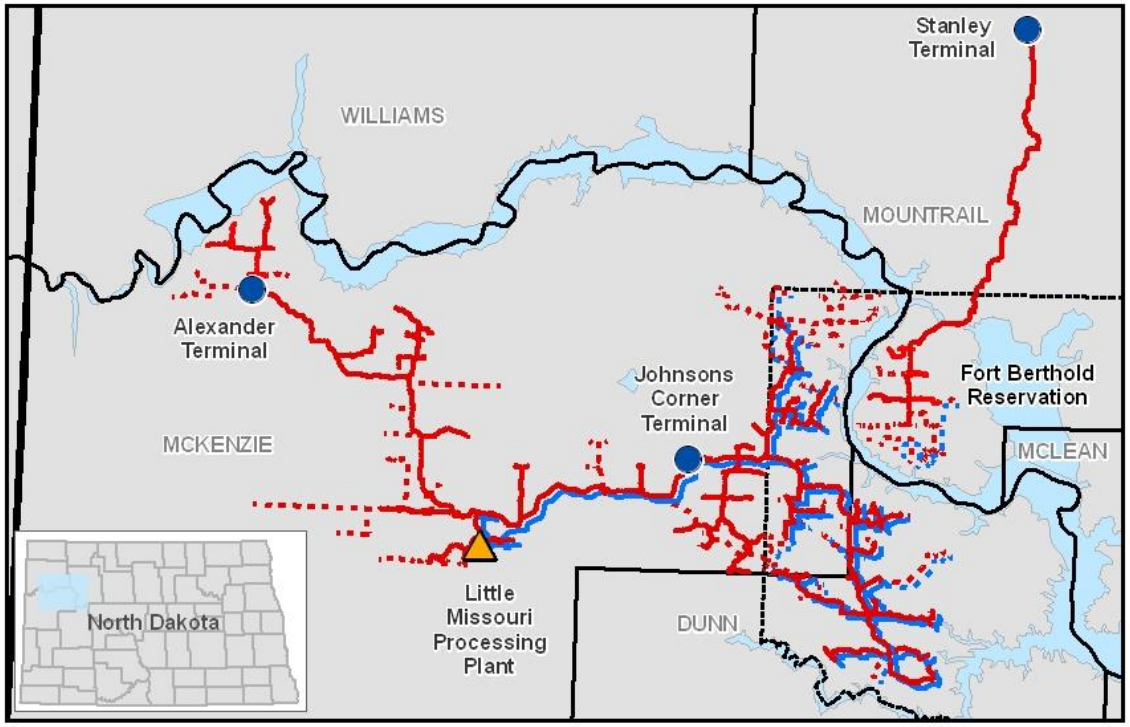
(1) Source: Drillinginfo; includes Archer, Clay, Cooke, Denton, Eastland, Haskell, Jack, Jones, Montague, Palo Pinto, Parker, Shackelford, Stephens, Throckmorton, Wise & Young Counties, TX

(2) Source: Drillinginfo. As of February 1, 2014

Badlands – High-Quality, Fee-Based Assets

- **System currently consists of oil gathering pipeline and terminal system, and natural gas gathering and processing operations, in McKenzie, Dunn and Mountrail Counties, North Dakota**
  - Additional development ongoing across all areas of operations
- **The System's trunkline and initial laterals are largely complete with expectations to continue to increase the miles of pipe in 2014**
- **Rich natural gas is delivered to Little Missouri Processing Plant**
  - Residue natural gas delivered to Northern Border Pipeline
- **Johnsons Corner, Alexander and Stanley Terminals currently provide multiple delivery options**
  - Three-lane (being expanded to five-lane) truck loading station at Johnsons Corner Terminal (40,000 Bbl tank capacity) for truck to rail capability as well as interconnect to Four Bears Pipeline owned by Bridger Pipeline, LLC, Tesoro Logistics LP and BakkenLink Pipeline LLC
  - Alexander Terminal (30,000 Bbl tank capacity) interconnected to Enbridge North Dakota Pipeline
  - Stanley Terminal (25,000 Bbl tank capacity under construction) interconnected to Enbridge North Dakota Pipeline

System Map



Legend

Crude Oil Assets	
Completed pipelines	
Proposed Pipelines	
Terminals	
Natural Gas Assets	
Completed Pipelines	
Proposed Pipelines	
Processing Plant	

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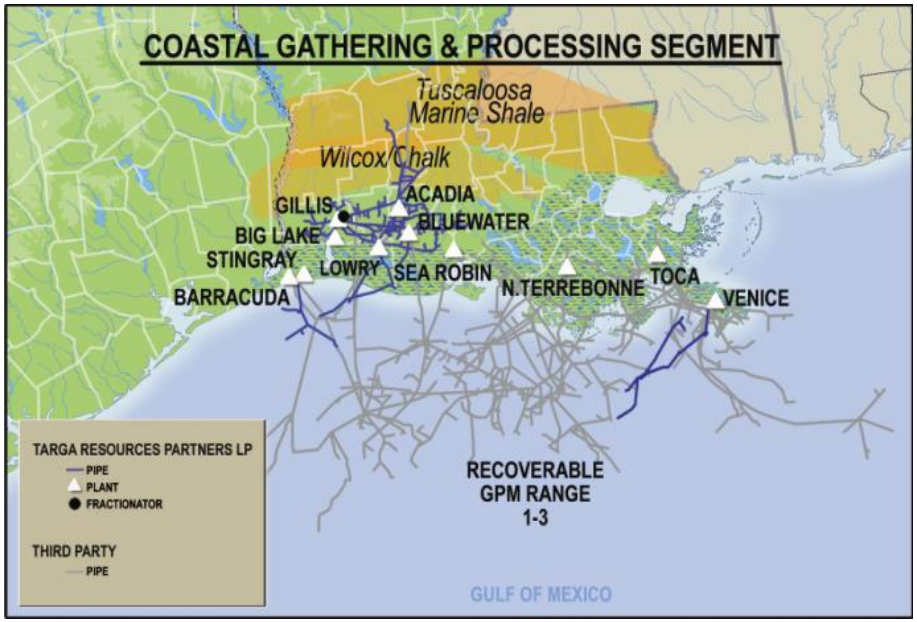
Coastal Gathering and Processing Segment Overview

LOU (Louisiana Operating Unit)

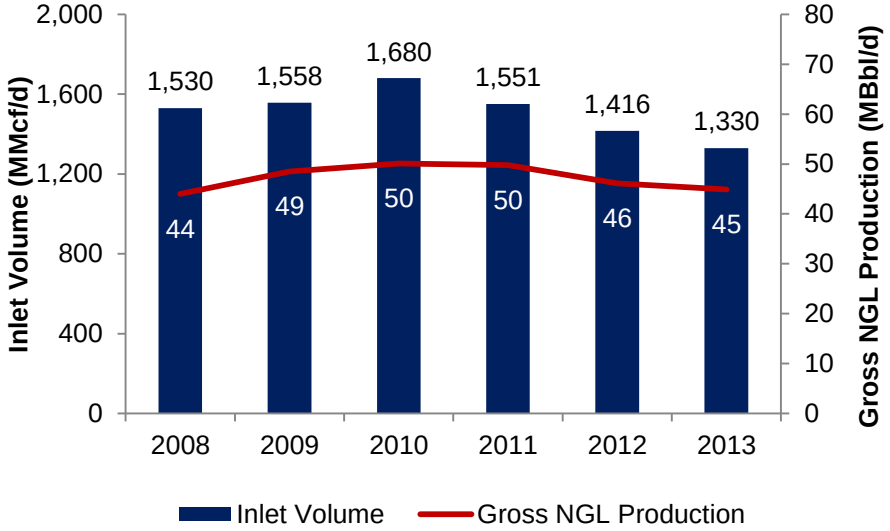
- **Processing Plants: Gillis (180 MMcf/d), Acadia (80 MMcf/d) and Big Lake (180 MMcf/d)**
- **Fractionation interconnected to LCF**
- **Traditional wellhead volumes have been declining but inlet volumes have longer term upside potential**
  - **Resurgence in Wilcox activity**
  - **Additional long-term supply upside possible from the Chalk/Tuscaloosa Marine Shale**
  - **Other interconnected "straddle" volumes**



Coastal Straddles (including VESCO)

- **Positioned on mainline gas pipelines processing volumes of gas collected from multiple offshore producing areas**
- **Targa's volumes into Coastal Straddles (including VESCO) have declined in part due to the shut down of the Yscloskey plant**
  - Most volumes that previously went to Yscloskey are being captured at the more efficient VESCO plant
  - VESCO and Targa broadly preferred for more-efficient cryogenic plants, location and market access
  - Captured higher GPM gas at Vesco, which maintained NGL volumes relative to gas inlet volumes

Coastal G&P Segment Volumes



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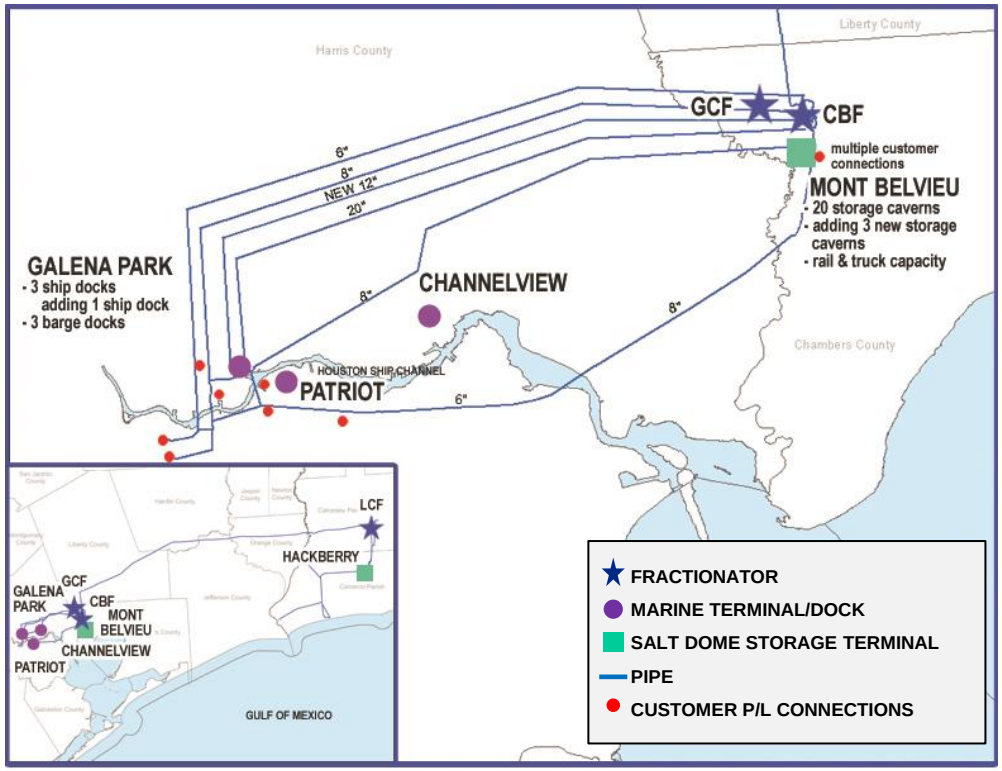
Logistics Assets – Extensive Gulf Coast Footprint



Fractionators		Gross Capacity (MBbl/d)	Net Capacity (MBbl/d)[1]
CBF - Mont Belvieu	Trains 1-3	253	223
	Backend Capacity	40	35
	Train 4	100	88
GCF - Mont Belvieu		125	47
Total - Mont Belvieu		518	393
LCF - Lake Charles		55	55
Total		**573**	**448**

Other Assets

Mont Belvieu

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

20 Underground Storage Wells

Adding 3 Underground Storage Wells

Pipeline Connectivity to Petchems/Refineries/LCF/etc.

5 Pipelines Connecting Mont Belvieu to Galena Park

Rail and Truck Loading/Unloading Capabilities

Other Gulf Coast Logistics Assets

Channelview Terminal (Harris County, TX)

Patriot Terminal (Harris County, TX)

Hackberry Underground Storage (Cameron Parish, LA)

Galena Park Marine Terminal

Export Capacity	Products	MMBbl/ Month
Current (inc. Phase I Expansion)	LEP / HD5 / NC4	3.5 - 4.0
Phase II Expansion (by 3Q 2014)[2]	LEP / HD5 / NC4	~2.0
Total		**~5.5 - 6.0**

Other Assets

700 MBbls in Above Ground Storage Tanks

3 Ship Docks and 1 Ship Dock Under Construction[3]

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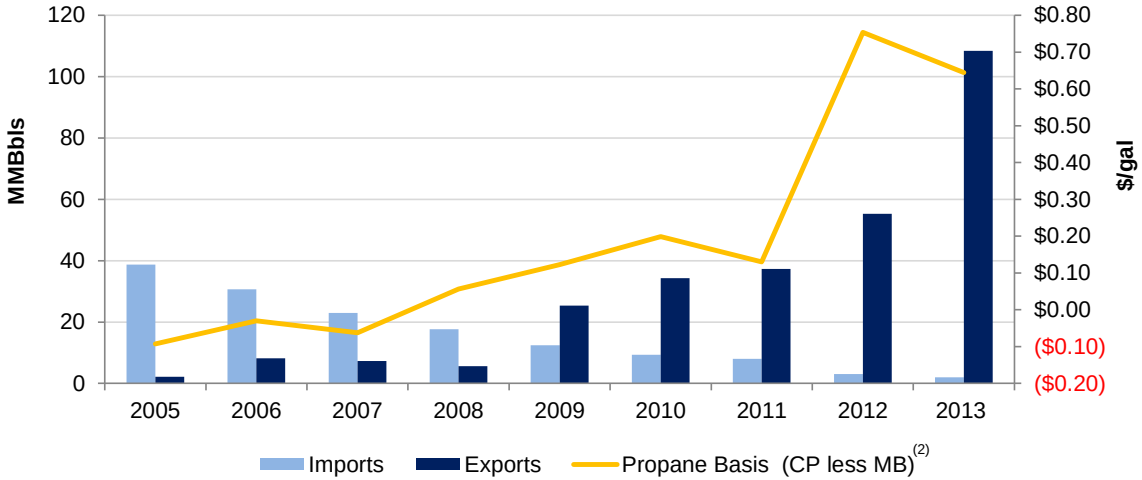
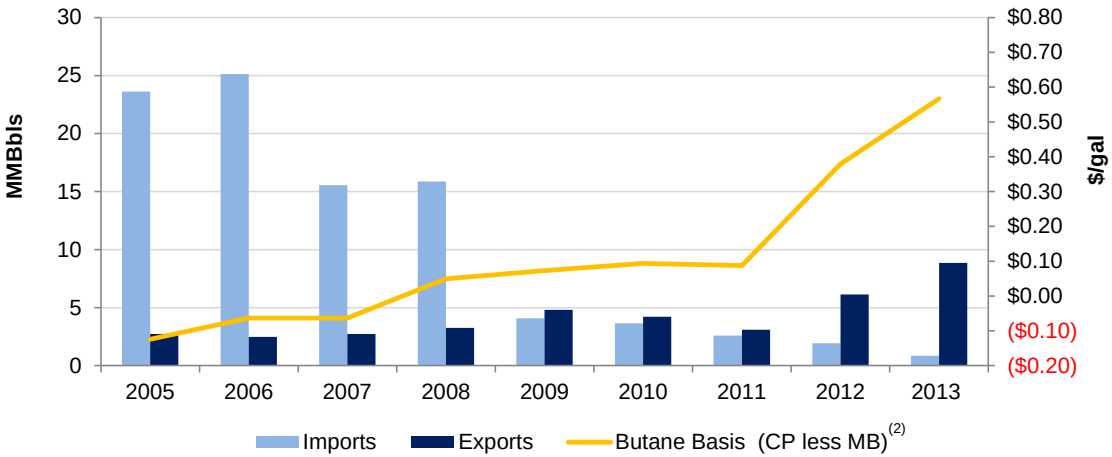
(1) Net capacity is calculated based on TRP's 88% ownership of CBF and 39% ownership of GCF
(2) Phase II expansion will be completed in stages by Q3 2014; TRP will benefit from increased capabilities as each stage is completed
(3) Phase II dock under expansion will be able to handle all size LPG vessels and barges

Demand for Exports Continues to Increase

U.S. Propane[1]



U.S. Butane[1]



- **Historically, U.S. Gulf Coast propane and butane have been favorably priced compared to world markets**
  - In Q1 2014, higher U.S. propane prices narrowed the spread versus international prices, but long-term demand for exports continues to be strong
- **TRP owns one of only two operating commercial LPG export facilities on the Gulf Coast**
  - TRP was loading 1 to 1.5 MMBbl/month of LPGs for export on small and mid-sized vessels, prior to the completion of the first phase of the expansion in Q3 2013
  - TRP can now service VLGCs and capacity to export has increased to approximately 3.5 - 4 MMBbl/month
  - Second expansion is expected to be completed by Q3 2014 and will increase capacity to export to approximately 5.5 - 6 MMBbl/month

Long term incentive to export continues as expected supply growth exceeds domestic demand

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(1) Source: IHS
(2) CP = Saudi Contract Price

Petroleum Logistics - Current Capabilities and Projects

- **Announced ~$105 million of growth capital related to three terminals acquired in 2011**
  - Completed $35 million expansion of Targa Sound in Q1 2013 to connect with a local products pipeline, add storage capacity, and add ethanol, biodiesel and gasoline blending to the truck loading rack
- **Acquired Patriot on the Houston Ship Channel, which provides additional expansion potential**
- **Pursuing acquisitions with similar characteristics and expansion opportunities**
- **Growing backlog of additional growth projects**

Terminal	Current Storage	Products	Capabilities
Targa Channelview Houston, TX	544 MBbl	Crude oil, blend stock, asphalt, marine diesel oil, used motor oil, vacuum gas oil	Truck and barge transport; blending and heating
Targa Sound Tacoma, WA	983 MBbl	Refined petroleum products, LPGs, ethanol, biodiesel	Ship, barge, rail and truck transport; blending and heating
Targa Baltimore Baltimore, MD	505 MBbl	Historically in asphalt service; ability to expand product handling	Truck and barge transport; heating; ability to add blending, rail, pipeline and ship
Total	2,032 MBbl		

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Marketing and Distribution Segment

Marketing and Distribution Highlights

- **NGL and Natural Gas Marketing**
  - Manage physical distribution of mixed NGLs and specification products using owned and third party facilities
  - Manage inventories for Targa downstream business
  - Sell propane and butane for international export
  - Buy and sell natural gas to optimize Targa assets
- **Wholesale Propane**
  - Sell propane to multi-state, independent retailers and industrial accounts on a fixed or posted price at delivery
  - Tightly managed inventory sold at an index plus
- **Refinery Services**
  - Balance refinery NGL supply and demand requirements
  - Propane, normal butane, isobutane, butylenes
  - Contractual agreements with major refiners to market NGLs by barge, rail and truck
  - Margin-based fees with a fixed minimum per gallon
- **Commercial Transportation**
  - All fee-based
  - 700 railcars leased and managed
  - 80 owned and leased transport tractors
  - 18 pressurized NGL barges

Operating Margin vs. NGL Price

This segment incorporates the skills and capabilities that enable other Targa businesses

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Appendix

Non-GAAP Measures Reconciliation

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

Non-GAAP Measures Reconciliation

Adjusted EBITDA – The Partnership and Targa define Adjusted EBITDA as net income attributable to Targa Resources Partners LP before: interest; income taxes; depreciation and amortization; gains or losses on debt repurchases and redemptions; early debt extinguishment and asset disposals; non-cash risk management activities related to derivative instruments; and changes in the fair value of the contingent consideration recorded as part of the Badlands acquisition. 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. 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. Adjusted EBITDA is a non-GAAP financial measure. The GAAP measures most directly comparable to Adjusted EBITDA are net cash provided by operating activities and net income (loss). Adjusted EBITDA should not be considered as an alternative to GAAP net cash provided by operating activities or GAAP net income. Adjusted EBITDA has important limitations as an analytical tool. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and net cash provided by operating activities and is defined differently by different companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into management's decision-making processes.

Non-GAAP Reconciliation – 2013 EBITDA and Gross Margin

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

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
	($ in millions)			
Reconciliation of net income (loss) attributable to Targa Resources Partners LP to Adjusted EBITDA:				
Net income to Targa Resources Partners LP	$ 108.6	$ 33.5	$ 233.5	$ 174.6
Add:				
Interest expense, net	35.4	29.0	131.0	116.8
Income tax expense	0.4	1.5	2.9	4.2
Depreciation and amortization expense	73.1	55.2	271.6	197.3
(Gain) Loss on sale or disposal of assets	0.8	0.1	3.9	15.6
Loss on debt redemption and early debt extinguishments	-	12.8	14.7	12.8
Change in contingent consideration	-	-	(15.3)	-
Risk management activities	(0.3)	1.6	(0.5)	5.4
Noncontrolling interest adjustment	(3.4)	(3.1)	(12.6)	(11.8)
Adjusted EBITDA	$ 214.6	$ 130.6	$ 629.2	$ 514.9

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
	($ in millions)			
Reconciliation of gross margin and operating margin to net income (loss):				
Gross margin	$ 355.1	$ 259.6	$ 1,177.7	$ 1,004.7
Operating expenses	(96.5)	(85.8)	(376.2)	(313.0)
Operating margin	258.6	173.8	801.5	691.7
Depreciation and amortization expenses	(73.1)	(55.2)	(271.6)	(197.3)
General and administrative expenses	(37.4)	(31.6)	(143.1)	(131.6)
Interest expense, net	(35.4)	(29.0)	(131.0)	(116.8)
Income tax expense	(0.4)	(1.5)	(2.9)	(4.2)
(Gain) Loss on sale or disposal of assets	(0.8)	3.2	(3.9)	(15.6)
Loss on debt redemption and early debt extinguishments	-	(12.8)	(14.7)	(12.8)
Change in contingent consideration	-	-	15.3	-
Other, net	4.1	(8.3)	9.0	(10.2)
Net income	$ 115.6	$ 38.6	$ 258.6	$ 203.2

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Non-GAAP Reconciliation – 2014 EBITDA

The following table presents a reconciliation of 2014 projected Adjusted EBITDA to net income for NGLS:

	Twelve Months Ended December 31, 2014	
	Low Range	**High Range**
	($ in millions)	
Reconciliation of net income attributable to Targa Resources Partners LP to Adjusted EBITDA:		
Net income attributable to Targa Resources Partners LP	$ 264.5	$ 284.5
Add:		
Interest expense, net	150.0	150.0
Income tax expense	4.0	4.0
Depreciation and amortization expense	335.0	335.0
Noncontrolling interest adjustment	(13.5)	(13.5)
Adjusted EBITDA	$ 740.0	$ 760.0

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Non-GAAP Reconciliation – DCF

The following table presents a reconciliation of reported distributable cash flow to net income (loss) for the periods shown for TRP:

($ in millions)	Three Months Ended															
	31-Mar 2010	30-Jun 2010	30-Sep 2010	31-Dec 2010	31-Mar 2011	30-Jun 2011	30-Sep 2011	31-Dec 2011	31-Mar 2012	30-Jun 2012	30-Sep 2012	31-Dec 2012	31-Mar 2013	30-Jun 2013	30-Sep 2013	31-Dec 2013
Reconciliation of net income (loss) attributable to Targa Resources Partners LP to distributable cash flow:																
Net income (loss) attributable to Targa Resources Partners LP	$ 12.6	$ 19.8	$ 13.8	$ 35.9	$ 37.8	$ 55.2	$ 35.9	$ 75.5	$ 70.1	$ 46.8	$ 24.2	$ 33.5	$ 38.9	$ 26.3	$ 59.7	$ 108.6
Add:																
Allocated and affiliate interest expense	-	-	3.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization expense	25.8	32.7	43.3	47.9	42.7	48.3	45.0	46.0	46.7	47.6	47.9	55.2	63.9	65.7	68.9	73.1
Deferred income tax (expense) benefit	0.6	(0.1)	(0.1)	0.9	0.4	1.1	(0.9)	0.2	0.4	0.4	0.4	0.5	0.4	0.4	-	0.1
Amortization in interest expense	1.3	1.4	0.9	3.0	1.8	-	2.5	4.2	4.6	4.4	4.5	4.0	4.0	4.0	3.8	3.7
Loss (gain) on debt redemption and early debt extinguishments	-	-	0.8	(0.8)	-	-	-	-	-	-	-	12.8	-	7.4	7.4	-
Change in contingent consideration	-	-	-	-	-	-	-	-	-	-	-	-	0.3	(6.5)	(9.1)	-
Loss (gain) on disposal of assets	-	-	-	-	-	-	-	-	-	-	15.6	-	(0.1)	3.9	(0.7)	0.8
Risk management activities	7.6	7.5	7.8	10.2	0.2	3.8	2.0	1.3	1.0	1.2	1.6	1.6	(0.2)	0.2	(0.3)	(0.3)
Maintenance capital expenditures	(3.7)	(5.9)	(12.9)	(22.0)	(12.8)	(21.6)	(24.7)	(24.6)	(16.5)	(15.5)	(16.2)	(19.6)	(21.7)	(21.8)	(17.0)	(19.5)
Reimbursements	-	-	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(0.2)	(0.2)	(0.8)	0.9	2.0	3.2	5.6	4.6	(0.6)	(0.4)	(0.8)	(1.7)	-	(0.6)	(1.9)	(1.6)
Distributable cash flow	$ 44.0	$ 55.2	$ 57.1	$ 76.0	$ 72.1	$ 90.0	$ 65.4	$ 107.2	$ 105.7	$ 84.5	$ 77.2	$ 86.4	$ 85.5	$ 79.0	$ 110.8	$ 164.9
Distributions Declared	38.8	40.2	46.1	53.5	55.2	57.3	59.4	66.0	69.6	73.2	76.7	90.9	95.7	102.4	108.5	115.8
Distribution Coverage	1.1x	1.4x	1.2x	1.4x	1.3x	1.6x	1.1x	1.6x	1.5x	1.2x	1.0x	1.0x	0.9x	0.8x	1.0x	1.4x

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Non-GAAP Reconciliation – 2010-2011 Fee-Based Margin

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

	Three Months Ended							
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
	($ in millions)							
Reconciliation of gross margin and operating margin to net income (loss):								
Gross margin	$ 185.9	$ 179.8	$ 184.7	$ 221.7	$ 213.9	$ 248.2	$ 227.2	$ 258.8
Operating expenses	(62.2)	(62.0)	(66.0)	(69.4)	(65.9)	(71.6)	(76.5)	(72.9)
Operating margin	123.7	117.9	118.8	152.4	148.0	176.6	150.7	185.9
Depreciation and amortization expenses	(42.0)	(43.0)	(43.3)	(47.8)	(42.7)	(44.5)	(45.0)	(46.0)
General and administrative expenses	(25.0)	(28.4)	(26.7)	(42.5)	(31.8)	(33.2)	(33.7)	(29.2)
Interest expense, net	(31.1)	(27.5)	(27.2)	(25.1)	(27.5)	(27.2)	(25.7)	(27.3)
Income tax expense	(1.4)	(0.9)	(1.6)	(0.1)	(1.8)	(1.9)	(1.5)	0.9
Loss (gain) on sale or disposal of assets	-	-	-	-	-	-	0.3	(0.6)
(Loss) gain on debt redemption and early debt extinguishments	-	-	(0.8)	0.8	-	-	-	-
Change in contingent consideration	-	-	-	-	-	-	-	-
Risk management activities	25.4	2.5	(1.9)	-	-	(3.2)	(1.8)	-
Equity in earnings of unconsolidated investments	0.3	2.4	1.1	1.7	1.7	1.3	2.2	-
Other Operating income (loss)	-	-	-	3.3	-	-	-	-
Other, net	-	0.1	-	0.1	(0.2)	0.1	(0.6)	3.2
Net income	$ 49.9	$ 22.9	$ 18.4	$ 42.8	$ 45.7	$ 68.0	$ 44.9	$ 86.9
Fee Based operating margin percentage	19%	25%	31%	31%	25%	28%	30%	30%
Fee Based operating margin	$ 23.0	$ 30.0	$ 36.9	$ 47.1	$ 37.3	$ 48.8	$ 44.8	$ 55.3

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Non-GAAP Reconciliation – 2012-2013 Fee-Based Margin

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

	Three Months Ended							
	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013
	($ in millions)							
Reconciliation of gross margin and operating margin to net income (loss):								
Gross margin	$ 261.4	$ 243.8	$ 239.9	$ 259.6	$ 260.3	$ 265.2	$ 297.1	$ 355.1
Operating expenses	(71.6)	(77.2)	(78.3)	(85.8)	(86.1)	(96.1)	(97.6)	(96.5)
Operating margin	189.8	166.6	161.6	173.8	174.2	169.1	199.5	258.6
Depreciation and amortization expenses	(46.7)	(47.6)	(47.9)	(55.2)	(63.9)	(65.7)	(68.9)	(73.1)
General and administrative expenses	(32.9)	(33.5)	(33.5)	(31.6)	(34.1)	(36.1)	(35.4)	(37.4)
Interest expense, net	(29.4)	(29.4)	(29.0)	(29.0)	(31.4)	(31.6)	(32.6)	(35.4)
Income tax expense	(1.0)	(0.8)	(0.9)	(1.5)	(0.9)	(0.9)	(0.7)	(0.4)
Loss (gain) on sale or disposal of assets	-	-	(18.9)	3.2	0.1	(3.9)	0.6	(0.8)
(Loss) gain on debt redemption and early debt extinguishments	-	-	-	(12.8)	-	(7.4)	(7.4)	
Change in contingent consideration	-	-	-	-	0.3	6.5	9.1	
Risk management activities	-	-	-	-	-	-	-	-
Equity in earnings of unconsolidated investments	-	-	-	-	-	-	-	-
Other Operating income (loss)	-	-	-	-	-	-	-	-
Other, net	2.0	(0.6)	(3.3)	(8.3)	1.0	2.7	0.8	4.1
Net income	$ 81.8	$ 54.7	$ 28.1	$ 38.6	$ 45.3	$ 32.7	$ 65.0	$ 115.6
Fee Based operating margin percentage	32%	39%	45%	46%	53%	52%	57%	62%
Fee Based operating margin	$ 60.3	$ 65.7	$ 73.3	$ 80.0	$ 91.8	$ 87.6	$ 113.0	$ 160.2

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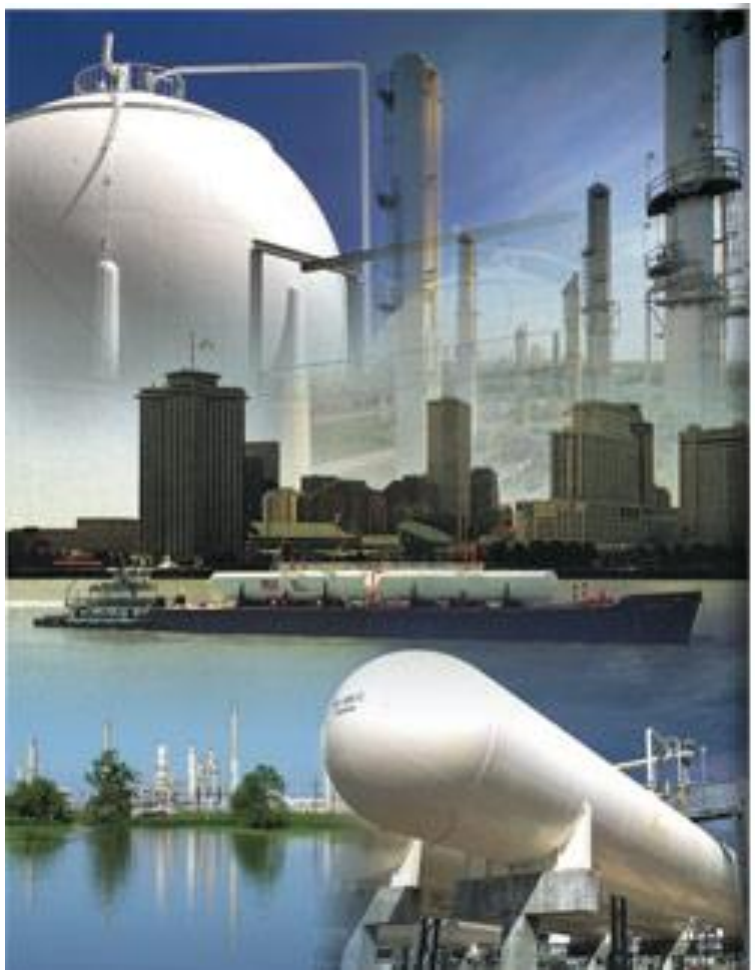

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