UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2022

or

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

For the transition period from _____ to _____

Commission File Number: 001-34991

TARGA RESOURCES CORP.

(Exact name of registrant as specified in its charter)

Delaware	**20-3701075**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
811 Louisiana St, Suite 2100, Houston, Texas	**77002**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

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

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

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of July 29, 2022, there were 226,557,413 shares of the registrant's common stock, $0.001 par value, outstanding.

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Targa Resources Corp.'s (together with its subsidiaries, including Targa Resources Partners LP (the "Partnership"), "we," "us," "our," "Targa," "TRGP," or the "Company") reports, filings and other public announcements may from time to time contain statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements." You can typically identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, by the use of forward-looking statements, such as "may," "could," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan," "forecast" and other similar words.

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

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

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

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements included in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 ("Quarterly Report") will prove to be accurate. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described in our Annual Report. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise.

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

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

TARGA RESOURCES CORP.
CONSOLIDATED BALANCE SHEETS

		June 30, 2022		December 31, 2021
		(Unaudited) (In millions)		
ASSETS				
Current assets:				
Cash and cash equivalents	$	154.0	$	158.5
Trade receivables, net of allowances of $0.1 million and $0.1 million at June 30, 2022 and December 31, 2021		1,612.6		1,331.9
Inventories		202.2		153.4
Assets from risk management activities		80.8		43.1
Other current assets		114.5		82.9
Total current assets		2,164.1		1,769.8
Property, plant and equipment, net		11,878.3		11,667.7
Intangible assets, net		1,038.8		1,094.8
Long-term assets from risk management activities		20.5		7.7
Investments in unconsolidated affiliates		137.1		586.5
Other long-term assets		95.5		81.7
Total assets	$	15,334.3	$	15,208.2
LIABILITIES, SERIES A PREFERRED STOCK AND OWNERS' EQUITY				
Current liabilities:				
Accounts payable	$	1,901.0	$	1,402.3
Accrued liabilities		255.2		272.2
Distributions payable		25.3		64.5
Interest payable		131.8		138.5
Liabilities from risk management activities		425.5		258.2
Current debt obligations		414.6		162.8
Total current liabilities		3,153.4		2,298.5
Long-term debt		7,046.2		6,434.4
Long-term liabilities from risk management activities		232.3		109.3
Deferred income taxes, net		213.4		136.0
Other long-term liabilities		288.1		301.6
Contingencies (see Note 14)				
Series A Preferred 9.5% Stock, $1,000 per share liquidation preference (1,200,000 shares authorized, zero and 919,300 shares issued and outstanding as of June 30, 2022 and December 31, 2021), net of discount (see Note 9)		—		749.7
Owners' equity:				
Targa Resources Corp. stockholders' equity:				
Common stock ($0.001 par value, 450,000,000 shares authorized as of June 30, 2022 and December 31, 2021)		0.2		0.2
Issued / Outstanding				
June 30, 2022: 237,204,119 / 227,062,130				
December 31, 2021: 236,105,293 / 228,221,122				
Preferred stock ($0.001 par value, after designation of Series A Preferred Stock: 98,800,000 shares authorized, zero shares issued and outstanding)		—		—
Additional paid-in capital		3,834.4		4,268.9
Retained earnings (deficit)		(1,137.9)		(1,822.3)
Accumulated other comprehensive income (loss)		(276.4)		(230.9)
Treasury stock, at cost (10,141,989 shares as of June 30, 2022 and 7,884,171 shares as of December 31, 2021)		(350.4)		(204.1)
Total Targa Resources Corp. stockholders' equity		2,069.9		2,011.8
Noncontrolling interests		2,331.0		3,166.9
Total owners' equity		4,400.9		5,178.7
Total liabilities, Series A Preferred Stock and owners' equity	$	15,334.3	$	15,208.2

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(Unaudited) (In millions, except per share amounts)			
Revenues:				
Sales of commodities	$ 5,624.2	$ 3,091.6	$ 10,190.3	$ 6,459.3
Fees from midstream services	431.6	324.3	824.6	589.4
Total revenues	6,055.8	3,415.9	11,014.9	7,048.7
Costs and expenses:				
Product purchases and fuel	5,047.3	2,709.0	9,251.5	5,545.3
Operating expenses	215.8	184.8	399.3	355.8
Depreciation and amortization expense	269.9	211.9	479.0	428.0
General and administrative expense	71.0	63.7	138.0	125.1
Other operating (income) expense	(0.1)	0.7	(0.6)	4.6
Income (loss) from operations	451.9	245.8	747.7	589.9
Other income (expense):				
Interest expense, net	(81.2)	(94.8)	(174.7)	(193.2)
Equity earnings (loss)	1.4	12.8	7.0	24.6
Gain (loss) from financing activities	(33.8)	(1.9)	(49.6)	(16.6)
Gain (loss) from sale of equity method investment	435.9	—	435.9	—
Other, net	0.5	0.1	—	0.2
Income (loss) before income taxes	774.7	162.0	966.3	404.9
Income tax (expense) benefit	(87.1)	(6.6)	(110.1)	(21.6)
Net income (loss)	687.6	155.4	856.2	383.3
Less: Net income (loss) attributable to noncontrolling interests	91.2	99.2	171.8	180.7
Net income (loss) attributable to Targa Resources Corp.	596.4	56.2	684.4	202.6
Premium on repurchase of noncontrolling interests, net of tax	—	—	53.1	—
Dividends on Series A Preferred Stock	8.2	21.8	30.0	43.7
Deemed dividends on Series A Preferred Stock	215.5	—	215.5	—
Net income (loss) attributable to common shareholders	$ 372.7	$ 34.4	$ 385.8	$ 158.9
Net income (loss) per common share - basic	$ 1.64	$ 0.15	$ 1.69	$ 0.70
Net income (loss) per common share - diluted	$ 1.61	$ 0.15	$ 1.66	$ 0.69
Weighted average shares outstanding - basic	227.8	228.6	228.1	228.5
Weighted average shares outstanding - diluted	231.7	231.3	232.0	230.9

See notes to consolidated financial statements.

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

	Three Months Ended June 30,					
	2022			2021		
	Pre-Tax	Related Income Tax	After Tax	Pre-Tax	Related Income Tax	After Tax
			(Unaudited) (In millions)			
Net income (loss)			$ 687.6			$ 155.4
Other comprehensive income (loss):						
Commodity hedging contracts:						
Change in fair value	$ 25.2	$ (5.7)	19.5	$ (232.6)	$ 55.7	(176.9)
Settlements reclassified to revenues	157.7	(35.2)	122.5	53.6	(12.7)	40.9
Other comprehensive income (loss)	182.9	(40.9)	142.0	(179.0)	43.0	(136.0)
Comprehensive income (loss)			829.6			19.4
Less: Comprehensive income (loss) attributable to noncontrolling interests			91.2			99.2
Comprehensive income (loss) attributable to Targa Resources Corp.			$ 738.4			$ (79.8)

	Six Months Ended June 30,					
	2022			2021		
	Pre-Tax	Related Income Tax	After Tax	Pre-Tax	Related Income Tax	After Tax
			(Unaudited) (In millions)			
Net income (loss)			$ 856.2			$ 383.3
Other comprehensive income (loss):						
Commodity hedging contracts:						
Change in fair value	$ (362.1)	$ 80.9	(281.2)	$ (404.2)	$ 95.9	(308.3)
Settlements reclassified to revenues	303.5	(67.8)	235.7	203.4	(47.7)	155.7
Other comprehensive income (loss)	(58.6)	13.1	(45.5)	(200.8)	48.2	(152.6)
Comprehensive income (loss)			810.7			230.7
Less: Comprehensive income (loss) attributable to noncontrolling interests			171.8			180.7
Comprehensive income (loss) attributable to Targa Resources Corp.			$ 638.9			$ 50.0

See notes to consolidated financial statements.

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

	Common Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Noncontrolling Interests	Total Owner's Equity	Series A Preferred Stock
	Shares	Amount				Shares	Amount			
	(Unaudited) (In millions, except shares in thousands)									
Balance, March 31, 2022	**228,181**	**$ 0.2**	**$ 4,125.8**	**$ (1,734.3)**	**$ (418.4)**	**9,019**	**$ (276.3)**	**$ 2,320.3**	**$ 4,017.3**	**$ 749.7**
Compensation on equity grants	—	—	13.8	—	—	—	—	—	13.8	—
Distribution equivalent rights	—	—	(1.7)	—	—	—	—	—	(1.7)	—
Shares issued under compensation program	4	—	—	—	—	—	—	—	—	—
Shares tendered for tax withholding obligations	(1)	—	—	—	—	1	—	—	—	—
Repurchases of common stock	(1,122)	—	—	—	—	1,122	(74.1)	—	(74.1)	—
Series A Preferred Stock dividends										
Dividends - $23.75 per share	—	—	—	(8.2)	—	—	—	—	(8.2)	—
Dividends in excess of retained earnings	—	—	(8.2)	8.2	—	—	—	—	—	—
Deemed dividends - repurchase of Series A Preferred Stock	—	—	(215.5)	—	—	—	—	—	(215.5)	—
Common stock dividends										
Dividends - $0.35 per share	—	—	—	(79.8)	—	—	—	—	(79.8)	—
Dividends in excess of retained earnings	—	—	(79.8)	79.8	—	—	—	—	—	—
Repurchase of Series A Preferred Stock	—	—	—	—	—	—	—	—	—	(749.7)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(86.6)	(86.6)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	6.1	6.1	—
Other comprehensive income (loss)	—	—	—	—	142.0	—	—	—	142.0	—
Net income (loss)	—	—	—	596.4	—	—	—	91.2	687.6	—
Balance, June 30, 2022	**227,062**	**$ 0.2**	**$ 3,834.4**	**$ (1,137.9)**	**$ (276.4)**	**10,142**	**$ (350.4)**	**$ 2,331.0**	**$ 4,400.9**	**$ —**

See notes to consolidated financial statements.

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

	Common Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Noncontrolling Interests	Total Owner's Equity	Series A Preferred Stock
	Shares	Amount				Shares	Amount			
	(Unaudited) (In millions, except shares in thousands)									
Balance, March 31, 2021	**228,655**	**$ 0.2**	**$ 4,361.5**	**$ (1,747.1)**	**$ (158.4)**	**7,016**	**$ (159.5)**	**$ 3,225.7**	**$ 5,522.4**	**$ 749.7**
Compensation on equity grants	—	—	15.0	—	—	—	—	—	15.0	—
Distribution equivalent rights	—	—	(1.0)	—	—	—	—	—	(1.0)	—
Series A Preferred Stock dividends										
Dividends - $23.75 per share	—	—	—	(21.8)	—	—	—	—	(21.8)	—
Dividends in excess of retained earnings	—	—	(21.8)	21.8	—	—	—	—	—	—
Common stock dividends										
Dividends - $0.10 per share	—	—	—	(22.9)	—	—	—	—	(22.9)	—
Dividends in excess of retained earnings	—	—	(22.9)	22.9	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(116.7)	(116.7)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	2.1	2.1	—
Other comprehensive income (loss)	—	—	—	—	(136.0)	—	—	—	(136.0)	—
Net income (loss)	—	—	—	56.2	—	—	—	99.2	155.4	—
Balance, June 30, 2021	**228,655**	**$ 0.2**	**$ 4,330.8**	**$ (1,690.9)**	**$ (294.4)**	**7,016**	**$ (159.5)**	**$ 3,210.3**	**$ 5,396.5**	**$ 749.7**

See notes to consolidated financial statements.

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

	Common Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Noncontrolling Interests	Total Owner's Equity	Series A Preferred Stock
	Shares	Amount				Shares	Amount			
	(Unaudited) (In millions, except shares in thousands)									
Balance, December 31, 2021	**228,221**	**$ 0.2**	**$ 4,268.9**	**$ (1,822.3)**	**$ (230.9)**	**7,884**	**$ (204.1)**	**$ 3,166.9**	**$ 5,178.7**	**$ 749.7**
Compensation on equity grants	—	—	27.3	—	—	—	—	—	27.3	—
Distribution equivalent rights	—	—	(3.4)	—	—	—	—	—	(3.4)	—
Shares issued under compensation program	1,099	—	—	—	—	—	—	—	—	—
Shares tendered for tax withholding obligations	(398)	—	—	—	—	398	(22.5)	—	(22.5)	—
Repurchases of common stock	(1,860)	—	—	—	—	1,860	(123.8)	—	(123.8)	—
Series A Preferred Stock dividends										
Dividends - $47.50 per share	—	—	—	(30.0)	—	—	—	—	(30.0)	—
Dividends in excess of retained earnings	—	—	(30.0)	30.0	—	—	—	—	—	—
Deemed dividends - repurchase of Series A Preferred Stock	—	—	(215.5)	—	—	—	—	—	(215.5)	—
Common stock dividends										
Dividends - $0.70 per share	—	—	—	(159.8)	—	—	—	—	(159.8)	—
Dividends in excess of retained earnings	—	—	(159.8)	159.8	—	—	—	—	—	—
Repurchase of Series A Preferred Stock	—	—	—	—	—	—	—	—	—	(749.7)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(158.8)	(158.8)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	9.0	9.0	—
Repurchase of noncontrolling interests, net of tax	—	—	(53.1)	—	—	—	—	(857.9)	(911.0)	—
Other comprehensive income (loss)	—	—	—	—	(45.5)	—	—	—	(45.5)	—
Net income (loss)	—	—	—	684.4	—	—	—	171.8	856.2	—
Balance, June 30, 2022	**227,062**	**$ 0.2**	**$ 3,834.4**	**$ (1,137.9)**	**$ (276.4)**	**10,142**	**$ (350.4)**	**$ 2,331.0**	**$ 4,400.9**	**$ —**

See notes to consolidated financial statements.

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

	Common Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Noncontrolling Interests	Total Owner's Equity	Series A Preferred Stock
	Shares	Amount				Shares	Amount			
					(Unaudited) (In millions, except shares in thousands)					
Balance, December 31, 2020	**228,062**	**$ 0.2**	**$ 4,839.9**	**$ (1,893.5)**	**$ (141.8)**	**6,731**	**$ (150.9)**	**$ 3,249.3**	**$ 5,903.2**	**$ 301.4**
Impact of accounting standard adoption	—	—	(448.3)	—	—	—	—	—	(448.3)	448.3
Compensation on equity grants	—	—	29.9	—	—	—	—	—	29.9	—
Distribution equivalent rights	—	—	(1.3)	—	—	—	—	—	(1.3)	—
Shares issued under compensation program	878	—	—	—	—	—	—	—	—	—
Shares tendered for tax withholding obligations	(285)	—	—	—	—	285	(8.6)	—	(8.6)	—
Series A Preferred Stock dividends										
Dividends - $47.50 per share	—	—	—	(43.7)	—	—	—	—	(43.7)	—
Dividends in excess of retained earnings	—	—	(43.7)	43.7	—	—	—	—	—	—
Common stock dividends										
Dividends - $0.20 per share	—	—	—	(45.7)	—	—	—	—	(45.7)	—
Dividends in excess of retained earnings	—	—	(45.7)	45.7	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(223.8)	(223.8)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	4.1	4.1	—
Other comprehensive income (loss)	—	—	—	—	(152.6)	—	—	—	(152.6)	—
Net income (loss)	—	—	—	202.6	—	—	—	180.7	383.3	—
Balance, June 30, 2021	**228,655**	**$ 0.2**	**$ 4,330.8**	**$ (1,690.9)**	**$ (294.4)**	**7,016**	**$ (159.5)**	**$ 3,210.3**	**$ 5,396.5**	**$ 749.7**

See notes to consolidated financial statements.

TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2022	2021
	(Unaudited) (In millions)	
Cash flows from operating activities		
Net income (loss)	$ 856.2	$ 383.3
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization in interest expense	4.3	5.3
Compensation on equity grants	27.3	29.9
Depreciation and amortization expense	479.0	428.0
(Gain) loss on sale or disposition of assets	(1.6)	(0.2)
Write-downs of assets	1.0	4.7
Accretion of asset retirement obligations	2.2	2.0
Deferred income tax expense (benefit)	105.8	20.3
Equity (earnings) loss of unconsolidated affiliates	(7.0)	(24.6)
Distributions of earnings received from unconsolidated affiliates	7.3	42.2
Risk management activities	182.7	68.2
(Gain) loss from financing activities	49.6	16.6
(Gain) loss from sale of equity method investment	(435.9)	—
Changes in operating assets and liabilities, net of acquisitions:		
Receivables and other assets	(250.9)	31.1
Inventories	(51.2)	126.2
Accounts payable, accrued liabilities and other liabilities	421.6	166.1
Interest payable	(6.7)	4.5
Net cash provided by operating activities	1,383.7	1,303.6
Cash flows from investing activities		
Outlays for property, plant and equipment	(419.5)	(198.9)
Outlays for asset acquisition, net of cash acquired	(203.7)	—
Proceeds from sale of assets	2.3	0.7
Investments in unconsolidated affiliates	(1.5)	(0.4)
Proceeds from sale of equity method investment	857.0	—
Return of capital from unconsolidated affiliates	13.8	11.7
Other, net	—	1.0
Net cash provided by (used in) investing activities	248.4	(185.9)
Cash flows from financing activities		
Debt obligations:		
Proceeds from borrowings under credit facilities	3,425.0	480.0
Repayments of credit facilities	(2,875.0)	(1,145.0)
Proceeds from borrowings under accounts receivable securitization facility	380.0	530.0
Repayments of accounts receivable securitization facility	(130.0)	(520.0)
Proceeds from issuance of senior notes	1,493.6	1,000.0
Redemption of senior notes	(1,473.2)	(1,132.0)
Principal payments of finance leases	(6.7)	(6.2)
Costs incurred in connection with financing arrangements	(27.0)	(9.6)
Repurchase of shares	(146.3)	(8.6)
Contributions from noncontrolling interests	9.0	4.1
Distributions to noncontrolling interests	(176.7)	(251.5)
Repurchase of noncontrolling interests	(926.3)	—
Repurchase of Series A Preferred Stock	(965.2)	—
Dividends paid to common and Series A Preferred shareholders	(217.8)	(92.7)
Net cash provided by (used in) financing activities	(1,636.6)	(1,151.5)
Net change in cash and cash equivalents	(4.5)	(33.8)
Cash and cash equivalents, beginning of period	158.5	242.8
Cash and cash equivalents, end of period	$ 154.0	$ 209.0

See notes to consolidated 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 millions of dollars.

Note 1 — Organization and Operations

Our Organization

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

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

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

Our Operations

The Company is primarily engaged in the business of:

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

See Note 18 – Segment Information for certain financial information regarding our business segments.

Note 2 — Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all information and disclosures required by GAAP. Therefore, this information should be read in conjunction with our consolidated financial statements and notes contained in our Annual Report. The information furnished herein reflects all adjustments that are, in the opinion of management, of a normal recurring nature and considered necessary for a fair statement of the results of the interim periods reported. All intercompany balances and transactions have been eliminated in consolidation. Certain amounts in prior periods have been reclassified to conform to the current year presentation. Operating results for the three and six months ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

Note 3 — Significant Accounting Policies

The accounting policies that we follow are set forth in Note 3 – Significant Accounting Policies of the Notes to Consolidated Financial Statements in our Annual Report. Other than the updates noted below, there were no significant updates or revisions to our accounting policies during the six months ended June 30, 2022.

Recently Adopted Accounting Pronouncements

Revenue Contract Assets and Liabilities Acquired in a Business Combination

In October 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. Amendments in this update require application of ASC 606 to recognize and measure contract assets and contract liabilities from contracts with customers acquired in a business combination. These amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2022, with early adoption permitted. However, an entity that elects to early adopt must apply the amendments to all business combinations that occurred during the fiscal year that includes the interim period. We early adopted the amendments on April 1, 2022 and will apply them to business combinations in 2022 and thereafter. The adoption did not have an effect on our consolidated financial statements during the six months ended June 30, 2022.

Note 4 – Joint Ventures, Acquisitions and Divestitures

DevCo Joint Ventures

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

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

Acquisitions

Southcross Acquisition

In April 2022, we closed on the acquisition of Southcross Energy Operating LLC and its subsidiaries (“Southcross”) for a purchase price of $201.9 million (the “Southcross Acquisition”), subject to customary closing adjustments. We expect to make a final closing adjustment payment of approximately $4 million in the third quarter of 2022. We acquired a portfolio of complementary midstream infrastructure assets and associated contracts that have been integrated into our SouthTX Gathering and Processing operations, including the remaining interests in the two operated joint ventures in South Texas that we previously held as investments in unconsolidated affiliates and have been prospectively consolidated beginning in the second quarter of 2022. We accounted for the purchase as an asset acquisition and have capitalized $1.8 million of acquisition-related costs and assumed liabilities of $1.8 million as components of the cost of assets acquired. We allocated $28.1 million to our purchase of Southcross’ interest in the two operated joint ventures for purposes of consolidation. We allocated $169.7 million, $6.6 million and $5.3 million of the residual cost to property, plant and equipment, current assets and liabilities, net and other non-current assets, respectively.

Subsequent Event

Lucid Acquisition

On July 29, 2022, we closed on the acquisition of all interests in Lucid Energy Delaware, LLC ("Lucid") from Riverstone Holdings LLC and Goldman Sachs Asset Management for approximately $3.55 billion in cash (the "Lucid Acquisition"), subject to customary closing adjustments. Lucid provides natural gas gathering, treating, and processing services in the Delaware Basin, and owns and operates 1,050 miles of natural gas pipelines and approximately 1.4 billion cubic feet per day ("Bcf/d") of cryogenic natural gas processing capacity in service or under construction located primarily in Eddy and Lea counties of New Mexico. Lucid's Delaware Basin assets are integrated into our Permian Delaware operations. At the time of this filing, it is impracticable to disclose all the information required by ASC 805, Business Combinations, as we are in the process of evaluating the purchase accounting and pro forma implications of the transaction.

Divestitures

In May 2022, we completed the sale of Targa GCX Pipeline LLC to a third party for $857.0 million (the "GCX Sale"). As a result of the GCX Sale, we recognized a gain of $435.9 million in Gain (loss) from sale of equity method investment in our Consolidated Statements of Operations during the three and six months ended June 30, 2022.

See Note 6 – Investments in Unconsolidated Affiliates for further discussion on Southcross Acquisition and GCX Sale.

Note 5 — Property, Plant and Equipment and Intangible Assets

	June 30, 2022	December 31, 2021	Estimated Useful Lives (In Years)
Gathering systems	$ 9,542.9	$ 9,318.2	5 to 20
Processing and fractionation facilities	6,508.0	6,388.8	5 to 25
Terminaling and storage facilities	1,335.1	1,313.8	5 to 25
Transportation assets	2,737.8	2,671.0	10 to 50
Other property, plant and equipment	336.5	340.9	3 to 50
Land	169.1	160.8	—
Construction in progress	525.2	347.0	—
Finance lease right-of-use assets	65.7	55.6	5 to 7
Property, plant and equipment	21,220.3	20,596.1	
Accumulated depreciation, amortization and impairment	(9,342.0)	(8,928.4)	
Property, plant and equipment, net	$ 11,878.3	$ 11,667.7	
Intangible assets	2,497.6	2,642.9	10 to 20
Accumulated amortization and impairment	(1,458.8)	(1,548.1)	
Intangible assets, net	$ 1,038.8	$ 1,094.8	

During the three and six months ended June 30, 2022, depreciation expense was $241.9 million and $423.0 million, respectively. During the three and six months ended June 30, 2021, depreciation expense was $179.1 million and $362.5 million, respectively.

Impairments of Long-Lived Assets

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

Intangible Assets

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

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

The changes in our intangible assets are as follows:

	June 30, 2022
Balance at December 31, 2021	$ 1,094.8
Amortization	(56.0)
Balance at June 30, 2022	$ 1,038.8

Note 6 – Investments in Unconsolidated Affiliates

As of June 30, 2022, our investments in unconsolidated affiliates consist of the following:

Gathering and Processing Segment

- a 50% operated ownership interest in Little Missouri 4 LLC ("Little Missouri 4").

Logistics and Transportation Segment

- a 38.8% operated ownership interest in Gulf Coast Fractionators ("GCF"); and
- a 50% operated ownership interest in Cayenne Pipeline LLC ("Cayenne").

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

In April 2022, we closed on the Southcross Acquisition for $201.9 million, subject to customary closing adjustments. We expect to make a final closing adjustment payment of approximately $4 million in the third quarter of 2022. Prior to closing the Southcross Acquisition, we had two operated joint ventures in South Texas: a 75% interest in T2 LaSalle Gathering Company L.L.C. ("T2 LaSalle") and a 50% interest in T2 Eagle Ford Gathering Company L.L.C. ("T2 Eagle Ford" and, together with T2 Lasalle, the "T2 Joint Ventures"). Following the closing of the Southcross Acquisition, we own 100% of the interest in the T2 Joint Ventures.

In May 2022, we completed the GCX Sale for $857.0 million. Prior to the GCX Sale, we owned a 25% non-operated ownership interest in GCX. Following the announcement of the GCX Sale in February 2022, we ceased recognizing equity earnings (loss) due to the terms of the sales agreement. As a result of the GCX Sale, we recognized a gain of $435.9 million in Gain (loss) from sale of equity method investment in our Consolidated Statements of Operations during the three and six months ended June 30, 2022.

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

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

	Balance at December 31, 2021	Equity Earnings (Loss)	Cash Distributions	Disposition/ Consolidation	Contributions	Balance at June 30, 2022
GCX	$ 421.0	$ 5.7	$ (14.3)	$ (412.4)	$ —	$ —
Little Missouri 4	98.1	1.6	(6.0)	—	—	93.7
GCF (1)	28.8	(1.6)	—	—	1.5	28.7
T2 Eagle Ford (2)	21.9	(0.6)	(0.8)	(20.5)	—	—
T2 LaSalle (2)	4.2	(0.3)	—	(3.9)	—	—
Cayenne	12.5	2.2	—	—	—	14.7
Total	$ 586.5	$ 7.0	$ (21.1)	$ (436.8)	$ 1.5	$ 137.1

(1) Targa assumed operatorship of GCF in the first half of 2021.
(2) Following the closing of the Southcross Acquisition in April 2022, the T2 Joint Ventures are 100% owned and consolidated by Targa.

Note 7 — Debt Obligations

	June 30, 2022	December 31, 2021
Current:		
Partnership accounts receivable securitization facility, due April 2023 (1)	$ 400.0	$ 150.0
Finance lease liabilities	14.6	12.8
Current debt obligations	414.6	162.8
Long-term:		
TRGP senior revolving credit facility, variable rate, due February 2027 (2)	550.0	—
Senior unsecured notes issued by TRGP:		
4.200% fixed rate, due February 2033	750.0	—
Unamortized discount	(1.4)	—
4.950% fixed rate, due April 2052	750.0	—
Unamortized discount	(5.0)	—
Senior unsecured notes issued by the Partnership: (3)		
5.875% fixed rate, due April 2026 (4)	—	963.2
5.375% fixed rate, due February 2027 (5)	—	468.1
6.500% fixed rate, due July 2027	705.2	705.2
5.000% fixed rate, due January 2028	700.3	700.3
6.875% fixed rate, due January 2029	679.3	679.3
5.500% fixed rate, due March 2030	949.6	949.6
4.875% fixed rate, due February 2031	1,000.0	1,000.0
4.000% fixed rate, due January 2032	1,000.0	1,000.0
	7,078.0	6,465.7
Debt issuance costs, net of amortization	(51.4)	(45.0)
Finance lease liabilities	19.6	13.7
Long-term debt (6)	7,046.2	6,434.4
Total debt obligations	$ 7,460.8	$ 6,597.2
Irrevocable standby letters of credit: (2)		
Letters of credit outstanding under the TRGP senior revolving credit facility	$ 44.8	$ —
Letters of credit outstanding under the Partnership senior secured revolving credit facility	—	71.3
	$ 44.8	$ 71.3

(1) As of June 30, 2022, the Partnership had $400.0 million of qualifying receivables under its $400.0 million accounts receivable securitization facility (“Securitization Facility”), resulting in zero availability.

(2) In February 2022, we entered into a new $2.75 billion TRGP senior revolving credit facility, (the “TRGP Revolver”) which matures in February 2027. In connection with our entry into the TRGP Revolver, we terminated our previous TRGP senior secured revolving credit facility (the “Previous TRGP Revolver”) and the Partnership’s senior secured revolving credit facility (the “Partnership Revolver”). As of June 30, 2022, availability under the TRGP Revolver was $2.2 billion. As of December 31, 2021, we had no balance outstanding under the Previous TRGP Revolver or the Partnership Revolver.

(3) As of February 2022, we guarantee all of the Partnership’s outstanding senior unsecured notes.

(4) In April 2022, the Partnership redeemed all of the outstanding 5.875% Senior Notes due 2026 (the “5.875% Notes”).

(5) In March 2022, the Partnership redeemed all of the outstanding 5.375% Senior Notes due 2027 (the “5.375% Notes”) with the available liquidity under the TRGP Revolver.

(6) In July 2022, we completed an underwritten public offering of (i) $750.0 million aggregate principal amount of our 5.200% Senior Notes due 2027 (the “5.200% Notes”) and (ii) $500.0 million aggregate principal amount of our 6.250% Senior Notes due 2052 (the “6.250% Notes”), resulting in net proceeds of approximately $1.2 billion.

The following table shows the range of interest rates and weighted average interest rate incurred on our variable-rate debt obligations during the six months ended June 30, 2022:

	Range of Interest Rates Incurred	Weighted Average Interest Rate Incurred
TRGP Revolver	1.5% - 3.1%	2.1%
Securitization Facility	1.1% - 1.7%	1.4%

Compliance with Debt Covenants

As of June 30, 2022, we were in compliance with the covenants contained in our various debt agreements.

In February 2022, we and certain of our subsidiaries entered into a parent guarantee whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of all of the obligations of the Partnership and Targa Resources Partners Finance Corporation (together with the Partnership, the "Partnership Issuers") under the respective indentures governing the Partnership Issuers' senior unsecured notes. As of June 30, 2022, $5.0 billion of the Partnership Issuers' senior unsecured notes was outstanding.

Debt Obligations

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

Partnership's Accounts Receivable Securitization Facility

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

Senior Unsecured Notes Redemptions and Issuances

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

In April 2022, we completed an underwritten public offering of (i) $750.0 million aggregate principal amount of our 4.200% Senior Notes due 2033 (the "4.200% Notes") and (ii) $750.0 million aggregate principal amount of our 4.950% Senior Notes due 2052 (the "4.950% Notes"), resulting in net proceeds of approximately $1.5 billion. The 4.200% Notes and the 4.950% Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by our subsidiaries that guarantee the TRGP Revolver, so long as such subsidiary guarantors satisfy certain conditions. The 4.200% Notes and the 4.950% Notes were issued pursuant to the Indenture, dated as of April 6, 2022, as supplemented by that certain First Supplemental Indenture, dated as of April 6, 2022, among us, such subsidiary guarantors and U.S. Bank Trust Company, National Association, as trustee.

A portion of the net proceeds from the issuance was used to fund the concurrent cash tender offer (the "March Tender Offer") and the subsequent redemption payment of the Partnership's 5.875% Notes, with the remainder of the net proceeds used for repayment of the outstanding borrowings under the TRGP Revolver. As a result of the March Tender Offer and the subsequent redemption of the 5.875% Notes, we recorded a loss due to debt extinguishment of $33.8 million comprised of $29.3 million of premiums paid and a write-off of $4.5 million of debt issuance costs.

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

Shelf Registration

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

Contractual Obligations

The following table summarizes payment obligations as of June 30, 2022, for debt instruments after giving effect to the debt extinguishments detailed above:

	Payments Due By Period				
	Total	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Long-term debt obligations (1)	$ 7,084.4	$ —	$ —	$ 550.0	$ 6,534.4
Interest on debt obligations (2)	1,936.8	268.5	537.1	537.1	594.1
	$ 9,021.2	$ 268.5	$ 537.1	$ 1,087.1	$ 7,128.5

(1) Represents scheduled future maturities of consolidated debt obligations for the periods indicated.
(2) Represents interest expense on debt obligations based on both fixed debt interest rates and prevailing June 30, 2022 rates for floating debt.

Subsequent Events

Senior Unsecured Notes Issuances

In July 2022, we completed an underwritten public offering of (i) $750.0 million in aggregate principal amount of our 5.200% Notes and (ii) $500.0 million in aggregate principal amount of our 6.250% Notes, resulting in net proceeds of approximately $1.2 billion. The 5.200% Notes and the 6.250% Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by our subsidiaries that guarantee the TRGP Revolver, so long as such subsidiary guarantors satisfy certain conditions. The 5.200% Notes and the 6.250% Notes were issued pursuant to the Indenture, dated as of April 6, 2022, as supplemented by that certain Third Supplemental Indenture, dated as of July 7, 2022, among us, such subsidiary guarantors and U.S. Bank Trust Company, National Association, as trustee. We used the net proceeds from the issuance to fund a portion of the Lucid Acquisition.

Term Loan Facility

In July 2022, we entered into the Term Loan Agreement with Mizuho Bank, Ltd. ("Mizuho") as the Administrative Agent and a lender, and other lenders party thereto (the "Term Loan Facility"). The Term Loan Facility provides for a three-year, $1.5 billion unsecured term loan facility. The Term Loan Facility matures in July 2025. We used the proceeds from the Term Loan Facility to fund a portion of the Lucid Acquisition.

The Term Loan Facility bears interest at the Company's option at: (a) the Base Rate (as defined in the Term Loan Facility), which is the highest of the (i) federal funds rate plus 0.5%, (ii) Mizuho's prime rate, and (iii) the Term SOFR (as defined in the Term Loan Facility) rate plus 1.0% (subject in each case to a floor of 0.0%), plus an applicable margin ranging from 0.125% to 0.75% dependent on the Company's non-credit-enhanced senior unsecured long-term debt ratings (or, if no such debt is outstanding at such time, then the corporate, issuer or similar rating with respect to the Company that has been most recently announced) (the "Debt Rating"), or (b) Term SOFR plus 0.10% plus an applicable margin ranging from 1.125% to 1.75% dependent on the Debt Rating.

Our obligations under the Term Loan Facility are guaranteed by substantially all material wholly-owned domestic restricted subsidiaries of the Company, including the Partnership.

The Term Loan Facility requires the Company to maintain a Consolidated Leverage Ratio (as defined in the Term Loan Facility), determined as of the last day of each quarter for the four-fiscal quarter period ending on the date of determination, of no more than 5.50 to 1.00. For any four-fiscal-quarter-period during which a material acquisition or disposition occurs, the total leverage ratio will be determined on a pro forma basis as though such event had occurred as of the first day of such four-fiscal-quarter-period.

The Term Loan Facility limits the Company's ability to make dividends to stockholders if an event of default (as defined in the Term Loan Facility) exists or would result from such distribution. In addition, the Term Loan Facility contains various covenants that may limit, among other things, the Company's ability to incur subsidiary indebtedness, grant liens, make investments, merge or consolidate, and engage in transactions with affiliates.

Commercial Paper Program

In July 2022, we established an unsecured commercial paper note program (the “Commercial Paper Program”). Under the terms of the Commercial Paper Program, we may issue, from time to time, unsecured commercial paper notes with varying maturities of less than one year. Amounts available under the Commercial Paper Program may be issued, repaid and re-issued from time to time, with the maximum aggregate face or principal amount outstanding at any one time not to exceed $2.75 billion. The Commercial Paper Program is guaranteed by each subsidiary that guarantees the TRGP Revolver. We had no amounts outstanding under the Commercial Paper Program as of July 29, 2022.

Note 8 — Other Long-term Liabilities

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

Deferred Revenue

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

Deferred revenue as of June 30, 2022 and December 31, 2021, was $169.4 million and $171.8 million, respectively, which includes $129.0 million of payments received from Vitol Americas Corp. (“Vitol”) (formerly known as Noble Americas Corp.), a subsidiary of Vitol US Holding Co., in 2016, 2017, and 2018 as part of an agreement (the “Splitter Agreement”) related to the construction and operation of a crude oil and condensate splitter. In December 2018, Vitol elected to terminate the Splitter Agreement. The Splitter Agreement provides that the first three annual payments are ours if Vitol elects to terminate, which Vitol disputes. The timing of revenue recognition related to the Splitter Agreement deferred revenue is dependent on the outcome of current litigation with Vitol. Deferred revenue also includes nonmonetary consideration received in a 2015 amendment to a gas gathering and processing agreement and consideration received for other construction activities of facilities connected to our systems. See Note 14 – Contingencies.

Note 9 — Preferred Stock

Preferred Stock Dividends

During the three and six months ended June 30, 2022, we paid $30.0 million and $51.8 million of dividends to preferred shareholders.

Series A Preferred Redemption

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of $1,050.00 per share, plus $8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of $973.4 million (including unpaid dividends of $8.2 million) and the net carrying value of the shares redeemed was $223.7 million, of which $215.5 million was recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated.

Note 10 — Common Stock and Related Matters

Shelf Registration

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

Common Stock Dividends

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

The following table details the dividends declared and/or paid by us to common shareholders for the six months ended June 30, 2022:

Three Months Ended	Date Paid or To Be Paid	Total Common Dividends Declared	Amount of Common Dividends Paid or To Be Paid	Accrued Dividends (1)	Dividends Declared per Share of Common Stock
		(In millions, except per share amounts)			
June 30, 2022	August 15, 2022	$ 80.7	$ 79.3	$ 1.4	$ 0.35000
March 31, 2022	May 16, 2022	81.2	79.8	1.4	0.35000
December 31, 2021	February 15, 2022	81.4	80.1	1.3	0.35000

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

Note 11 — Earnings per Common Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In millions, except per share amounts)			
Net income (loss) attributable to Targa Resources Corp.	$ 596.4	$ 56.2	$ 684.4	$ 202.6
Less: Premium on repurchase of noncontrolling interests, net of tax	—	—	53.1	—
Less: Dividends on Series A Preferred (1)	8.2	21.8	30.0	43.7
Less: Deemed dividends on Series A Preferred (1)	215.5	—	215.5	—
Net income (loss) attributable to common shareholders for basic earnings per share	$ 372.7	$ 34.4	$ 385.8	$ 158.9
Weighted average shares outstanding - basic	227.8	228.6	228.1	228.5
Dilutive effect of unvested stock awards	3.9	2.7	3.9	2.4
Weighted average shares outstanding - diluted	231.7	231.3	232.0	230.9
Net income (loss) available per common share - basic	$ 1.64	$ 0.15	$ 1.69	$ 0.70
Net income (loss) available per common share - diluted	$ 1.61	$ 0.15	$ 1.66	$ 0.69

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Unvested restricted stock awards	0.2	0.3	0.2	0.3
Series A Preferred (1)	16.1	44.3	30.1	44.3

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

Note 12 — Derivative Instruments and Hedging Activities

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

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

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

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

At June 30, 2022, the notional volumes of our commodity derivative contracts were:

Commodity	Instrument	Unit	2022	2023	2024	2025	2026	2027
Natural Gas	Swaps	MMBtu/d	221,773	169,283	91,849	14,341	—	—
Natural Gas	Basis Swaps	MMBtu/d	427,554	315,000	280,000	244,267	55,000	10,000
NGL	Swaps	Bbl/d	49,534	39,781	16,947	960	—	—
NGL	Futures	Bbl/d	9,304	167	—	—	—	—
Condensate	Swaps	Bbl/d	6,497	6,007	2,548	161	—	—

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

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

		Fair Value as of June 30, 2022		Fair Value as of December 31, 2021	
	Balance Sheet Location	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments					
Commodity contracts	Current	$ 72.9	$ (335.9)	$ 25.5	$ (252.6)
	Long-term	18.6	(117.9)	6.2	(84.3)
Total derivatives designated as hedging instruments		$ 91.5	$ (453.8)	$ 31.7	$ (336.9)
Derivatives not designated as hedging instruments					
Commodity contracts	Current	$ 7.9	$ (89.6)	$ 17.6	$ (5.6)
	Long-term	1.9	(114.4)	1.5	(25.0)
Total derivatives not designated as hedging instruments		$ 9.8	$ (204.0)	$ 19.1	$ (30.6)
Total current position		$ 80.8	$ (425.5)	$ 43.1	$ (258.2)
Total long-term position		20.5	(232.3)	7.7	(109.3)
Total derivatives		$ 101.3	$ (657.8)	$ 50.8	$ (367.5)

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

	Gross Presentation			Pro Forma Net Presentation	
June 30, 2022	Asset	Liability	Collateral	Asset	Liability
Current Position					
Counterparties with offsetting positions or collateral	$ 78.9	$ (425.5)	$ (4.7)	$ 3.1	$ (354.4)
Counterparties without offsetting positions - assets	1.9	—	—	1.9	—
Counterparties without offsetting positions - liabilities	—	—	—	—	—
	80.8	(425.5)	(4.7)	5.0	(354.4)
Long-Term Position					
Counterparties with offsetting positions or collateral	17.5	(197.6)	13.8	0.1	(166.4)
Counterparties without offsetting positions - assets	3.0	—	—	3.0	—
Counterparties without offsetting positions - liabilities	—	(34.7)	—	—	(34.7)
	20.5	(232.3)	13.8	3.1	(201.1)
Total Derivatives					
Counterparties with offsetting positions or collateral	96.4	(623.1)	9.1	3.2	(520.8)
Counterparties without offsetting positions - assets	4.9	—	—	4.9	—
Counterparties without offsetting positions - liabilities	—	(34.7)	—	—	(34.7)
	$ 101.3	$ (657.8)	$ 9.1	$ 8.1	$ (555.5)

	Gross Presentation			Pro Forma Net Presentation	
December 31, 2021	Asset	Liability	Collateral	Asset	Liability
Current Position					
Counterparties with offsetting positions or collateral	$ 39.2	$ (241.9)	$ 5.0	$ 0.3	$ (198.0)
Counterparties without offsetting positions - assets	3.9	—	—	3.9	—
Counterparties without offsetting positions - liabilities	—	(16.3)	—	—	(16.3)
	43.1	(258.2)	5.0	4.2	(214.3)
Long-Term Position					
Counterparties with offsetting positions or collateral	7.4	(95.1)	3.1	—	(84.6)
Counterparties without offsetting positions - assets	0.3	—	—	0.3	—
Counterparties without offsetting positions - liabilities	—	(14.2)	—	—	(14.2)
	7.7	(109.3)	3.1	0.3	(98.8)
Total Derivatives					
Counterparties with offsetting positions or collateral	46.6	(337.0)	8.1	0.3	(282.6)
Counterparties without offsetting positions - assets	4.2	—	—	4.2	—
Counterparties without offsetting positions - liabilities	—	(30.5)	—	—	(30.5)
	$ 50.8	$ (367.5)	$ 8.1	$ 4.5	$ (313.1)

Some of our hedges are futures contracts executed through brokers that clear the hedges through an exchange. We maintain a margin deposit with the brokers in an amount sufficient to cover the fair value of our open futures positions. The margin deposit is considered collateral, which is located within Other current assets on our Consolidated Balance Sheets and is not offset against the fair value of our derivative instruments. Our derivative instruments other than our futures contracts are executed under International Swaps and Derivatives Association ("ISDA") agreements, which govern the key terms with our counterparties. Our ISDA agreements contain credit-risk related contingent features. Following the release of the collateral securing our TRGP Revolver, our derivative positions are no longer secured. As of June 30, 2022, we have outstanding net derivative positions that contain credit-risk related contingent features that are in a net liability position of ($555.5) million. We have not been required to post any collateral related to these positions due to our credit rating. If our credit rating was to be downgraded one notch below investment grade by both Moody's and S&P, as defined in our ISDAs, we estimate that as of June 30, 2022, we would be required to post $69.6 million of collateral to certain counterparties per the terms of our ISDAs.

The fair value of our derivative instruments, depending on the type of instrument, was determined by the use of present value methods or standard option valuation models with assumptions about commodity prices based on those observed in underlying markets. The estimated fair value of our derivative instruments was a net liability of ($556.5) million as of June 30, 2022. The estimated fair value is net of an adjustment for credit risk based on the default probabilities as indicated by market quotes for the counterparties' credit default swap rates. The credit risk adjustment was immaterial for all periods presented. Our futures contracts that are cleared through an exchange are margined daily and do not require any credit adjustment.

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

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Commodity contracts	$ 25.2	$ (232.6)	$ (362.1)	$ (404.2)

Location of Gain (Loss)	Gain (Loss) Reclassified from OCI into Income (Effective Portion)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ (157.7)	$ (53.6)	$ (303.5)	$ (203.4)

Based on valuations as of June 30, 2022, we expect to reclassify commodity hedge-related deferred losses of ($362.6) million included in accumulated other comprehensive income (loss) into earnings before income taxes through the end of 2025, with ($263.3) million of losses to be reclassified over the next twelve months.

Our consolidated earnings are also affected by the use of the mark-to-market method of accounting for derivative instruments that do not qualify for hedge accounting or that have not been designated as hedges. The changes in fair value of these instruments are recorded on the balance sheet and through earnings rather than being deferred until the anticipated transaction settles. The use of mark-to-market accounting for financial instruments can cause non-cash earnings volatility due to changes in the underlying commodity price indices. For the three and six months ended June 30, 2022, the unrealized mark-to-market losses are primarily attributable to unfavorable movements in natural gas forward prices, as compared to our positions.

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Gain (Loss) Recognized in Income on Derivatives			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
Commodity contracts	Revenue	$ (19.0)	$ (56.6)	$ (196.1)	$ (41.6)

See Note 13 – Fair Value Measurements and Note 18 – Segment Information for additional disclosures related to derivative instruments and hedging activities.

Note 13 — Fair Value Measurements

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

Fair Value of Derivative Financial Instruments

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

The fair values of our derivative instruments are sensitive to changes in forward pricing on natural gas, NGLs and crude oil. The financial position of these derivatives at June 30, 2022, a net liability position of ($556.5) million, reflects the present value, adjusted for counterparty credit risk, of the amount we expect to receive or pay in the future on our derivative contracts. If forward pricing on natural gas, NGLs and crude oil were to increase by 10%, the result would be a fair value reflecting a net liability of ($791.3) million. If forward pricing on natural gas, NGLs and crude oil were to decrease by 10%, the result would be a fair value reflecting a net liability of ($321.7) million.

Fair Value of Other Financial Instruments

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

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

Fair Value Hierarchy

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

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

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

	June 30, 2022				
	Carrying Value	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial Instruments Recorded on Our Consolidated Balance Sheets at Fair Value:					
Assets from commodity derivative contracts (1)	$ 99.6	$ 99.6	$ —	$ 99.6	$ —
Liabilities from commodity derivative contracts (1)	656.1	656.1	—	656.1	—
Financial Instruments Recorded on Our Consolidated Balance Sheets at Carrying Value:					
Cash and cash equivalents	154.0	154.0	—	—	—
TRGP Revolver	550.0	550.0	—	550.0	—
TRGP Senior unsecured notes	1,493.6	1,321.1	—	1,321.1	—
Partnership's Senior unsecured notes	5,034.4	4,761.5	—	4,761.5	—
Securitization Facility	400.0	400.0	—	400.0	—

	December 31, 2021				
	Carrying Value	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial Instruments Recorded on Our Consolidated Balance Sheets at Fair Value:					
Assets from commodity derivative contracts (1)	$ 46.6	$ 46.6	$ —	$ 46.6	$ —
Liabilities from commodity derivative contracts (1)	363.3	363.3	—	363.3	—
Financial Instruments Recorded on Our Consolidated Balance Sheets at Carrying Value:					
Cash and cash equivalents	158.5	158.5	—	—	—
Partnership's Senior unsecured notes	6,465.7	6,924.5	—	6,924.5	—
Securitization Facility	150.0	150.0	—	150.0	—

(1) The fair value of derivative contracts in this table is presented on a different basis than the Consolidated Balance Sheets presentation as disclosed in Note 12 – Derivative Instruments and Hedging Activities. The above fair values reflect the total value of each derivative contract taken as a whole, whereas the Consolidated Balance Sheets presentation is based on the individual maturity dates of estimated future settlements. As such, an individual contract could have both an asset and liability position when segregated into its current and long-term portions for Consolidated Balance Sheets classification purposes.

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

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

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

The significant unobservable inputs used in the fair value measurements of our Level 3 derivatives were (i) the forward natural gas liquids pricing curves, for which a significant portion of the derivative's term is beyond available forward pricing and (ii) implied volatilities, which are unobservable as a result of inactive natural gas liquids options trading. As of June 30, 2022 and December 31, 2021, we had no derivative contracts categorized as Level 3.

Note 14 — Contingencies

Legal Proceedings

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

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

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

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

Note 15 — Revenue

Fixed consideration allocated to remaining performance obligations

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

	2022	2023	2024 and after
Fixed consideration to be recognized as of June 30, 2022	$ 227.7	$ 413.3	$ 2,357.4

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

For disclosures related to disaggregated revenue, see Note 18 – Segment Information.

Note 16 — Income Taxes

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

As of June 30, 2022, our valuation allowance was $130.8 million, a decrease of $79.8 million from December 31, 2021. After the change in valuation allowance, we have a net deferred tax liability of $213.4 million.

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

In January 2022, the Internal Revenue Service ("IRS") notified us that it will examine Targa's net operating loss carryback previously claimed under the Coronavirus Aid, Relief and Economic Security Act. We have responded to information requests from the IRS and do not anticipate material changes in prior year taxable income.

On October 6, 2021 and April 7, 2022, we received notice from the IRS that it intends to audit three direct and indirectly wholly-owned subsidiaries of the Company (Targa Resources Partners LP, Targa Downstream LLC and Targa Midstream Services LLC) treated as partnerships for federal tax purposes for the 2019 and 2020 tax years. We are responding to the information requests from the IRS on these audits. The Company is not aware of any potential audit findings that would give rise to adjustments to taxable income and does not anticipate material changes related to these audits.

Note 17 — Supplemental Cash Flow Information

	Six Months Ended June 30,	
	2022	2021
Cash:		
Interest paid, net of capitalized interest (1)	$ 180.5	$ 182.6
Income taxes (received) paid, net	1.1	1.0
Non-cash investing activities:		
Impact of capital expenditure accruals on property, plant and equipment, net	$ (13.3)	$ (0.3)
Transfers from materials and supplies inventory to property, plant and equipment	—	0.4
Non-cash financing activities:		
Changes in accrued distributions to noncontrolling interests	$ (17.9)	$ (27.7)

(1) Interest capitalized on major projects was $5.5 million and $1.7 million for the six months ended June 30, 2022 and 2021.

Note 18 — Segment Information

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

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

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

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

Reportable segment information is shown in the following tables:

	Three Months Ended June 30, 2022				
	Gathering and Processing	Logistics and Transportation	Other	Corporate and Eliminations	Total
Revenues					
Sales of commodities	$ 261.9	$ 5,366.8	$ (4.5)	$ —	$ 5,624.2
Fees from midstream services	251.6	180.0	—	—	431.6
	513.5	5,546.8	(4.5)	—	6,055.8
Intersegment revenues					
Sales of commodities	2,656.6	131.6	—	(2,788.2)	—
Fees from midstream services	(0.5)	12.0	—	(11.5)	—
	2,656.1	143.6	—	(2,799.7)	—
Revenues	$ 3,169.6	$ 5,690.4	$ (4.5)	$ (2,799.7)	$ 6,055.8
Operating margin (1)	$ 474.7	$ 322.3	$ (4.5)		
Other financial information:					
Total assets (2)	$ 8,253.4	$ 6,915.0	$ 0.8	$ 165.1	$ 15,334.3
Goodwill	$ 45.2	$ —	$ —	$ —	$ 45.2
Capital expenditures	$ 196.7	$ 42.6	$ —	$ 4.4	$ 243.7

(1) Operating margin is calculated by subtracting Product purchases and fuel and Operating expenses from Revenues.
(2) Assets in the Corporate and Eliminations column primarily include tax-related assets, cash, prepaids and debt issuance costs for our revolving credit facilities.

	Three Months Ended June 30, 2021				
	Gathering and Processing	Logistics and Transportation	Other	Corporate and Eliminations	Total
Revenues					
Sales of commodities	$ 147.3	$ 3,014.8	$ (70.5)	$ —	$ 3,091.6
Fees from midstream services	171.8	152.5	—	—	324.3
	319.1	3,167.3	(70.5)	—	3,415.9
Intersegment revenues					
Sales of commodities	1,184.7	92.6	—	(1,277.3)	—
Fees from midstream services	0.6	7.4	—	(8.0)	—
	1,185.3	100.0	—	(1,285.3)	—
Revenues	$ 1,504.4	$ 3,267.3	$ (70.5)	$ (1,285.3)	$ 3,415.9
Operating margin (1)	$ 301.2	$ 291.4	$ (70.5)		
Other financial information:					
Total assets (2)	$ 8,494.2	$ 6,687.2	$ 46.8	$ 183.6	$ 15,411.8
Goodwill	$ 45.2	$ —	$ —	$ —	$ 45.2
Capital expenditures	$ 114.0	$ 14.8	$ —	$ (13.3)	$ 115.5

(1) Operating margin is calculated by subtracting Product purchases and fuel and Operating expenses from Revenues.
(2) Assets in the Corporate and Eliminations column primarily include tax-related assets, cash, prepaids and debt issuance costs for our revolving credit facilities.

	Six Months Ended June 30, 2022				
	Gathering and Processing	Logistics and Transportation	Other	Corporate and Eliminations	Total
Revenues					
Sales of commodities	$ 396.4	$ 9,976.6	$ (182.7)	$ —	$ 10,190.3
Fees from midstream services	462.2	362.4	—	—	824.6
	858.6	10,339.0	(182.7)	—	11,014.9
Intersegment revenues					
Sales of commodities	4,687.2	255.8	—	(4,943.0)	—
Fees from midstream services	(0.2)	22.6	—	(22.4)	—
	4,687.0	278.4	—	(4,965.4)	—
Revenues	$ 5,545.6	$ 10,617.4	$ (182.7)	$ (4,965.4)	$ 11,014.9
Operating margin (1)	$ 872.3	$ 674.5	$ (182.7)		
Other financial information:					
Total assets (2)	$ 8,253.4	$ 6,915.0	$ 0.8	$ 165.1	$ 15,334.3
Goodwill	$ 45.2	$ —	$ —	$ —	$ 45.2
Capital expenditures	$ 329.7	$ 67.8	$ —	$ 8.7	$ 406.2

(1) Operating margin is calculated by subtracting Product purchases and fuel and Operating expenses from Revenues.
(2) Assets in the Corporate and Eliminations column primarily include tax-related assets, cash, prepaids and debt issuance costs for our revolving credit facilities.

	Six Months Ended June 30, 2021				
	Gathering and Processing	Logistics and Transportation	Other	Corporate and Eliminations	Total
Revenues					
Sales of commodities	$ 289.8	$ 6,238.6	$ (69.1)	$ —	$ 6,459.3
Fees from midstream services	291.3	298.1	—	—	589.4
	581.1	6,536.7	(69.1)	—	7,048.7
Intersegment revenues					
Sales of commodities	2,154.4	175.2	—	(2,329.6)	—
Fees from midstream services	2.1	15.3	—	(17.4)	—
	2,156.5	190.5	—	(2,347.0)	—
Revenues	$ 2,737.6	$ 6,727.2	$ (69.1)	$ (2,347.0)	$ 7,048.7
Operating margin (1)	$ 576.6	$ 640.1	$ (69.1)		
Other financial information:					
Total assets (2)	$ 8,494.2	$ 6,687.2	$ 46.8	$ 183.6	$ 15,411.8
Goodwill	$ 45.2	$ —	$ —	$ —	$ 45.2
Capital expenditures	$ 183.5	$ 25.2	$ —	$ (9.7)	$ 199.0

(1) Operating margin is calculated by subtracting Product purchases and fuel and Operating expenses from Revenues.
(2) Assets in the Corporate and Eliminations column primarily include tax-related assets, cash, prepaids and debt issuance costs for our revolving credit facilities.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Sales of commodities:				
Revenue recognized from contracts with customers:				
Natural gas	$ 1,531.7	$ 613.8	$ 2,496.0	$ 1,455.2
NGL	4,096.4	2,499.1	7,903.0	5,093.6
Condensate and crude oil	172.8	88.9	290.9	155.5
	5,800.9	3,201.8	10,689.9	6,704.3
Non-customer revenue:				
Derivative activities - Hedge	(157.7)	(53.6)	(303.5)	(203.4)
Derivative activities - Non-hedge (1)	(19.0)	(56.6)	(196.1)	(41.6)
	(176.7)	(110.2)	(499.6)	(245.0)
Total sales of commodities	5,624.2	3,091.6	10,190.3	6,459.3
Fees from midstream services:				
Revenue recognized from contracts with customers:				
Gathering and processing	247.1	168.0	453.4	284.3
NGL transportation, fractionation and services	66.9	45.6	132.7	92.8
Storage, terminaling and export	101.9	96.5	202.8	185.4
Other	15.7	14.2	35.7	26.9
Total fees from midstream services	431.6	324.3	824.6	589.4
Total revenues	$ 6,055.8	$ 3,415.9	$ 11,014.9	$ 7,048.7

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Reconciliation of reportable segment operating margin to income (loss) before income taxes:				
Gathering and Processing operating margin	$ 474.7	$ 301.2	$ 872.3	$ 576.6
Logistics and Transportation operating margin	322.3	291.4	674.5	640.1
Other operating margin	(4.5)	(70.5)	(182.7)	(69.1)
Depreciation and amortization expense	(269.9)	(211.9)	(479.0)	(428.0)
General and administrative expense	(71.0)	(63.7)	(138.0)	(125.1)
Interest expense, net	(81.2)	(94.8)	(174.7)	(193.2)
Equity earnings (loss)	1.4	12.8	7.0	24.6
Gain (loss) on sale or disposition of assets	0.6	0.4	1.6	0.2
Write-down of assets	(0.5)	(1.1)	(1.0)	(4.7)
Gain (loss) from financing activities	(33.8)	(1.9)	(49.6)	(16.6)
Gain (loss) from sale of equity method investment	435.9	—	435.9	—
Other, net	0.7	0.1	—	0.1
Income (loss) before income taxes	$ 774.7	$ 162.0	$ 966.3	$ 404.9

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

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

Overview

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

Our Operations

We are engaged primarily in the business of:

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

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

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

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

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

Recent Developments

Permian Midland Processing Expansion

In August 2021, in response to increasing production and to meet the infrastructure needs of producers, we announced the construction of a new 275 MMcf/d cryogenic natural gas processing plant in Permian Midland (the "Legacy plant"). The Legacy plant is expected to begin operations late in the third quarter of 2022.

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

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

Permian Delaware Processing Expansion

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

Fractionation Expansion

In August 2022, we announced plans to construct a new 120 MBbl/d fractionation train in Mont Belvieu, Texas (“Train 9”). Train 9 is expected to begin operations in the second quarter of 2024.

Capital Investments and Divestitures

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

In April 2022, we closed on the bolt-on acquisition of Southcross Energy Operating LLC and its subsidiaries (“Southcross”) for a purchase price of $201.9 million (the “Southcross Acquisition”), subject to customary closing adjustments. We expect to make a final closing adjustment payment of approximately $4 million in the third quarter of 2022. We acquired a portfolio of complementary midstream infrastructure assets and associated contracts that have been integrated into our SouthTX Gathering and Processing operations, including the remaining interests in the two operated joint ventures in South Texas that we previously held as investments in unconsolidated affiliates and have been prospectively consolidated beginning in the second quarter of 2022. See Note 4 - Joint Ventures, Acquisitions and Divestitures and Note 6 - Investments in Unconsolidated Affiliates to our Consolidated Financial Statements.

In May 2022, we completed the sale of Targa GCX Pipeline LLC to a third party for $857.0 million (the “GCX Sale”). As a result of the GCX Sale, we recognized a gain of $435.9 million in Gain (loss) from sale of equity method investment in our Consolidated Statements of Operations during the three and six months ended June 30, 2022.

On July 29, 2022, we closed on the acquisition of Lucid Energy Delaware, LLC (“Lucid”) from Riverstone Holdings LLC and Goldman Sachs Asset Management for approximately $3.55 billion in cash (the “Lucid Acquisition”), subject to customary closing adjustments. Lucid provides natural gas gathering, treating, and processing services in the Delaware Basin, and owns and operates 1,050 miles of natural gas pipelines and approximately 1.4 billion cubic feet per day (“Bcf/d”) of cryogenic natural gas processing capacity in service or under construction located primarily in Eddy and Lea counties of New Mexico. Lucid’s Delaware Basin assets are integrated into our Permian Delaware operations.

Common Share Repurchases and Preferred Stock Redemption

During the second quarter of 2022, we repurchased 1,121,925 shares of our common stock at a weighted average price of $66.07 for a total net cost of $74.1 million. From July 1 through July 29, 2022, we repurchased 512,336 shares of our common stock at a weighted average price of $58.57 for a total net cost of $30.0 million. There was $214.7 million remaining under our $500 million common share repurchase program as of July 29, 2022.

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of $1,050.00 per share, plus $8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of $973.4 million (including unpaid dividends of $8.2 million) and the net carrying value of the shares redeemed was $223.7 million, of which $215.5 million was recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A

Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated. See Note 9 - Preferred Stock to our Consolidated Financial Statements.

Financing Activities

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

In February 2022, we and certain of our subsidiaries entered into a parent guarantee whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of all of the obligations of the Partnership and Targa Resources Partners Finance Corporation (together with the Partnership, the “Partnership Issuers”) under the respective indentures governing the Partnership Issuers’ senior unsecured notes. As of June 30, 2022, $5.0 billion of the Partnership Issuers’ senior unsecured notes was outstanding.

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

In April 2022, we completed an underwritten public offering of (i) $750.0 million aggregate principal amount of our 4.200% Senior Notes due 2033 (the “4.200% Notes”) and (ii) $750.0 million aggregate principal amount of our 4.950% Senior Notes due 2052 (the “4.950% Notes”), resulting in net proceeds of approximately $1.5 billion. A portion of the net proceeds from the issuance was used to fund the concurrent cash tender offer (the “March Tender Offer”) and the subsequent redemption payment of the Partnership’s 5.875% Senior Notes due 2026 (the “5.875% Notes”), with the remainder of the net proceeds used for repayment of the outstanding borrowings under the TRGP Revolver. As a result of the March Tender Offer and the subsequent redemption of the 5.875% Notes, we recorded a loss due to debt extinguishment of $33.8 million comprised of $29.3 million of premiums paid and a write-off of $4.5 million of debt issuance costs.

In April 2022, the Partnership amended the $400.0 million accounts receivable securitization facility (“Securitization Facility”) to, among other things, extend the facility termination date to April 19, 2023 and replace the LIBOR-based interest rate option with SOFR-based interest rate options, including term SOFR and daily simple SOFR.

In July 2022, we completed an underwritten public offering of (i) $750.0 million in aggregate principal amount of our 5.200% Senior Notes due 2027 (the “5.200% Notes”) and (ii) $500.0 million in aggregate principal amount of our 6.250% Senior Notes due 2052 (the “6.250% Notes”), resulting in net proceeds of approximately $1.2 billion. We used the net proceeds from the issuance to fund a portion of the Lucid Acquisition.

In July 2022, we entered into the Term Loan Agreement with Mizuho Bank, Ltd. as the Administrative Agent and a lender, and other lenders party thereto (the “Term Loan Facility”). The Term Loan Facility provides for a three-year, $1.5 billion unsecured term loan facility. The Term Loan Facility matures in July 2025. We used the proceeds to fund a portion of the Lucid Acquisition.

In July 2022, we established an unsecured commercial paper note program (the “Commercial Paper Program”). Under the terms of the Commercial Paper Program, we may issue, from time to time, unsecured commercial paper notes with varying maturities of less than one year. Amounts available under the Commercial Paper Program may be issued, repaid and re-issued from time to time, with the maximum aggregate face or principal amount outstanding at any one time not to exceed $2.75 billion. The Commercial Paper Program is guaranteed by each subsidiary that guarantees the TRGP Revolver. We had no amounts outstanding under the Commercial Paper Program as of July 29, 2022.

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

Corporation Tax Matters

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

On October 6, 2021 and April 7, 2022, we received notice from the IRS that it intends to audit three direct and indirectly wholly-owned subsidiaries of the Company (Targa Resources Partners LP, Targa Downstream LLC and Targa Midstream Services LLC) treated as partnerships for federal tax purposes for the 2019 and 2020 tax years. We are responding to the information requests from the IRS on these audits. The Company is not aware of any potential audit findings that would give rise to adjustments to taxable income and does not anticipate material changes related to these audits.

FERC Regulatory Matters

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

Recent Accounting Pronouncements

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

How We Evaluate Our Operations

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

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

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

Throughput Volumes, Facility Efficiencies and Fuel Consumption

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

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

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

Operating Expenses

Operating expenses are costs associated with the operation of specific assets. Labor, contract services, repair and maintenance and ad valorem taxes comprise the most significant portion of our operating expenses. These expenses remain relatively stable and independent of the volumes through our systems, but may increase with system expansions and will fluctuate depending on the scope of the activities performed during a specific period.

Capital Expenditures

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

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

Non-GAAP Measures

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

Adjusted Operating Margin

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

Gathering and Processing adjusted operating margin consists primarily of:

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

Logistics and Transportation adjusted operating margin consists primarily of:

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

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

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

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

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

Adjusted EBITDA

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

Distributable Cash Flow and Adjusted Free Cash Flow

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

Our Non-GAAP Financial Measures

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In millions)			
Reconciliation of Net income (loss) attributable to Targa Resources Corp. to Adjusted EBITDA, Distributable Cash Flow and Adjusted Free Cash Flow				
Net income (loss) attributable to Targa Resources Corp.	$ 596.4	$ 56.2	$ 684.4	$ 202.6
Interest (income) expense, net	81.2	94.8	174.7	193.2
Income tax expense (benefit)	87.1	6.6	110.1	21.6
Depreciation and amortization expense	269.9	211.9	479.0	428.0
(Gain) loss on sale or disposition of assets	(0.6)	(0.4)	(1.6)	(0.2)
Write-down of assets	0.5	1.1	1.0	4.7
(Gain) loss from financing activities (1)	33.8	1.9	49.6	16.6
(Gain) loss from sale of equity method investment	(435.9)	—	(435.9)	—
Equity (earnings) loss	(1.4)	(12.8)	(7.0)	(24.6)
Distributions from unconsolidated affiliates and preferred partner interests, net	6.8	26.9	19.3	60.2
Compensation on equity grants	13.8	15.0	27.3	29.9
Risk management activities	4.5	69.7	182.7	68.2
Noncontrolling interests adjustments (2)	10.3	(10.9)	8.5	(24.5)
Adjusted EBITDA	**$ 666.4**	**$ 460.0**	**$ 1,292.1**	**$ 975.7**
Interest expense on debt obligations (3)	(90.7)	(95.5)	(182.2)	(194.2)
Maintenance capital expenditures, net (4)	(39.7)	(24.2)	(77.4)	(43.2)
Cash taxes	(2.6)	(0.8)	(4.3)	(1.3)
Distributable Cash Flow	**$ 533.4**	**$ 339.5**	**$ 1,028.2**	**$ 737.0**
Growth capital expenditures, net (4)	(199.3)	(83.4)	(320.7)	(144.4)
Adjusted Free Cash Flow	**$ 334.1**	**$ 256.1**	**$ 707.5**	**$ 592.6**

(1) Gains or losses on debt repurchases or early debt extinguishments.
(2) Noncontrolling interest portion of depreciation and amortization expense.
(3) Excludes amortization of interest expense.
(4) Represents capital expenditures, net of contributions from noncontrolling interests and includes net contributions to investments in unconsolidated affiliates.

Consolidated Results of Operations

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	2022 vs. 2021		Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	2022 vs. 2021	
	(In millions)							
Revenues:								
Sales of commodities	$ 5,624.2	$ 3,091.6	$ 2,532.6	82%	$ 10,190.3	$ 6,459.3	$ 3,731.0	58%
Fees from midstream services	431.6	324.3	107.3	33%	824.6	589.4	235.2	40%
Total revenues	6,055.8	3,415.9	2,639.9	77%	11,014.9	7,048.7	3,966.2	56%
Product purchases and fuel	5,047.3	2,709.0	2,338.3	86%	9,251.5	5,545.3	3,706.2	67%
Operating expenses	215.8	184.8	31.0	17%	399.3	355.8	43.5	12%
Depreciation and amortization expense	269.9	211.9	58.0	27%	479.0	428.0	51.0	12%
General and administrative expense	71.0	63.7	7.3	11%	138.0	125.1	12.9	10%
Other operating (income) expense	(0.1)	0.7	(0.8)	(114%)	(0.6)	4.6	(5.2)	(113%)
Income (loss) from operations	451.9	245.8	206.1	84%	747.7	589.9	157.8	27%
Interest expense, net	(81.2)	(94.8)	13.6	14%	(174.7)	(193.2)	18.5	10%
Equity earnings (loss)	1.4	12.8	(11.4)	(89%)	7.0	24.6	(17.6)	(72%)
Gain (loss) from financing activities	(33.8)	(1.9)	(31.9)	NM	(49.6)	(16.6)	(33.0)	199%
Gain (loss) from sale of equity method investment	435.9	—	435.9	100%	435.9	—	435.9	100%
Other, net	0.5	0.1	0.4	NM	—	0.2	(0.2)	(100%)
Income tax (expense) benefit	(87.1)	(6.6)	(80.5)	NM	(110.1)	(21.6)	(88.5)	NM
Net income (loss)	687.6	155.4	532.2	NM	856.2	383.3	472.9	123%
Less: Net income (loss) attributable to noncontrolling interests	91.2	99.2	(8.0)	(8%)	171.8	180.7	(8.9)	(5%)
Net income (loss) attributable to Targa Resources Corp.	596.4	56.2	540.2	NM	684.4	202.6	481.8	238%
Premium on repurchase of noncontrolling interests, net of tax	—	—	—	—	53.1	—	53.1	100%
Dividends on Series A Preferred Stock	8.2	21.8	(13.6)	(62%)	30.0	43.7	(13.7)	(31%)
Deemed dividends on Series A Preferred Stock	215.5	—	215.5	100%	215.5	—	215.5	100%
Net income (loss) attributable to common shareholders	$ 372.7	$ 34.4	$ 338.3	NM	$ 385.8	$ 158.9	$ 226.9	143%
Financial data:								
Adjusted EBITDA (1)	$ 666.4	$ 460.0	$ 206.4	45%	$ 1,292.1	$ 975.7	$ 316.4	32%
Distributable cash flow (1)	533.4	339.5	193.9	57%	1,028.2	737.0	291.2	40%
Adjusted free cash flow (1)	334.1	256.1	78.0	30%	707.5	592.6	114.9	19%

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

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

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

The increase in commodity sales reflects higher NGL, natural gas and condensate prices ($2,506.1 million) and higher NGL and natural gas volumes ($98.0 million), partially offset by the unfavorable impact of hedges ($66.5 million).

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

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

The increase in operating expenses was due to higher labor and maintenance costs primarily due to increased activity, system expansions and inflation.

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

The increase in depreciation and amortization expense is primarily due to the impact of system expansions on our asset base and the shortening of the depreciable lives of certain assets that have been, or will be, idled.

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

The decrease in interest expense, net is primarily due to higher non-cash interest income related to a decrease in the mandatorily redeemable preferred interest liability.

The decrease in equity earnings is primarily due to the GCX Sale and lower earnings from our investment in Little Missouri 4 LLC, partially offset by lower losses from our investments in T2 Eagle Ford Gathering Company L.L.C., Gulf Coast Fractionators and T2 LaSalle Gathering Company L.L.C. See Note 4 – Joint Ventures, Acquisitions and Divestitures to our Consolidated Financial Statements for further discussion.

During 2022, the Partnership redeemed the 5.875% Notes, resulting in a net loss from financing activities. During 2021, the Partnership redeemed the 4.250% Senior Notes due 2023 (the "4.250% Notes"), resulting in a net loss from financing activities. See Note 7 – Debt Obligations for further discussion.

During 2022, we completed the GCX Sale resulting in a gain from sale of an equity method investment. See Note 4 – Joint Ventures, Acquisitions and Divestitures for further discussion.

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

During 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred. The difference between the consideration paid of $973.4 million (including unpaid dividends of $8.2 million) and the net carrying value of the shares redeemed was $223.7 million, of which $215.5 million was recorded as deemed dividends. Dividends on Series A Preferred decreased as a result of the redemption. See Note 9 – Preferred Stock for further discussion.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

The increase in commodity sales reflects higher NGL, natural gas and condensate prices ($3,890.3 million) and higher NGL and natural gas volumes ($100.0 million), partially offset by the unfavorable impact of hedges ($254.5 million).

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

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

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

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

The increase in depreciation and amortization expense is primarily due to system expansions on our asset base and the shortening of the depreciable lives of certain assets that have been, or will be, idled, partially offset by a lower depreciable base associated with assets that were impaired during the fourth quarter of 2021.

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

The decrease in interest expense, net is primarily due to higher non-cash interest income related to a decrease in the mandatorily redeemable preferred interest liability, lower interest rates on debt and higher capitalized interest.

The decrease in equity earnings is primarily due to the GCX Sale and lower earnings from our investment in Little Missouri 4 LLC, partially offset by lower losses from our investments in T2 Eagle Ford Gathering Company L.L.C., Gulf Coast Fractionators and T2 LaSalle Gathering Company L.L.C. See Note 4 – Joint Ventures, Acquisitions and Divestitures to our Consolidated Financial Statements for further discussion.

During 2022, we terminated the Previous TRGP Revolver and the Partnership Revolver. In addition, the Partnership redeemed the 5.375% Notes and 5.875% Notes. These transactions resulted in a net loss from financing activities. During 2021, the Partnership redeemed its 5.125% Senior Notes due 2025 and the 4.250% Notes. In addition, Targa Pipeline Partners LP redeemed its 4.750% Senior Notes due 2021 and the 5.875% Senior Notes due 2023. These transactions resulted in a net loss from financing activities. See Note 7 – Debt Obligations for further discussion.

During 2022, we completed the GCX Sale resulting in a gain from sale of an equity method investment. See Note 4 – Joint Ventures, Acquisitions and Divestitures for further discussion.

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

During 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred. The difference between the consideration paid of $973.4 million (including unpaid dividends of $8.2 million) and the net carrying value of the shares redeemed was $223.7 million, of which $215.5 million was recorded as deemed dividends. Dividends on Series A Preferred decreased as a result of the redemption. See Note 9 – Preferred Stock for further discussion.

Results of Operations—By Reportable Segment

Our operating margins by reportable segment are:

		Gathering and Processing	Logistics and Transportation	Other
			(In millions)	
Three Months Ended:				
	June 30, 2022	$ 474.7	$ 322.3	$ (4.5)
	June 30, 2021	301.2	291.4	(70.5)
Six Months Ended:				
	June 30, 2022	$ 872.3	$ 674.5	$ (182.7)
	June 30, 2021	576.6	640.1	(69.1)

Gathering and Processing Segment

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
	(In millions, except operating statistics and price amounts)							
Operating margin	$ 474.7	$ 301.2	$ 173.5	58%	$ 872.3	$ 576.6	$ 295.7	51%
Operating expenses	141.4	115.1	26.3	23%	258.0	220.5	37.5	17%
Adjusted operating margin	$ 616.1	$ 416.3	$ 199.8	48%	$ 1,130.3	$ 797.1	$ 333.2	42%
Operating statistics (1):								
Plant natural gas inlet, MMcf/d (2),(3)								
Permian Midland (4)	2,132.0	1,929.7	202.3	10%	2,103.7	1,794.7	309.0	17%
Permian Delaware	993.3	836.2	157.1	19%	985.1	787.2	197.9	25%
Total Permian	3,125.3	2,765.9	359.4		3,088.8	2,581.9	506.9	
SouthTX (5)	271.2	194.9	76.3	39%	216.9	185.7	31.2	17%
North Texas	175.3	181.4	(6.1)	(3%)	175.3	178.4	(3.1)	(2%)
SouthOK (5)	460.4	411.4	49.0	12%	434.0	393.4	40.6	10%
WestOK	212.0	212.5	(0.5)	—	207.2	207.6	(0.4)	—
Total Central	1,118.9	1,000.2	118.7		1,033.4	965.1	68.3	
Badlands (5) (6)	129.4	143.4	(14.0)	(10%)	127.2	139.1	(11.9)	(9%)
Total Field	4,373.6	3,909.5	464.1		4,249.4	3,686.1	563.3	
Coastal	553.6	616.6	(63.0)	(10%)	577.7	634.5	(56.8)	(9%)
Total	4,927.2	4,526.1	401.1	9%	4,827.1	4,320.6	506.5	12%
NGL production, MBbl/d (3)								
Permian Midland (4)	310.6	279.4	31.2	11%	305.7	258.4	47.3	18%
Permian Delaware	135.8	111.7	24.1	22%	132.8	104.1	28.7	28%
Total Permian	446.4	391.1	55.3		438.5	362.5	76.0	
SouthTX (5)	33.5	25.8	7.7	30%	26.9	21.7	5.2	24%
North Texas	19.6	20.4	(0.8)	(4%)	19.4	19.8	(0.4)	(2%)
SouthOK (5)	55.8	50.4	5.4	11%	53.1	47.1	6.0	13%
WestOK	16.6	17.0	(0.4)	(2%)	15.8	16.5	(0.7)	(4%)
Total Central	125.5	113.6	11.9		115.2	105.1	10.1	
Badlands (5)	14.7	16.2	(1.5)	(9%)	14.7	15.9	(1.2)	(8%)
Total Field	586.6	520.9	65.7		568.4	483.5	84.9	
Coastal	36.7	35.7	1.0	3%	36.9	37.8	(0.9)	(2%)
Total	623.3	556.6	66.7	12%	605.3	521.3	84.0	16%
Crude oil, Badlands, MBbl/d	111.8	138.9	(27.1)	(20%)	117.2	137.6	(20.4)	(15%)
Crude oil, Permian, MBbl/d	28.8	36.7	(7.9)	(22%)	29.7	35.8	(6.1)	(17%)
Natural gas sales, BBtu/d (3)	2,277.1	2,207.5	69.6	3%	2,202.1	2,082.4	119.7	6%
NGL sales, MBbl/d (3)	440.4	391.9	48.5	12%	432.7	370.5	62.2	17%
Condensate sales, MBbl/d	15.7	15.2	0.5	3%	15.0	15.2	(0.2)	(1%)
Average realized prices - inclusive of hedges (7):								
Natural gas, $/MMBtu	6.12	2.45	3.67	150%	5.15	2.48	2.67	108%
NGL, $/gal	0.89	0.51	0.38	75%	0.84	0.49	0.35	71%
Condensate, $/Bbl	103.10	59.06	44.04	75%	90.06	52.97	37.09	70%

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

(2) Plant natural gas inlet represents our undivided interest in the volume of natural gas passing through the meter located at the inlet of a natural gas processing plant, other than Badlands.

(3) Plant natural gas inlet volumes and gross NGL production volumes include producer take-in-kind volumes, while natural gas sales and NGL sales exclude producer take-in-kind volumes.

(4) Permian Midland includes operations in WestTX, of which we own 72.8% undivided interest, and other plants that are owned 100% by us. Operating results for the WestTX undivided interest assets are presented on a pro-rata net basis in our reported financials.

(5) Operations include facilities that are not wholly owned by us.

(6) Badlands natural gas inlet represents the total wellhead volume and includes the Targa volumes processed at the Little Missouri 4 plant.

(7) Average realized prices include the effect of realized commodity hedge gain/loss attributable to our equity volumes. The price is calculated using total commodity sales plus the hedge gain/loss as the numerator and total sales volume as the denominator.

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

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	(In millions, except volumetric data and price amounts)					
	Volume Settled	Price Spread (1)	Gain (Loss)	Volume Settled	Price Spread (1)	Gain (Loss)
Natural gas (BBtu)	16.7	$ (3.29)	$ (54.9)	18.1	$ (0.71)	$ (12.8)
NGL (MMgal)	164.4	(0.47)	(77.9)	133.8	(0.18)	(24.4)
Crude oil (MBbl)	0.5	(51.00)	(25.5)	0.5	(12.69)	(6.7)
			$ (158.3)			$ (43.9)

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

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	(In millions, except volumetric data and price amounts)					
	Volume Settled	Price Spread (1)	Gain (Loss)	Volume Settled	Price Spread (1)	Gain (Loss)
Natural gas (BBtu)	34.2	$ (2.52)	$ (86.1)	36.1	$ (0.72)	$ (26.0)
NGL (MMgal)	334.8	(0.47)	(155.8)	269.6	(0.17)	(46.9)
Crude oil (MBbl)	1.0	(45.20)	(45.2)	1.1	(8.32)	(8.9)
			$ (287.1)			$ (81.8)

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

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

The increase in adjusted operating margin was due to higher realized commodity prices, natural gas inlet volumes and fees resulting in increased margin predominantly in the Permian. The increase in natural gas inlet volumes in the Permian was attributable to increased producer activity and the addition of a new 200 MMcf/d cryogenic natural gas processing plant in Permian Midland (the "Heim Plant") during the third quarter of 2021. Natural gas inlet volumes in the Central region increased due to the acquisition of certain assets in South Texas during the second quarter of 2022 and increased producer activity. The decrease in volumes in the Badlands was attributable to the impacts of winter weather, while lower volumes in the Coastal region were due to continued low producer activity.

The increase in operating expenses was due to higher activity levels in the Permian, the addition of the Heim Plant in the third quarter of 2021, the acquisition of certain assets in South Texas in the second quarter of 2022 and inflation impacts, which resulted in increased labor costs, materials and chemicals.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

The increase in adjusted operating margin was due to higher realized commodity prices, natural gas inlet volumes and fees resulting in increased margin predominantly in the Permian. The increase in natural gas inlet volumes in the Permian was attributable to increased producer activity and the addition of the Heim Plant during the third quarter of 2021. Natural gas inlet volumes in the Central region increased due to the acquisition of certain assets in South Texas during the second quarter of 2022 and increased producer activity. The decrease in volumes in the Badlands was attributable to the impacts of winter weather, while lower volumes in the Coastal region were due to continued low producer activity.

The increase in operating expenses was due to higher activity levels in the Permian, the addition of the Heim Plant in the third quarter of 2021, the acquisition of certain assets in South Texas in the second quarter of 2022 and inflation impacts, which resulted in increased labor costs, materials and chemicals.

Logistics and Transportation Segment

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
	(In millions, except operating statistics)							
Operating margin	$ 322.3	$ 291.4	$ 30.9	11%	$ 674.5	$ 640.1	$ 34.4	5%
Operating expenses	74.4	70.7	3.7	5%	141.3	136.5	4.8	4%
Adjusted operating margin	$ 396.7	$ 362.1	$ 34.6	10%	$ 815.8	$ 776.6	$ 39.2	5%
Operating statistics MBbl/d (1):								
NGL pipeline transportation volumes (2)	492.3	391.7	100.6	26%	476.1	367.2	108.9	30%
Fractionation volumes	737.2	643.7	93.5	15%	720.1	595.0	125.1	21%
Export volumes (3)	342.6	340.6	2.0	1%	341.7	312.1	29.6	9%
NGL sales	906.9	833.8	73.1	9%	890.0	830.6	59.4	7%

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

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

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

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

The increase in adjusted operating margin was due to higher pipeline transportation and fractionation volumes, partially offset by lower marketing margin and lower LPG export margin. Pipeline transportation and fractionation volumes benefited from higher supply volumes primarily from our Permian Gathering and Processing systems. Marketing margin decreased due to fewer optimization opportunities. LPG export margin decreased primarily due to higher fuel and power costs, partially offset by higher fees.

The increase in operating expenses was due to higher repairs and maintenance.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

The increase in adjusted operating margin was due to higher pipeline transportation and fractionation volumes and higher LPG export margin, partially offset by lower marketing margin. Pipeline transportation and fractionation volumes benefited from higher supply volumes primarily from our Permian Gathering and Processing systems. LPG export margin increased due to higher volumes and fees, partially offset by higher fuel and power costs. Higher optimization margin attributable to the winter storm resulted in higher marketing margin in 2021.

The increase in operating expenses was primarily due to higher repairs and maintenance, partially offset by lower taxes.

Other

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	2022 vs. 2021	2022	2021	2022 vs. 2021
	(In millions)					
Operating margin	$ (4.5)	$ (70.5)	$ 66.0	$ (182.7)	$ (69.1)	$ (113.6)
Adjusted operating margin	$ (4.5)	$ (70.5)	$ 66.0	$ (182.7)	$ (69.1)	$ (113.6)

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

Our Liquidity and Capital Resources

As of June 30, 2022, inclusive of our consolidated joint venture accounts, we had $154.0 million of Cash and cash equivalents on our Consolidated Balance Sheets. We believe our cash positions, our cash flows from operating activities, our free cash flow after dividends and remaining borrowing capacity on our credit facilities (discussed below in "Short-term Liquidity") are adequate to allow us to manage our day-to-day cash requirements and anticipated obligations as discussed further below.

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

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

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

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

Short-term Liquidity

Our short-term liquidity on a consolidated basis as of July 29, 2022, was:

		Consolidated Total
		(In millions)
Cash on hand (1)	$	178.7
Total availability under the TRGP Revolver		2,750.0
Total availability under the Securitization Facility		400.0
		3,328.7
Less: Outstanding borrowings under the TRGP Revolver		(1,600.0)
Outstanding borrowings under the Securitization Facility		(400.0)
Outstanding letters of credit under the TRGP Revolver		(61.6)
Total liquidity	$	1,267.1

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

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

A portion of our capital resources are allocated to letters of credit to satisfy certain counterparty credit requirements. As of June 30, 2022, we had $44.8 million letters of credit outstanding under the TRGP Revolver. They reflect certain counterparties' views of our financial condition and ability to satisfy our performance obligations, as well as commodity prices and other factors.

In July 2022, we established the Commercial Paper Program. Under the terms of the Commercial Paper Program, we may issue, from time to time, unsecured commercial paper notes with varying maturities of less than one year. Amounts available under the Commercial Paper Program may be issued, repaid and re-issued from time to time, with the maximum aggregate face or principal amount outstanding at any one time not to exceed $2.75 billion. The Commercial Paper Program is guaranteed by each subsidiary that guarantees the TRGP Revolver. We had no amounts outstanding under the Commercial Paper Program as of July 29, 2022.

Working Capital

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

Working capital as of June 30, 2022 decreased $460.6 million compared to December 31, 2021. The decrease was primarily due to higher product purchases and fuel payables as a result of higher commodity prices, higher net borrowing on the Securitization Facility and an increase in the current liability position of our derivative contracts, partially offset by higher receivables resulting from higher commodity prices.

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

Long-term Financing

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

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

In February 2022, we and certain of our subsidiaries entered into a parent guarantee whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of all of the obligations of the Partnership Issuers under the respective indentures governing the Partnership Issuers' senior unsecured notes. As of June 30, 2022, $5.0 billion of the Partnership Issuers' senior unsecured notes was outstanding.

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

In April 2022, we completed an underwritten public offering of $750.0 million aggregate principal amount of our 4.200% Notes and $750.0 million aggregate principal amount of our 4.950% Notes, resulting in net proceeds of approximately $1.5 billion. A portion of the net proceeds from the issuance was used to fund the concurrent March Tender Offer and the subsequent redemption payment of the Partnership's 5.875% Notes, with the remainder of the net proceeds used for repayment of the outstanding borrowings under the TRGP Revolver. As a result of the March Tender Offer and the subsequent redemption of the 5.875% Notes, we recorded a loss due to debt extinguishment of $33.8 million comprised of $29.3 million of premiums paid and a write-off of $4.5 million of debt issuance costs.

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

In July 2022, we completed an underwritten public offering of (i) $750.0 million in aggregate principal amount of our 5.200% Notes and (ii) $500.0 million in aggregate principal amount of our 6.250% Notes, resulting in net proceeds of approximately $1.2 billion. We used the net proceeds from the issuance to fund a portion of the Lucid Acquisition.

In July 2022, we entered into the Term Loan Facility with Mizuho Bank, Ltd. as the Administrative Agent and a lender, and other lenders party thereto. The Term Loan Facility provides for a three-year, $1.5 billion unsecured term loan facility. The Term Loan Facility matures in July 2025. We used the proceeds to fund a portion of the Lucid Acquisition.

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

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of $1,050.00 per share, plus $8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of $973.4 million (including unpaid dividends of $8.2 million) and the net carrying value of the shares redeemed was $223.7 million, of which $215.5 million was recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated. See Note 9 - Preferred Stock to our Consolidated Financial Statements.

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

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

Compliance with Debt Covenants

As of June 30, 2022, both we and the Partnership were in compliance with the covenants contained in our various debt agreements.

Cash Flow

Cash Flows from Operating Activities

Six Months Ended June 30,		
2022	**2021**	**2022 vs. 2021**
	(In millions)	
$ 1,383.7	$ 1,303.6	$ 80.1

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

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

Cash Flows from Investing Activities

Six Months Ended June 30,		
2022	**2021**	**2022 vs. 2021**
	(In millions)	
$ 248.4	$ (185.9)	$ 434.3

The change in net cash provided by (used in) investing activities was primarily due to proceeds from the GCX Sale, partially offset by higher outlays for property, plant and equipment resulting from construction activities of the Legacy, Legacy II, Midway and Greenwood plants and outlays for the Southcross Acquisition.

Cash Flows from Financing Activities

	Six Months Ended June 30,	
	2022	2021
	(In millions)	
Source of Financing Activities, net		
Debt, including financing costs	$ 786.7	$ (802.8)
Repurchase of Series A Preferred Stock	(965.2)	—
Repurchase of noncontrolling interests	(926.3)	—
Dividends and distributions	(217.8)	(92.7)
Contributions from (distributions to) noncontrolling interests	(167.7)	(247.4)
Repurchase of shares	(146.3)	(8.6)
Net cash provided by (used in) financing activities	$ (1,636.6)	$ (1,151.5)

The increase in net cash used in financing activities was primarily due to the redemption of the Series A Preferred Stock and repurchases of non-controlling interests in the DevCo JVs and common stock during 2022. Additionally, higher dividends and distributions were paid in 2022 due to the increase in our common stock dividends from $0.10 to $0.35 per common share in January 2022. These were partially offset by net borrowings of debt in 2022, as compared to net repayments of debt in 2021.

Summarized Combined Financial Information for Guarantee of Securities of Subsidiaries

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

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

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

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

Summarized Combined Balance Sheet Information

	June 30, 2022	December 31, 2021
	(In millions)	
ASSETS		
Current assets	$ 936.3	$ 832.9
Current assets - affiliates	58.2	24.4
Long-term assets	6,405.7	6,253.9
Long-term assets - affiliates	10.5	10.5
Total assets	$ 7,410.7	$ 7,121.7
LIABILITIES, SERIES A PREFERRED STOCK AND OWNERS' EQUITY		
Current liabilities	$ 1,955.7	$ 1,525.6
Current liabilities - affiliates	220.5	195.8
Long-term liabilities	7,656.4	6,875.5
Series A Preferred	—	749.7
Targa Resources Corp. stockholders' equity	(2,421.9)	(2,224.9)
Total liabilities and owners' equity	$ 7,410.7	$ 7,121.7

Summarized Combined Statement of Operations Information

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
	(In millions)	
Revenues	$ 11,206.3	$ 16,900.5
Operating income (loss)	(19.5)	5.7
Net income (loss)	157.3	(371.0)
Dividends on Series A Preferred	30.0	87.3

Common Stock Dividends

The following table details the dividends on common stock declared and/or paid by us for the six months ended June 30, 2022:

Three Months Ended	Date Paid or To Be Paid	Total Common Dividends Declared	Amount of Common Dividends Paid or To Be Paid	Accrued Dividends (1)	Dividends Declared per Share of Common Stock
		(In millions, except per share amounts)			
June 30, 2022	August 15, 2022	$ 80.7	$ 79.3	$ 1.4	$ 0.35000
March 31, 2022	May 16, 2022	81.2	79.8	1.4	0.35000
December 31, 2021	February 15, 2022	81.4	80.1	1.3	0.35000

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

Preferred Dividends

Prior to the redemption of our Series A Preferred in May 2022, our Series A Preferred had a liquidation value of $1,000 per share and bore a cumulative 9.5% fixed dividend payable quarterly 45 days after the end of each fiscal quarter. During the three and six months ended June 30, 2022, we paid $30.0 million and $51.8 million of dividends to preferred shareholders.

Series A Preferred Redemption

In May 2022, we redeemed in full all of our issued and outstanding shares of Series A Preferred at a redemption price of $1,050.00 per share, plus $8.87 per share, which is the amount of accrued and unpaid dividends from April 1, 2022 up to, but not including, the redemption date of May 3, 2022. The difference between the consideration paid of $973.4 million (including unpaid dividends of $8.2 million) and the net carrying value of the shares redeemed was $223.7 million, of which $215.5 million was recorded as deemed dividends in our Consolidated Statements of Operations in the second quarter of 2022. Following the redemption, we have no Series A Preferred outstanding and all rights of the holders of shares of Series A Preferred were terminated. See Note 9 - Preferred Stock to our Consolidated Financial Statements.

Capital Expenditures

The following table details cash outlays for capital projects for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(In millions)	
Capital expenditures:		
Growth (1)	$ 326.3	$ 151.8
Maintenance (2)	79.9	47.2
Gross capital expenditures	406.2	199.0
Transfers from materials and supplies inventory to property, plant and equipment	—	(0.4)
Change in capital project payables and accruals, net	13.3	0.3
Cash outlays for capital projects	$ 419.5	$ 198.9

(1) Growth capital expenditures, net of contributions from noncontrolling interests and including net contributions to investments in unconsolidated affiliates, were $320.7 million and $144.4 million for the six months ended June 30, 2022 and 2021.

(2) Maintenance capital expenditures, net of contributions from noncontrolling interests, were $77.4 million and $43.2 million for the six months ended June 30, 2022 and 2021.

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

With the August 2022 announcements of construction of the Greenwood plant in Permian Midland and Train 9 fractionator in Mont Belvieu, we currently estimate that in 2022 we will invest between $1.0 to $1.1 billion in net growth capital expenditures for announced projects. Future growth capital expenditures may vary based on investment opportunities. We expect that 2022 maintenance capital expenditures, net of noncontrolling interests, will be approximately $150 million.

Off-Balance Sheet Arrangements

As of June 30, 2022, there were $70.2 million in surety bonds outstanding related to various performance obligations. These are in place to support various performance obligations as required by (i) statutes within the regulatory jurisdictions where we operate and (ii) counterparty support. Obligations under these surety bonds are not normally called, as we typically comply with the underlying performance requirement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Risk Management

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

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

Commodity Price Risk

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

The primary purpose of our commodity risk management activities is to hedge some of the exposure to commodity price risk and reduce fluctuations in our operating cash flow due to fluctuations in commodity prices. In an effort to reduce the variability of our cash flows, as of June 30, 2022, we have hedged the commodity price associated with a portion of our expected (i) natural gas, NGL, and condensate equity volumes in our Gathering and Processing operations that result from our percent-of-proceeds processing arrangements, (ii) future commodity purchases and sales in our Logistics and Transportation segment and (iii) natural gas transportation basis risk in our Logistics and Transportation segment. We hedge a higher percentage of our expected equity volumes in the current year compared to future years, for which we hedge incrementally lower percentages of expected equity volumes. We also enter into commodity financial instruments to help manage other short-term commodity-related business risks of our ongoing operations and in conjunction with marketing opportunities available to us in the operations of our logistics and transportation assets. With swaps, we typically receive an agreed fixed price for a specified notional quantity of commodities and we pay the hedge counterparty a floating price for that same quantity based upon published index prices. Since we receive from our customers substantially the same floating index price from the sale of the underlying physical commodity, these transactions are designed to effectively lock-in the agreed fixed price in advance for the volumes hedged. In order to avoid having a greater volume hedged than our actual equity volumes, we typically limit our use of swaps to hedge the prices of less than our expected equity volumes. We utilize purchased puts (or floors) and calls (or caps) to hedge additional expected equity commodity volumes without creating volumetric risk. We may buy calls in connection with swap positions to create a price floor with upside. We intend to continue to manage our exposure to commodity prices in the future by entering into derivative transactions using swaps, collars, purchased puts (or floors), futures or other derivative instruments as market conditions permit.

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

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

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

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

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

The following table shows the effect of hypothetical price movements on the estimated fair value of our derivative instruments as of June 30, 2022:

	Fair Value	Result of 10% Price Decrease	Result of 10% Price Increase
		(In millions)	
Natural gas	$ (265.5)	$ (176.4)	$ (354.6)
NGLs	(209.7)	(101.4)	(318.0)
Crude oil	(81.3)	(43.9)	(118.7)
Total	$ (556.5)	$ (321.7)	$ (791.3)

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

Our operating revenues decreased by ($176.7) million and ($110.2) million during the three months ended June 30, 2022 and 2021 and ($499.6) million and ($245.0) million during the six months ended June 30, 2022 and 2021, as a result of transactions accounted for as derivatives. The estimated fair value of our risk management position has moved from a net liability position of ($316.7) million at December 31, 2021 to ($556.5) million at June 30, 2022. Forward commodity prices have moved unfavorably relative to the fixed prices on our derivative contracts, creating this net liability position.

Interest Rate Risk

We are exposed to the risk of changes in interest rates, primarily as a result of variable rate borrowings under the TRGP Revolver, the Securitization Facility, and the Term Loan Facility, which we closed in July 2022 to fund a portion of the Lucid Acquisition. As of June 30, 2022, we do not have any interest rate hedges. However, we may enter into interest rate hedges in the future with the intent to mitigate the impact of changes in interest rates on cash flows. To the extent that interest rates increase, interest expense for the TRGP Revolver, the Securitization Facility and the Term Loan Facility will also increase. As of June 30, 2022, we had $950.0 million in outstanding variable rate borrowings. A hypothetical change of 100 basis points in the rate of our variable interest rate debt would impact our consolidated annual interest expense by $9.5 million based on our June 30, 2022 debt balances.

Counterparty Credit Risk

We are subject to risk of losses resulting from nonpayment or nonperformance by our counterparties. The credit exposure related to commodity derivative instruments is represented by the fair value of the asset position (i.e. the fair value of expected future receipts) at the reporting date. Our futures contracts have limited credit risk since they are cleared through an exchange and are margined daily. Should the creditworthiness of one or more of the counterparties decline, our ability to mitigate nonperformance risk is limited to a counterparty agreeing to either a voluntary termination and subsequent cash settlement or a novation of the derivative contract to a third party. In the event of a counterparty default, we may sustain a loss and our cash receipts could be negatively impacted. We have master netting provisions in the International Swap Dealers Association agreements with our derivative counterparties. These netting provisions allow us to net settle asset and liability positions with the same counterparties within the same Targa entity. As of June 30, 2022, our maximum loss due to counterparty credit risk was immaterial. The range of losses attributable to our individual counterparties as of June 30, 2022 would be between $2.7 million and $5.5 million, depending on the counterparty in default.

Customer Credit Risk

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

We have an active credit management process, which is focused on controlling loss exposure due to bankruptcies or other liquidity issues of counterparties. Our allowance for doubtful accounts was $0.1 million as of both June 30, 2022 and December 31, 2021, respectively. Changes in the allowance for doubtful accounts were not material for the three and six months ended June 30, 2022.

No customer comprised 10% or greater of our consolidated revenues during the three and six months ended June 30, 2022 and 2021, respectively.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the design and effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered in this Quarterly Report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2022, the design and operation of our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

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

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

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

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

Additional information required for this item is provided in Note 14 – Contingencies, under the heading "Legal Proceedings" included in the Notes to Consolidated Financial Statements included under Part I, Item 1 of this Quarterly Report, which is incorporated by reference into this item.

Item 1A. Risk Factors.

For an in-depth discussion of our risk factors, see "Part I—Item 1A. Risk Factors" of our Annual Report in addition to the risk factor discussed below. All of these risks and uncertainties, including the risk discussed below, could adversely affect our business, financial condition and/or results of operations.

Changes in tax laws or the imposition of new or increased taxes may adversely affect our financial condition, results of operations and cash flows.

U.S. federal and state level legislation is periodically proposed that would, if enacted into law, make significant changes to tax laws and could materially impact our tax obligations, financial condition, results of operations and cash flows including cash available for distributions and other uses.

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

Recent Sales of Unregistered Securities.

None.

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

Period	Total number of shares purchased (1)	Average price per share	Total number of shares purchased as part of publicly announced plans (2)	Maximum approximate dollar value of shares that may yet be purchased under the plan (in thousands) (2)
April 1, 2022 - April 30, 2022	193,044	$ 77.74	192,931	$ 303,840.1
May 1, 2022 - May 31, 2022	359,207	$ 69.26	358,783	$ 278,991.7
June 1, 2022 - June 30, 2022	571,136	$ 60.12	570,211	$ 244,714.8

(1) Includes 1,121,925 shares repurchased under our $500 million common share repurchase program, as well as 1,462 shares that were withheld by us to satisfy tax withholding obligations of certain of our officers, directors and key employees that arose upon the lapse of restrictions on restricted stock.

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

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

Number	Description
2.1	Purchase and Sale Agreement, dated as of June 16, 2022 by and among Lucid Energy Group II Holdings, LLC, Lasso Acquiror LLC and Lucid Energy Group II LLC (incorporated by reference to Exhibit 2.1 to Targa Resources Corp.'s Current Report on Form 8-K filed June 17, 2022 (File No. 001-34991)).
3.1	Amended and Restated Certificate of Incorporation of Targa Resources Corp. (incorporated by reference to Exhibit 3.1 to Targa Resources Corp.'s Current Report on Form 8-K filed December 16, 2010 (File No. 001-34991)).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Targa Resources Corp. (incorporated by reference to Exhibit 3.1 to Targa Resources Corp.'s Current Report on Form 8-K filed May 26, 2021 (File No. 001-34991)).
3.3	Certificate of Designations of Series A Preferred Stock of Targa Resources Corp., filed with the Secretary of State of the State of Delaware on March 16, 2016 (incorporated by reference to Exhibit 3.1 to Targa Resources Corp.'s Current Report on Form 8-K/A filed March 17, 2016 (File No. 001-34991)).
3.4	Second Amended and Restated Bylaws of Targa Resources Corp. (incorporated by reference to Exhibit 3.4 to Targa Resources Corp.'s Quarterly Report on Form 10-Q filed on May 5, 2022 (File No. 001-34991)).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Targa Resources Corp.'s Registration Statement on Form S-1/A filed November 12, 2010 (File No. 333-169277)).
4.2	Indenture, dated as of April 6, 2022, among Targa Resources Corp., as issuer, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Targa Resources Corp.'s Current Report on Form 8-K filed April 6, 2022 (File No. 001-34991)).
4.3	First Supplemental Indenture, dated as of April 6, 2022, among Targa Resources Corp., as issuer, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Targa Resources Corp.'s Current Report on Form 8-K filed April 6, 2022 (File No. 001-34991)).
4.4	Form of Notes (included in Exhibit 4.3 hereto) (incorporated by reference to Exhibit 4.3 to Targa Resources Corp.'s Current Report on Form 8-K filed April 6, 2022 (File No. 001-34991)).
4.5	Third Supplemental Indenture, dated as of July 7, 2022, among Targa Resources Corp., as issuer, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Targa Resources Corp.'s Current Report on Form 8-K filed July 7, 2022 (File No. 001-34991)).
4.6	Form of Notes (included in Exhibit 4.6 hereto) (incorporated by reference to Exhibit 4.3 to Targa Resources Corp.'s Current Report on Form 8-K filed July 7, 2022 (File No. 001-34991)).
10.1*	Supplemental Indenture dated June 17, 2022 to Indenture dated October 17, 2017 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association.
10.2*	Supplemental Indenture dated June 17, 2022 to Indenture dated January 17, 2019 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association.

Number	Description
10.3*	Supplemental Indenture dated June 17, 2022 to Indenture dated November 27, 2019 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association.
10.4*	Supplemental Indenture dated June 17, 2022 to Indenture dated August 18, 2020 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association.
10.5*	Supplemental Indenture dated June 17, 2022 to Indenture dated February 2, 2021 among the Guaranteeing Subsidiary, Targa Resources Partners LP, Targa Resources Partners Finance Corporation, the other Subsidiary Guarantors and U.S. Bank National Association.
10.6	Second Supplemental Indenture dated as of June 22, 2022, among Targa Resources Corp., as issuer, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.9 to Targa Resources Corp.'s Post-Effective Amendment No. 1 to Form S-3 filed June 22, 2022 (Registration No. 333-263730)).
10.7	Twelfth Amendment to Receivables Purchase Agreement, dated April 19, 2022, by and among Targa Receivables LLC, as seller, Targa Resources Partners LP, as servicer, the various conduit purchasers, committed purchasers, purchaser agents and LC participants party thereto and PNC Bank, National Association, as administrator and LC Bank (incorporated by reference to Exhibit 10.1 to Targa Resources Corp.'s Current Report on Form 8-K filed April 22, 2022 (File No. 001-34991)).
10.8	Term Loan Agreement, dated as of July 12, 2022, among Targa Resources Corp., Mizuho Bank, Ltd., as administrative agent and a lender, and the other lenders parties thereto (incorporated by reference to Exhibit 10.1 to Targa Resources Corp.'s Current Report on Form 8-K filed July 12, 2022 (File No. 001-34991)).
22.1*	List of Subsidiary Guarantors.
31.1*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	The cover page from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in Inline XBRL (included with Exhibit 101 attachments).

* Filed herewith
** Furnished herewith
\+ Management contract or compensatory plan or arrangement

SIGNATURES

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

Targa Resources Corp.
(Registrant)

Date: August 4, 2022

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

Exhibit 10.1
Execution Version

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "***Supplemental Indenture***"), dated as of June 17, 2022, among the parties identified under the caption "Guaranteeing Subsidiaries" on the signature page hereto (each individually a "***Guaranteeing Subsidiary***" and together the "***Guaranteeing Subsidiaries***"), Targa Resources Partners LP, a Delaware limited partnership ("***Targa Resources Partners***"), and Targa Resources Partners Finance Corporation (together with Targa Resources Partners, the "***Issuers***"), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below (the "***Trustee***").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the "***Indenture***"), dated as of October 17, 2017 providing for the issuance of 5% Senior Notes due 2028 (the "***Notes***");

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "***Note Guarantee***"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 10 thereof.

3. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder or agent of each Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or each Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

4. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuers.

Signature pages follow.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

GUARANTEEING SUBSIDIARIES

TARGA SOUTHTEX ENERGY OPERATING LLC
TARGA SOUTHTEX ENERGY LP LLC
TARGA SOUTHTEX ENERGY GP LLC
TARGA SOUTHTEX PROCESSING LLC
TARGA RICH GAS SERVICES GP LLC
TARGA RICH GAS UTILITY GP LLC
TARGA SOUTHTEX MIDSTREAM T/U GP LLC
TARGA FRIO LASALLE GP LLC
T2 EAGLE FORD GATHERING COMPANY LLC
T2 LASALLE GATHERING COMPANY LLC

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 GAS UTILITY LLC

By: T2 Eagle Ford Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 LASALLE GAS UTILITY LLC

By: T2 LaSalle Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RICH GAS SERVICES LP

By: Targa Rich Gas Services GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX TRANSMISSION LP
TARGA RICH GAS UTILITY LP

By: Targa Rich Gas Utility GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MIDSTREAM UTILITY LP

By: Targa SouthTex Midstream T/U GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MUSTANG TRANSMISSION LTD.
TARGA SOUTHTEX CCNG GATHERING LTD.
TARGA SOUTHTEX MIDSTREAM MARKETING COMPANY LTD.
TARGA SOUTHTEX NGL PIPELINE LTD.
TARGA SOUTHTEX GATHERING LTD.

By: Targa SouthTex Energy GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA FRIO LASALLE PIPELINE LP

By: Targa Frio LaSalle Pipeline GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

Signature Page to Supplemental Indenture (October 17, 2017 Indenture)

ISSUERS

TARGA RESOURCES PARTNERS LP
By: Targa Resources GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RESOURCES PARTNERS FINANCE CORPORATION

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

<u>TRUSTEE</u>

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: <u>/s/ Alejandro Hoyos</u>
Authorized Signatory

Signature Page to Supplemental Indenture (October 17, 2017 Indenture)

Exhibit 10.2
Execution Version

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "***Supplemental Indenture***"), dated as of June 17, 2022, among the parties identified under the caption "Guaranteeing Subsidiaries" on the signature page hereto (each, individually, a "***Guaranteeing Subsidiary***" and together the "**Guaranteeing Subsidiaries**"), Targa Resources Partners LP, a Delaware limited partnership ("***Targa Resources Partners***"), and Targa Resources Partners Finance Corporation (together with Targa Resources Partners, the "***Issuers***"), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below (the "***Trustee***").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the "***Indenture***"), dated as of January 17, 2019 providing for the issuance of 6 1/2% Senior Notes due 2027 and 6 7/8% Senior Notes due 2029 (collectively, the "***Notes***");

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "***Note Guarantee***"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 10 thereof.

3. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder or agent of each Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or each Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

4. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuers.

Signature pages follow.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

GUARANTEEING SUBSIDIARIES

TARGA SOUTHTEX ENERGY OPERATING LLC
TARGA SOUTHTEX ENERGY LP LLC
TARGA SOUTHTEX ENERGY GP LLC
TARGA SOUTHTEX PROCESSING LLC
TARGA RICH GAS SERVICES GP LLC
TARGA RICH GAS UTILITY GP LLC
TARGA SOUTHTEX MIDSTREAM T/U GP LLC
TARGA FRIO LASALLE GP LLC
T2 EAGLE FORD GATHERING COMPANY LLC
T2 LASALLE GATHERING COMPANY LLC

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 GAS UTILITY LLC

By: T2 Eagle Ford Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 LASALLE GAS UTILITY LLC

By: T2 LaSalle Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RICH GAS SERVICES LP

By: Targa Rich Gas Services GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX TRANSMISSION LP
TARGA RICH GAS UTILITY LP

By: Targa Rich Gas Utility GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MIDSTREAM UTILITY LP

By: Targa SouthTex Midstream T/U GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MUSTANG TRANSMISSION LTD.
TARGA SOUTHTEX CCNG GATHERING LTD.
TARGA SOUTHTEX MIDSTREAM MARKETING COMPANY LTD.
TARGA SOUTHTEX NGL PIPELINE LTD.
TARGA SOUTHTEX GATHERING LTD.

By: Targa SouthTex Energy GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA FRIO LASALLE PIPELINE LP

By: Targa Frio LaSalle Pipeline GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

ISSUERS

TARGA RESOURCES PARTNERS LP
By: Targa Resources GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RESOURCES PARTNERS FINANCE CORPORATION

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TRUSTEE

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Alejandro Hoyos
Authorized Signatory

Signature Page to Supplemental Indenture (January 17, 2019 Indenture)

Exhibit 10.3
Execution Version

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "***Supplemental Indenture***"), dated as of June 17, 2022 among the parties identified under the caption "Guaranteeing Subsidiaries" on the signature page hereto (each, individually, a "***Guaranteeing Subsidiary***" and together, the "***Guaranteeing Subsidiaries***"), Targa Resources Partners LP, a Delaware limited partnership ("***Targa Resources Partners***"), and Targa Resources Partners Finance Corporation (together with Targa Resources Partners, the "***Issuers***"), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below (the "***Trustee***").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the "***Indenture***"), dated as of November 27, 2019 providing for the issuance of 5 1/2% Senior Notes due 2030 (the "***Notes***");

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "***Note Guarantee***"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. <u>Capitalized Terms</u>. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. <u>Agreement to Guarantee</u>. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 10 thereof.

3. <u>No Recourse Against Others</u>. No past, present or future director, officer, employee, incorporator, stockholder or agent of each Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or each Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

4. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuers.

Signature pages follow.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

GUARANTEEING SUBSIDIARIES

TARGA SOUTHTEX ENERGY OPERATING LLC
TARGA SOUTHTEX ENERGY LP LLC
TARGA SOUTHTEX ENERGY GP LLC
TARGA SOUTHTEX PROCESSING LLC
TARGA RICH GAS SERVICES GP LLC
TARGA RICH GAS UTILITY GP LLC
TARGA SOUTHTEX MIDSTREAM T/U GP LLC
TARGA FRIO LASALLE GP LLC
T2 EAGLE FORD GATHERING COMPANY LLC
T2 LASALLE GATHERING COMPANY LLC

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 GAS UTILITY LLC

By: T2 Eagle Ford Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 LASALLE GAS UTILITY LLC

By: T2 LaSalle Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RICH GAS SERVICES LP

By: Targa Rich Gas Services GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX TRANSMISSION LP
TARGA RICH GAS UTILITY LP

By: Targa Rich Gas Utility GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MIDSTREAM UTILITY LP

By: Targa SouthTex Midstream T/U GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MUSTANG TRANSMISSION LTD.
TARGA SOUTHTEX CCNG GATHERING LTD.
TARGA SOUTHTEX MIDSTREAM MARKETING COMPANY LTD.
TARGA SOUTHTEX NGL PIPELINE LTD.
TARGA SOUTHTEX GATHERING LTD.

By: Targa SouthTex Energy GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA FRIO LASALLE PIPELINE LP

By: Targa Frio LaSalle Pipeline GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

Signature Page to Supplemental Indenture (November 27, 2019 Indenture)

ISSUERS

TARGA RESOURCES PARTNERS LP
By: Targa Resources GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RESOURCES PARTNERS FINANCE CORPORATION

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

<u>TRUSTEE</u>

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: <u>/s/ Alejandro Hoyos</u>
Authorized Signatory

Signature Page to Supplemental Indenture (November 27, 2019 Indenture)

Exhibit 10.4
Execution Version

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "***Supplemental Indenture***"), dated as of June 17, 2022, among the parties identified under the caption "Guaranteeing Subsidiaries" on the signature page hereto (each, individually, a "***Guaranteeing Subsidiary***" and together, the "***Guaranteeing Subsidiaries***"), Targa Resources Partners LP, a Delaware limited partnership ("***Targa Resources Partners***"), and Targa Resources Partners Finance Corporation (together with Targa Resources Partners, the "***Issuers***"), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below (the "***Trustee***").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the "***Indenture***"), dated as of August 18, 2020 providing for the issuance of 4 7/8% Senior Notes due 2031 (the "***Notes***");

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "***Note Guarantee***"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 10 thereof.

3. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder or agent of each Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or each Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

4. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuers.

Signature pages follow.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

GUARANTEEING SUBSIDIARIES

TARGA SOUTHTEX ENERGY OPERATING LLC

TARGA SOUTHTEX ENERGY LP LLC
TARGA SOUTHTEX ENERGY GP LLC
TARGA SOUTHTEX PROCESSING LLC
TARGA RICH GAS SERVICES GP LLC
TARGA RICH GAS UTILITY GP LLC
TARGA SOUTHTEX MIDSTREAM T/U GP LLC
TARGA FRIO LASALLE GP LLC
T2 EAGLE FORD GATHERING COMPANY LLC
T2 LASALLE GATHERING COMPANY LLC

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 GAS UTILITY LLC

By: T2 Eagle Ford Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 LASALLE GAS UTILITY LLC

By: T2 LaSalle Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RICH GAS SERVICES LP

By: Targa Rich Gas Services GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX TRANSMISSION LP
TARGA RICH GAS UTILITY LP

By: Targa Rich Gas Utility GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MIDSTREAM UTILITY LP

By: Targa SouthTex Midstream T/U GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MUSTANG TRANSMISSION LTD.
TARGA SOUTHTEX CCNG GATHERING LTD.
TARGA SOUTHTEX MIDSTREAM MARKETING COMPANY LTD.
TARGA SOUTHTEX NGL PIPELINE LTD.
TARGA SOUTHTEX GATHERING LTD.

By: Targa SouthTex Energy GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA FRIO LASALLE PIPELINE LP

By: Targa Frio LaSalle Pipeline GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

ISSUERS

TARGA RESOURCES PARTNERS LP
By: Targa Resources GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RESOURCES PARTNERS FINANCE CORPORATION

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TRUSTEE

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: /s/ Alejandro Hoyos
Authorized Signatory

Signature Page to Supplemental Indenture (August 18, 2020 Indenture)

Exhibit 10.5
Execution Version

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "***Supplemental Indenture***"), dated as of June 17, 2022 among the parties identified under the caption "Guaranteeing Subsidiaries" on the signature page hereto (each individually, a "***Guaranteeing Subsidiary***" and together, the "***Guaranteeing Subsidiaries***"), Targa Resources Partners LP, a Delaware limited partnership ("***Targa Resources Partners***"), and Targa Resources Partners Finance Corporation (together with Targa Resources Partners, the "***Issuers***"), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below (the "***Trustee***").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the "***Indenture***"), dated as of February 2, 2021 providing for the issuance of 4% Senior Notes due 2032 (the "***Notes***");

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "***Note Guarantee***"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 10 thereof.

3. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder or agent of each Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or each Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

4. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuers.

Signature pages follow.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

GUARANTEEING SUBSIDIARIES

TARGA SOUTHTEX ENERGY OPERATING LLC
TARGA SOUTHTEX ENERGY LP LLC
TARGA SOUTHTEX ENERGY GP LLC
TARGA SOUTHTEX PROCESSING LLC
TARGA RICH GAS SERVICES GP LLC
TARGA RICH GAS UTILITY GP LLC
TARGA SOUTHTEX MIDSTREAM T/U GP LLC
TARGA FRIO LASALLE GP LLC
T2 EAGLE FORD GATHERING COMPANY LLC
T2 LASALLE GATHERING COMPANY LLC

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 GAS UTILITY LLC

By: T2 Eagle Ford Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

T2 LASALLE GAS UTILITY LLC

By: T2 LaSalle Gathering Company LLC, its sole member

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RICH GAS SERVICES LP

By: Targa Rich Gas Services GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX TRANSMISSION LP
TARGA RICH GAS UTILITY LP

By: Targa Rich Gas Utility GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MIDSTREAM UTILITY LP

By: Targa SouthTex Midstream T/U GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA SOUTHTEX MUSTANG TRANSMISSION LTD.
TARGA SOUTHTEX CCNG GATHERING LTD.
TARGA SOUTHTEX MIDSTREAM MARKETING COMPANY LTD.
TARGA SOUTHTEX NGL PIPELINE LTD.
TARGA SOUTHTEX GATHERING LTD.

By: Targa SouthTex Energy GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA FRIO LASALLE PIPELINE LP

By: Targa Frio LaSalle Pipeline GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

Signature Page to Supplemental Indenture (February 2, 2021 Indenture)

ISSUERS

TARGA RESOURCES PARTNERS LP
By: Targa Resources GP LLC, its general partner

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TARGA RESOURCES PARTNERS FINANCE CORPORATION

By: /s/ Scott Rogan
Name: Scott Rogan
Title: Senior Vice President – Finance and Treasurer

TRUSTEE

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: /s/ Alejandro Hoyos
Authorized Signatory

Signature Page to Supplemental Indenture (February 2, 2021 Indenture)

Exhibit 22.1

List of Subsidiary Guarantors

Name	State of Incorporation or Organization
FCPP Pipeline, LLC	Delaware
Flag City Processing Partners, LLC	Delaware
Grand Prix Development LLC	Delaware
Lasso Acquiror LLC	Delaware
Midland-Permian Pipeline LLC	Delaware
Slider WestOk Gathering, LLC	Delaware
Targa Capital LLC	Delaware
Targa Cayenne LLC	Delaware
Targa Chaney Dell LLC	Delaware
Targa Cogen LLC	Delaware
Targa Delaware LLC	Delaware
Targa Downstream LLC	Delaware
Targa Energy GP LLC	Delaware
Targa Energy LP	Delaware
Targa Frio LaSalle GP LLC	Texas
Targa Frio LaSalle Pipeline LP	Texas
Targa Gas Marketing LLC	Delaware
Targa Gas Pipeline LLC	Delaware
Targa Gas Processing LLC	Delaware
Targa GP Inc.	Delaware
Targa Gulf Coast NGL Pipeline LLC	Delaware
Targa Intrastate Pipeline LLC	Delaware
Targa LA Holdings LLC	Delaware
Targa LA Operating LLC	Delaware
Targa Liquids Marketing and Trade LLC	Delaware
Targa Louisiana Intrastate LLC	Delaware
Targa LP Inc.	Delaware
Targa Midkiff LLC	Delaware
Targa Midland Crude LLC	Delaware
Targa Midland LLC	Delaware
Targa Midstream Services LLC	Delaware
Targa MLP Capital LLC	Delaware
Targa NGL Pipeline Company LLC	Delaware
Targa Northern Delaware LLC	Delaware
Targa Permian Condensate Pipeline LLC	Delaware
Targa Pipeline Mid-Continent Holdings LLC	Delaware
Targa Pipeline Mid-Continent LLC	Delaware
Targa Pipeline Operating Partnership LP	Delaware
Targa Pipeline Partners GP LLC	Delaware
Targa Pipeline Partners LP	Delaware
Targa Resources Finance Corporation	Delaware
Targa Resources GP LLC	Delaware
Targa Resources LLC	Delaware
Targa Resources Operating GP LLC	Delaware
Targa Resources Operating LLC	Delaware
Targa Resources Partners LP	Delaware
Targa Rich Gas Services GP LLC	Texas
Targa Rich Gas Services LP	Texas
Targa Rich Gas Utility GP LLC	Texas
Targa Rich Gas Utility LP	Texas
Targa Southern Delaware LLC	Delaware
Targa SouthOk NGL Pipeline LLC	Oklahoma
Targa SouthTex Energy GP LLC	Delaware
Targa SouthTex CCNG Gathering Ltd.	Texas
Targa SouthTex Energy LP LLC	Delaware

Targa SouthTex Energy Operating LLC	Delaware
Targa SouthTex Gathering Ltd.	Texas
Targa SouthTex Midstream Company LP	Texas
Targa SouthTex Midstream Marketing Company Ltd.	Texas
Targa SouthTex Midstream T/U GP LLC	Texas
Targa SouthTex Midstream Utility LP	Texas
Targa SouthTex Mustang Transmission Ltd.	Texas
Targa SouthTex NGL Pipeline Ltd.	Texas
Targa SouthTex Processing LLC	Delaware
Targa SouthTex Transmission LP	Texas
Targa Train 6 LLC	Delaware
Targa Train 8 LLC	Delaware
Targa Train 9 LLC	Delaware
Targa Transport LLC	Delaware
TPL Arkoma Holdings LLC	Delaware
TPL Arkoma Inc.	Delaware
TPL Arkoma Midstream LLC	Delaware
TPL Gas Treating LLC	Delaware
TPL SouthTex Gas Utility Company LP	Texas
TPL SouthTex Midstream Holding Company LP	Texas
TPL SouthTex Midstream LLC	Delaware
TPL SouthTex Pipeline Company LLC	Texas
TPL SouthTex Processing Company LP	Texas
TPL SouthTex Transmission Company LP	Texas
T2 Eagle Ford Gathering Company LLC	Delaware
T2 Gas Utility LLC	Texas
T2 LaSalle Gas Utility LLC	Texas
T2 LaSalle Gathering Company LLC	Delaware
Velma Gas Processing Company, LLC	Delaware
Velma Intrastate Gas Transmission Company, LLC	Delaware
Versado Gas Processors, L.L.C.	Delaware

Exhibit 31.1

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

I, Matthew J. Meloy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Targa Resources Corp. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 4, 2022

By: /s/ Matthew J. Meloy
Name: Matthew J. Meloy
Title: Chief Executive Officer of Targa Resources Corp.
(Principal Executive Officer)

Exhibit 31.2

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

I, Jennifer R. Kneale, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Targa Resources Corp. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 4, 2022

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

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Targa Resources Corp., for the three months ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Matthew J. Meloy, as Chief Executive Officer of Targa Resources Corp., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Targa Resources Corp.

By: /s/ Matthew J. Meloy
Name: Matthew J. Meloy
Title: Chief Executive Officer of Targa Resources Corp.

Date: August 4, 2022

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Targa Resources Corp. for the three months ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jennifer R. Kneale, as Chief Financial Officer of Targa Resources Corp., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Targa Resources Corp.

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

Date: August 4, 2022

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