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Targa Resources

Investor Presentation

First Quarter 2016

April 29, 2016

Forward Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that Targa Resources Corp. (NYSE: TRGP; "Targa", "TRC" or the "Company") expects, believes or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside the Company's control, which could cause results to differ materially from those expected by management of Targa Resources Corp. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including declines in the production of natural gas or in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts, the credit risk of customers and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and other reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Targa Resources Corp. Closes Acquisition of TRP

- **On February 17th, Targa Resources Corp. ("Targa" or "TRC") closed its acquisition of all of the outstanding common units of Targa Resources Partners LP ("TRP") not already owned by Targa**
  - All stock-for-unit transaction at a ratio of 0.62 Targa common shares per common unit of TRP

Benefits of TRC's Acquisition of TRP

Improved Coverage and Credit Profile	Simplified Structure	Improved Cost of Capital

Stronger Near-Term and Long-Term Outlook

Targa is better positioned to execute on attractive, high return projects that may result from the current industry environment to drive long-term value creation for our investors

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Targa's New Public Structure

TRC Public Shareholders

(160,581,408 Shares)

Targa Resources Corp. (NYSE: TRGP) (S&P: BB- Moody's: Ba2)

Term Loan B
Revolving Credit Facility

TRC Preferred Shareholders

- Closed in March 2016
- ~$1 billion Series A Preferred Stock
- 9.5% dividends paid quarterly

100% Interest

Targa Resources Partners LP (S&P: BB-/BB- Moody's: Ba2/Ba3)

Senior Notes
Revolving Credit Facility
A/R Securitization Facility

TRP Preferred Unitholders

- Issued in October 2015
- $125 million Series A Preferred Units
- 9% distributions paid monthly

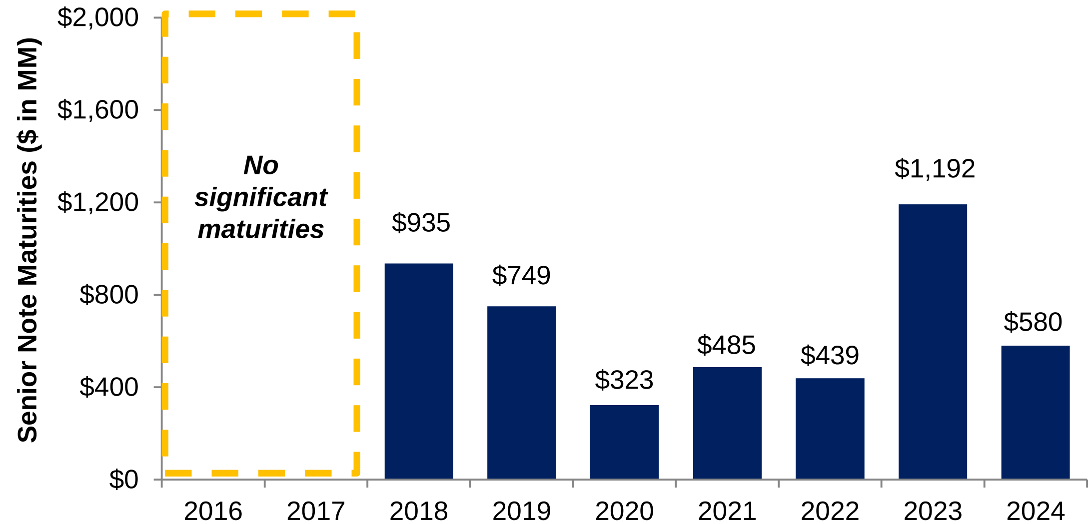
Operating Subsidiaries

Since October 2015, Targa has raised over $1.1 billion in preferred equity at a lower all in cost of capital than public common equity

Leverage and Financial Position

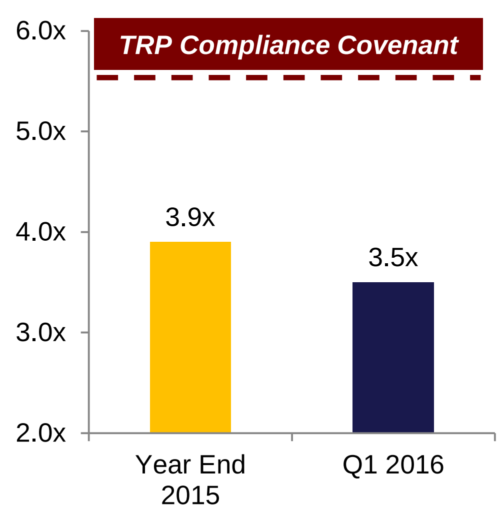
- **On February 17th, Targa closed its acquisition of TRP – pro forma:**
  - TRP continues as a reporting entity, and all existing debt and preferred equity remains outstanding
    - TRP's $1.6 billion revolver remains outstanding
    - TRP's Series A Preferred Units remain outstanding
    - TRC's $670 million revolver remains outstanding
  - **TRP 5.5x leverage compliance covenant remains in place**
  - Targa is **not** subject to a compliance covenant for consolidated leverage
- **On March 16th, Targa closed a $1 billion 9.5% private placement of Series A Preferred Stock**
  - Compliance leverage ratio as of March 31 was 3.5x
  - Targa liquidity was ~$2.2 billion as of March 31

Senior Note Maturities(1)

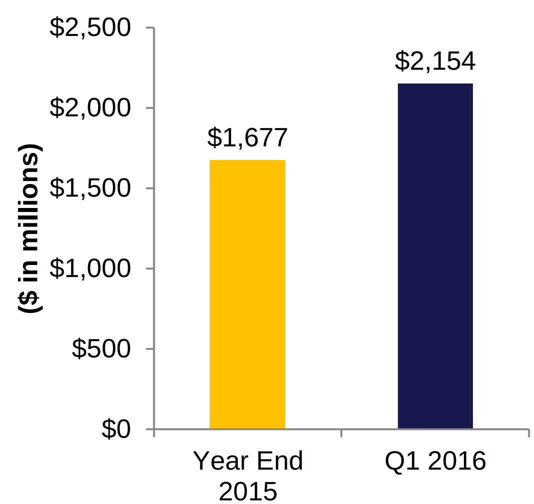


Pro Forma Leverage and Liquidity

TRP Compliance Leverage



Targa Liquidity



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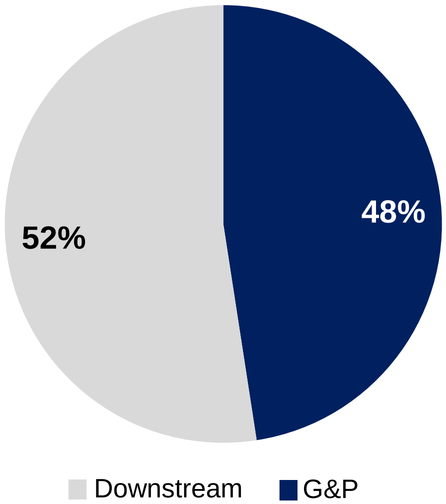
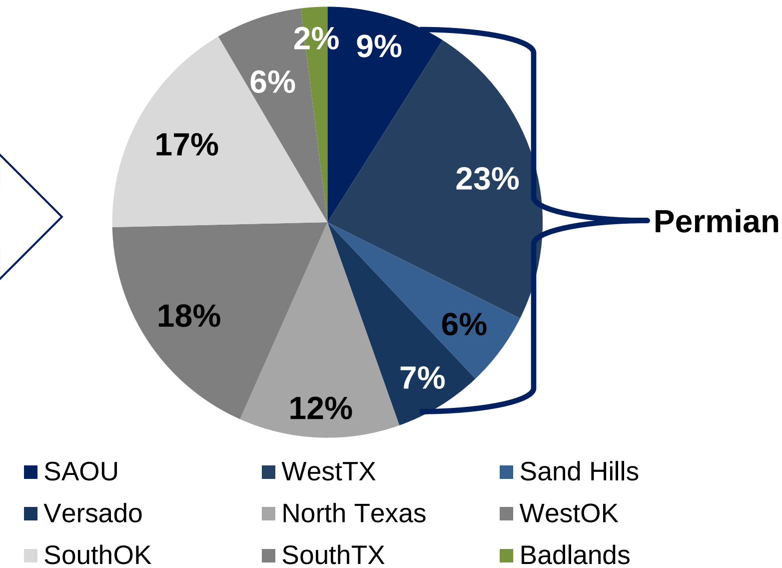
(1) As of March 31, 2016 includes TRP senior notes and TRC Term Loan B. Excludes TRP and TRC revolvers

Business Mix, Diversity and Fee Based Margin

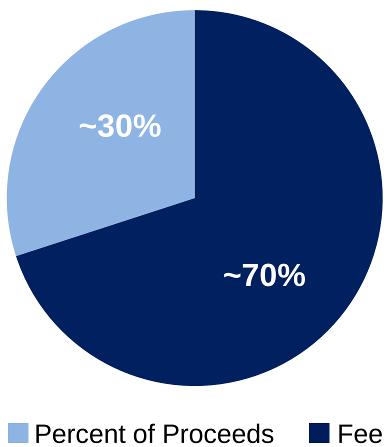
Business Mix – Q1 2016 Operating Margin



Field G&P Diversity – Q1 2016 Natural Gas Inlet Volumes



Fee-Based Margin – 2016E

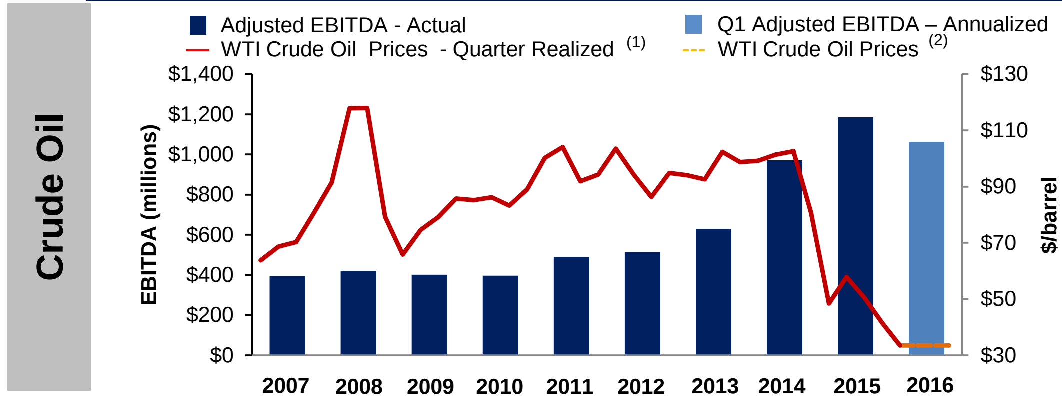


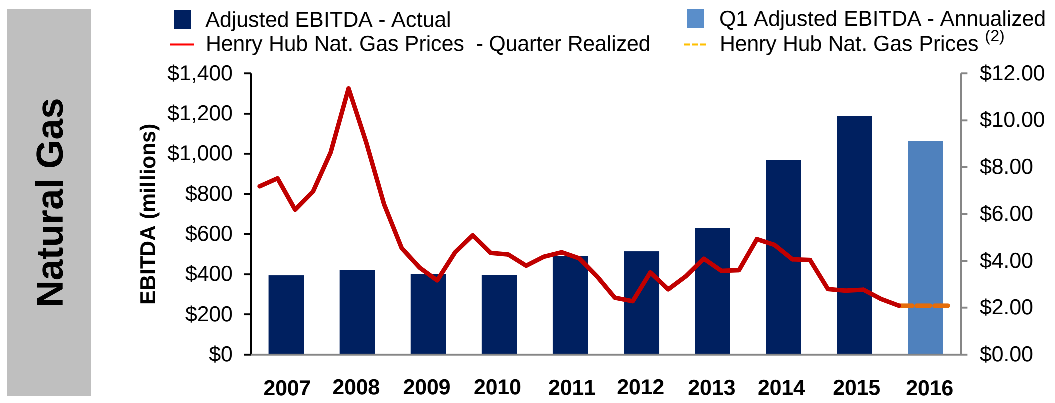
- **At IPO in 2007, TRP operated a single G&P system (North Texas), with ~100% POP exposure**
- **Since then, TRP has developed into a fully diversified midstream services provider:**
  - Significant margin contributions from both Downstream and G&P operations
  - Diversification across 10+ shale/resource plays
  - Diversification in downstream activities (fractionation, LPG exports, treating, storage, etc.)
- **~70% fee-based margin for 2016E provides cash flow stability**

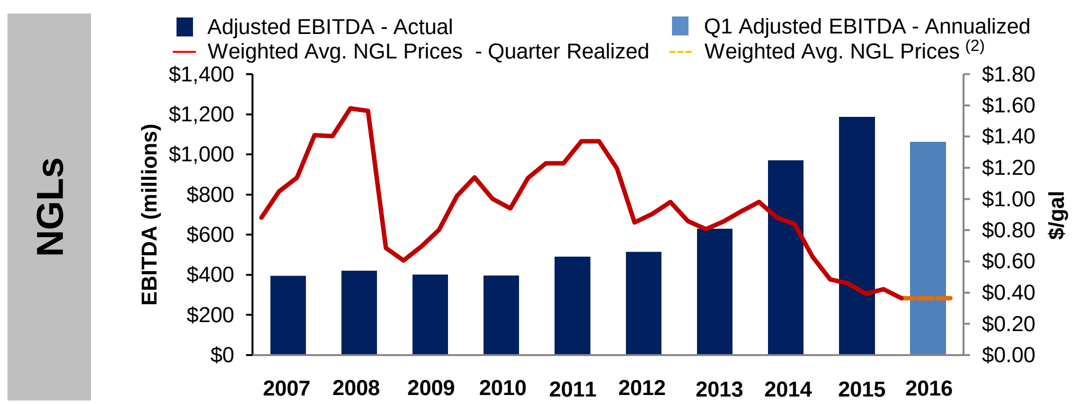
Diversity and Scale Help Mitigate Commodity Price Changes

- **Growth has been driven by investing in the business, not by changes in commodity prices**
- **TRP benefits from multiple factors that help mitigate commodity price volatility, including:**
  - Scale
  - Business and geographic diversity
  - Increasing fee-based margin
  - Hedging
- **Based on our estimate of current equity volumes, approximately 50% of natural gas, 50% of condensate and 20% of NGLs are hedged for remainder of 2016**
- **Based on our estimate of current equity volumes, approximately 35% of natural gas, 35% of condensate and 10% of NGLs are hedged for 2017**
- **Per press release on October 5th, commodity price only sensitivities to 2016 Adjusted EBITDA:**
  - +/- $0.05/gal NGLs = +/- $20 million Adj. EBITDA
  - +/- $0.25/MMBtu nat gas = +/- $10 million Adj. EBITDA
  - +/- $5.00/bbl crude oil = +/- $5 million Adj. EBITDA

Adjusted EBITDA vs. Commodity Prices







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Note: Targa's composite NGL barrel comprises 37% ethane, 35% propane, 6% iso-butane, 12% normal butane, and 10% natural gasoline

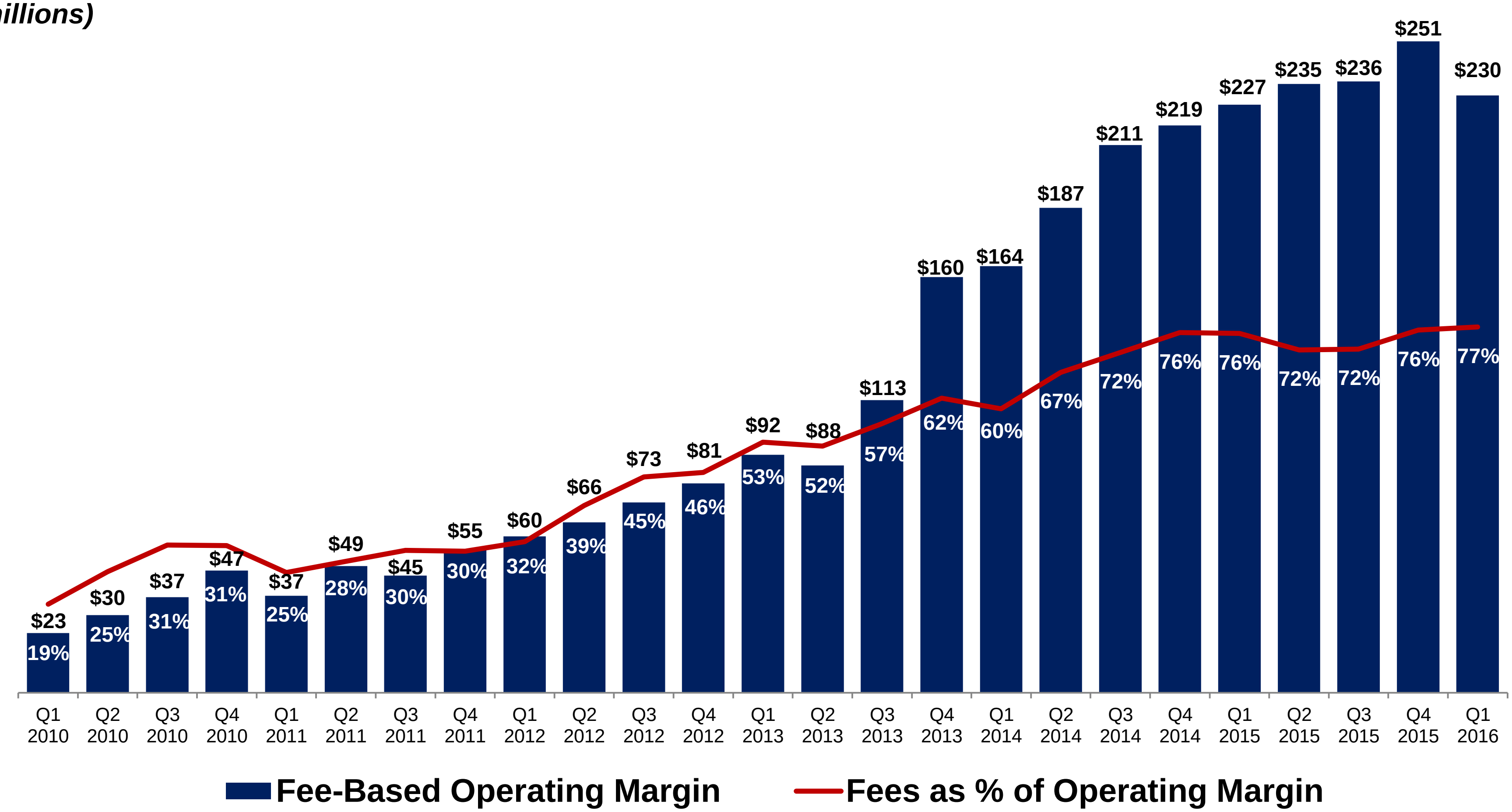
(1) Represents average quarterly realized crude prices after the acquisition of Badlands at the end of 2012. All prior periods reflect average posted prices

(2) Prices reflect average Q1 2016 spot prices for WTI crude oil, Henry Hub natural gas, and Mont Belvieu NGLs

Fee-Based Margin Provides Cash Flow Stability

Increasing Fee-Based Margin Provides Additional Stability to Our Business

($ in millions)



TRP's growth in fee-based margin provides cash flow stability –
At least 70% of 2016E operating margin expected to be fee-based

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2016 Net Growth Capex

- **Targa has four major projects underway, representing approximately $275 million of 2016E growth capex (net)**
  - All four projects will provide cash flow in 2016
  - Two projects expected to be fully operational in Q2 2016
- **Targa has identified up to an additional $250 million of 2016E growth capex**
  - Projects may be deferred depending on market conditions and activity levels
  - High return, strategic projects will be funded utilizing revolver liquidity, debt markets, joint ventures and other equity sources

	($ in millions)	Total Project Capex	Preliminary 2016E Capex	Expected Completion	Primarily Fee-Based	Additional Cash Flow in 2016
Major Projects in Progress	**Downstream**					
	CBF Train 5 Expansion (100 MBbl/d)	$340	$90	Q2 2016	✓	✓
	Noble Crude and Condensate Splitter	140	80	Q1 2018	✓	✓
	Gathering & Processing					
	WestTX Buffalo Plant	$105	$20	Q2 2016		✓
	SouthTX Sanchez Energy JV	125	85	Q1 2017	✓	✓
	Total (Downstream + G&P)	**$690 - $710**	**$275**			
Other Identified Projects	**Other Projects (Downstream + G&P)**		**$250**			✓
Total			**$525 (or less)**			

Targa accessed the capital markets in the late third quarter and fourth quarter of 2015, and closed a ~$1 billion TRC 9.5% Series A Preferred private placement in March 2016

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Counterparty Credit Exposure and Mitigants

	Description of Payments	Area (Predominant Contract Type)	Potential Counterparty Credit Risk	Mitigants
Downstream	♦ Targa invoices for fees due	♦ N/A	♦ Low	♦ Creditworthiness of customers ♦ Diversification of customers ♦ Significant LCs posted
G&P – Fee	♦ Targa invoices producer monthly for fees due **or** ♦ In some cases, Targa nets fees due against cash due for marketing product	♦ Badlands ♦ SouthOK ♦ SouthTX	♦ Low	♦ Volume and producer counterparty diversification ♦ Creditworthiness of producers
G&P – Percent of Proceeds ("POP")	♦ Targa remits cash payments to producer for production after deducting Targa's share of proceeds and associated fees	♦ Permian ♦ WestOK ♦ North Texas	♦ Low	♦ Net payable position ♦ Volume and producer counterparty diversification ♦ Creditworthiness of producers ♦ Wellhead gathering

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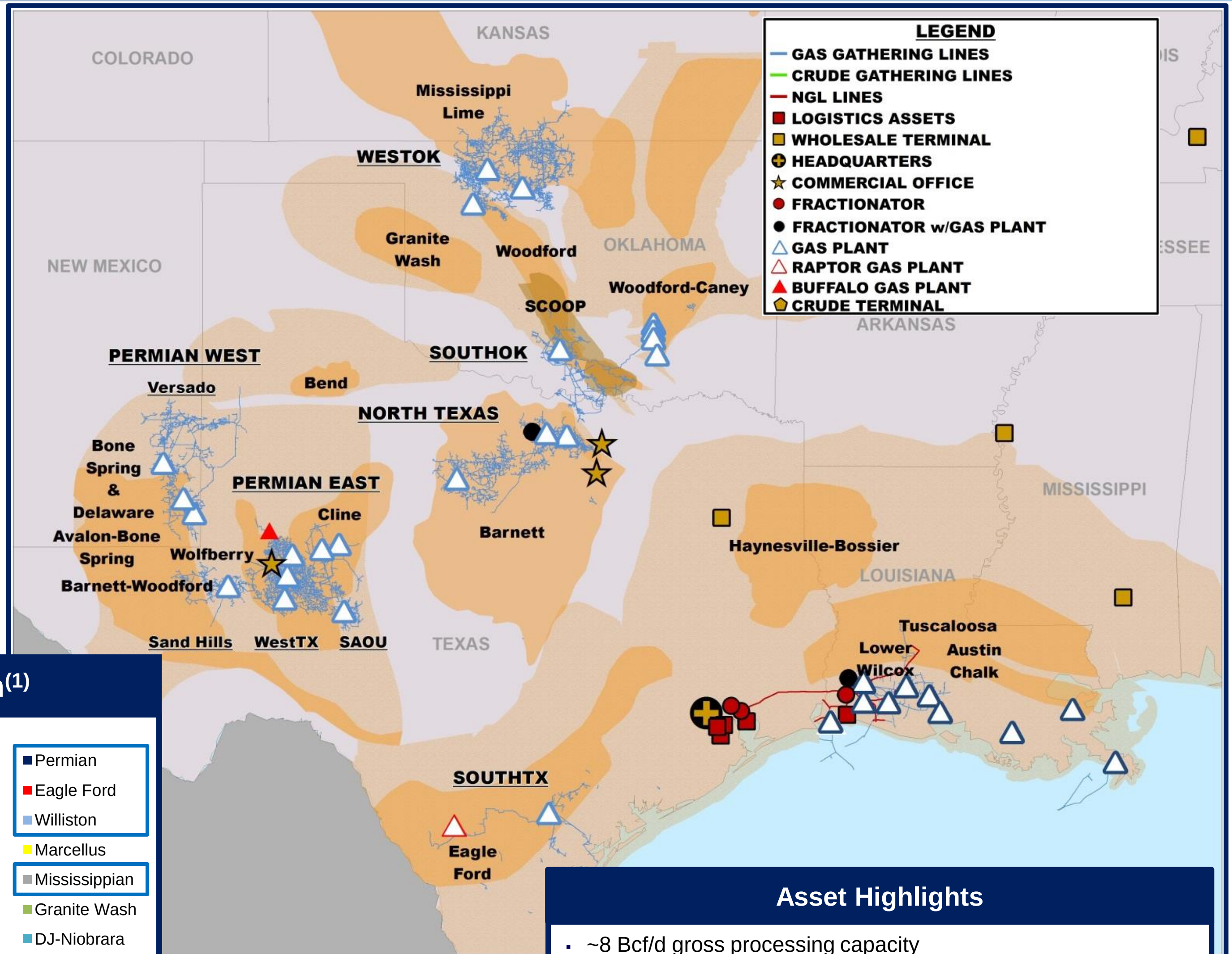
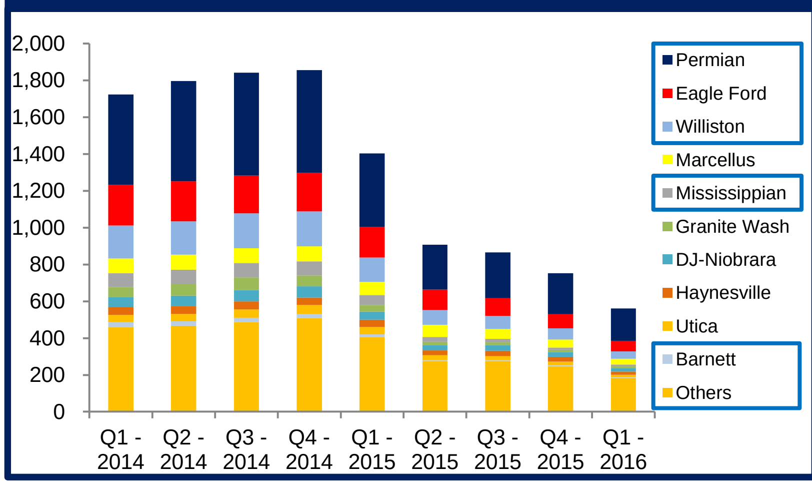
Targa's Attractive Asset Footprint

Attractive Asset Positions Despite Lower Producer Activity

- Rig activity has decreased significantly across the U.S.
- Targa's footprint has been impacted, but positioning in some of the best basins / areas provides resiliency
- Diversified producer customer base



U.S. Land Rig Count by Basin[1]



Asset Highlights

- ~8 Bcf/d gross processing capacity
- 38 natural gas processing plants
- Over 25,000 miles of natural gas and crude oil pipelines
- Gross NGL production of 304 MBbls/d in Q1 2016
- 3 crude and refined products terminals (2.5 MMBbls of storage)
- 17 gas treating facilities
- Over 570 MBbl/d gross fractionation capacity
- ~6.5-7.0 MMBbl/month capacity LPG export terminal

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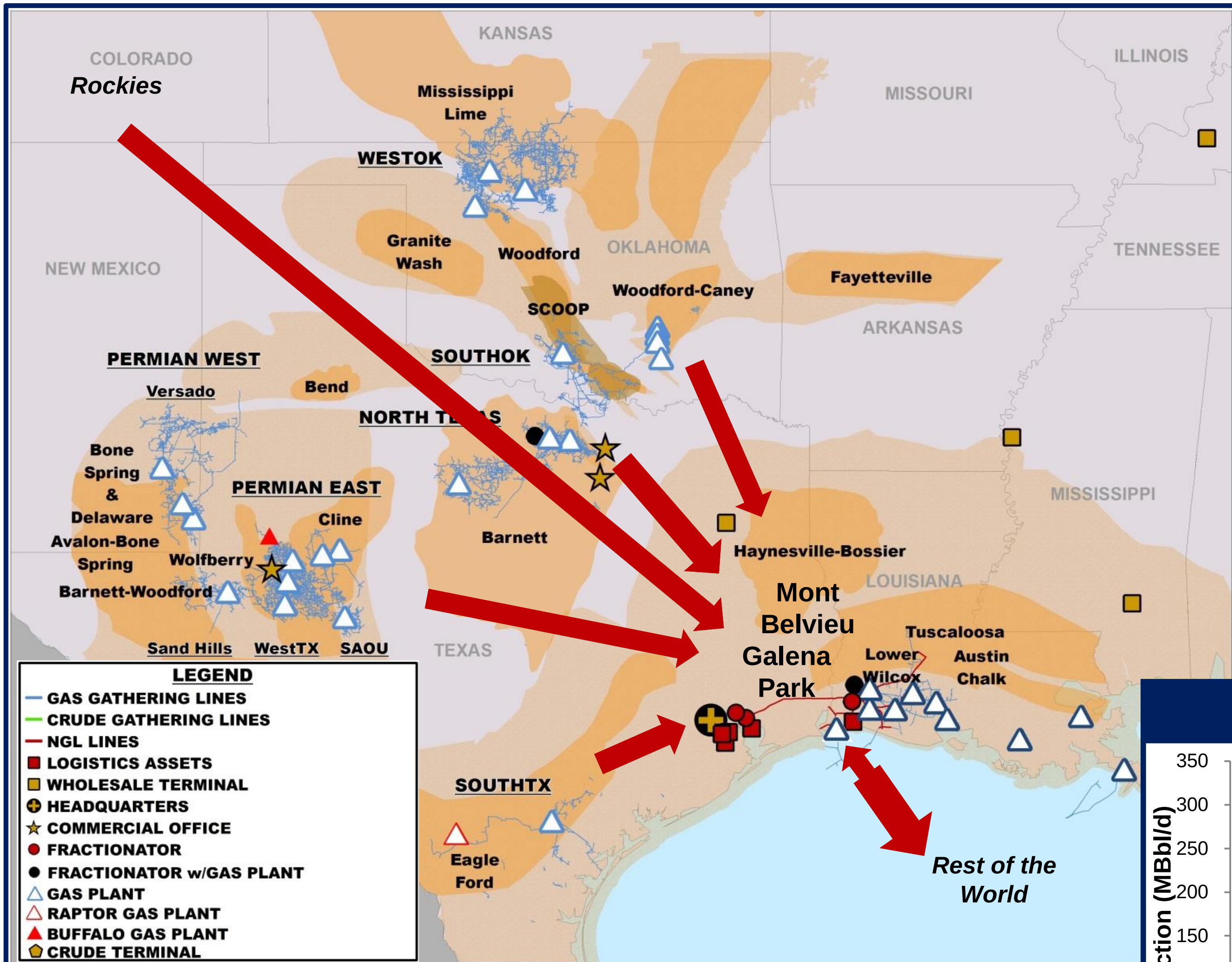
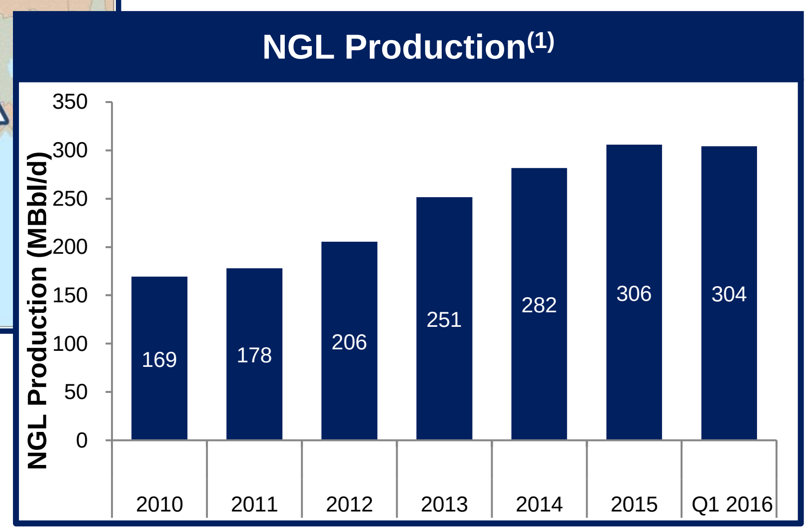
(1) *Source: Baker Hughes; data through April 15, 2016*

Producer Activity Drives NGL Flows to Mont Belvieu

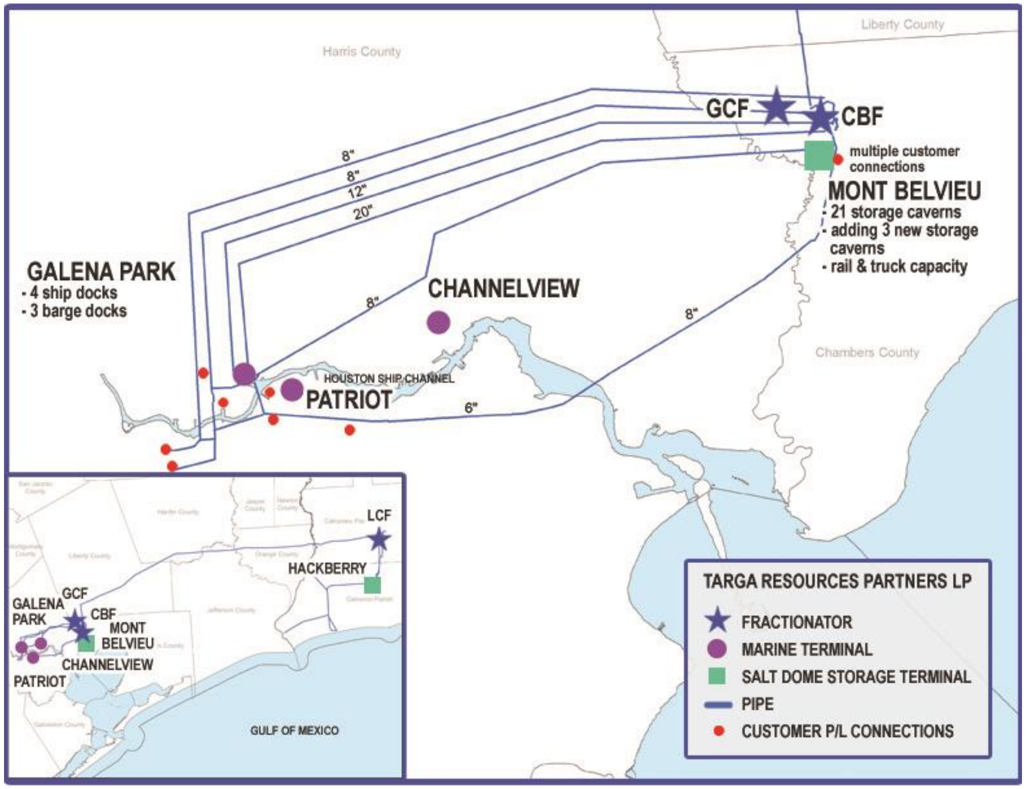


- **Growing field NGL production increases NGL flows to Mont Belvieu**
- **Increased NGL production could support Targa's existing and expanding Mont Belvieu and Galena Park presence**
- **Petrochemical investments, fractionation and export services will continue to clear additional supply**
- **Targa's Mont Belvieu and Galena Park businesses very well positioned**



TARGA (1) *Pro forma Targa/TPL for all years*

Logistics Assets – Extensive Gulf Coast Footprint



Galena Park Marine Terminal		
	Products	**MMBbl/ Month**
Export Capacity	LEP / HD5 / NC4	~6.5 - 7.0
Other Assets		
700 MBbls in Above Ground Storage Tanks		
4 Ship Docks		

Fractionators			
		Gross Capacity (MBbl/d)	**Net Capacity (MBbl/d)[2]**
CBF - Mont Belvieu[1]	Trains 1-3	253	223
	Backend Capacity	40	35
	Train 4	100	88
GCF - Mont Belvieu		125	49
Total - Mont Belvieu		518	394
LCF - Lake Charles		55	55
Total		**573**	**449**

Other Assets
Mont Belvieu
30 MBbl/d Low Sulfur/Benzene Treating Natural Gasoline Unit
21 Underground Storage Wells
Adding 3 Underground Storage Wells
Pipeline Connectivity to Petchems/Refineries/LCF/etc.
6 Pipelines Connecting Mont Belvieu to Galena Park
Rail and Truck Loading/Unloading Capabilities
Other Gulf Coast Logistics Assets
Channelview Terminal (Harris County, TX)
Patriot Terminal (Harris County, TX)
Hackberry Underground Storage (Cameron Parish, LA)

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(1) 100 MBbl/d Train 5 expansion expected to be fully operational by the end of Q2 2016
(2) Net capacity is calculated based on TRP's 88% ownership of CBF and 39% ownership of GCF

Downstream Capabilities

Overview

- **Assets include:**
  - Second largest fractionation footprint at Mont Belvieu and Lake Charles
  - Second largest LPG export terminal on the Houston Ship Channel
  - Above and underground storage terminals across the country
  - Domestic NGL marketing and distribution
  - Natural gas marketing
  - Wholesale and transportation services
- **Contributed 52% of Targa's overall Q1 2016 operating margin**
- **Fee-based businesses; many with take-or-pay commitments**
- **Major capex projects over last 3 years include: LPG export terminal expansions, new fractionation trains, a crude and condensate splitter and terminal capability additions**

Operating Margin vs. NGL Price

Downstream Highlights

- **NGL Fractionation**
  - Leading Mont Belvieu footprint with underground storage and connectivity provides a locational advantage
  - Fixed fees with take-or-pay commitments
- **NGL and Natural Gas Marketing**
  - Manage physical distribution of mixed NGLs and specification products using owned and third party facilities
  - Manage inventories for Targa downstream business
- **LPG Exports**
  - Fixed loading fees with take-or-pay commitments; market to end users and international trading houses
- **NGL, Crude Oil and Refined Products Terminals**
  - Underground and above ground terminals at Mont Belvieu and across the US
- **Wholesale Propane**
  - Sell propane to multi-state, independent retailers and industrial accounts; inventory sold at index plus
- **Refinery Services**
  - Contractual agreements with major refiners to market NGLs by barge, rail and truck; margin-based fees
- **Commercial Transportation**
  - All fee-based; 700 railcars, 80 transport tractors, 20 NGL barges

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

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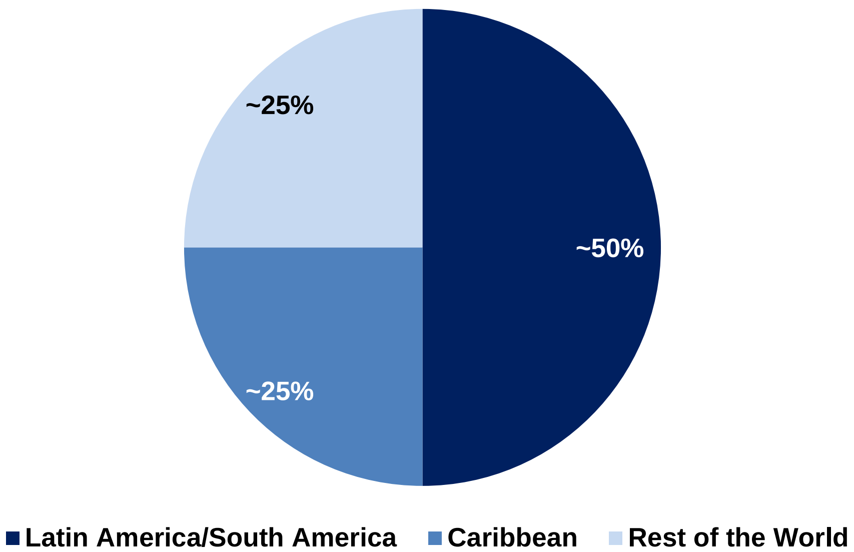
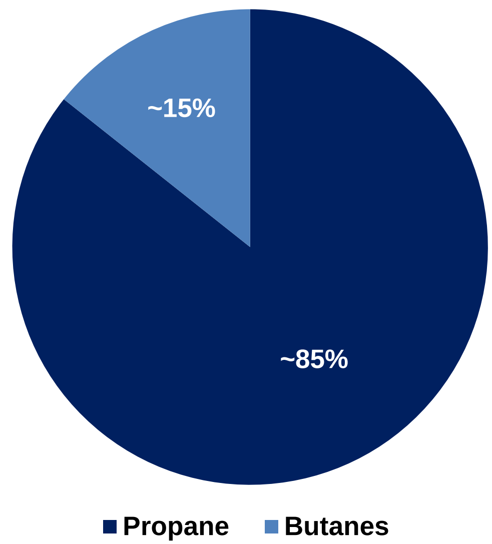
Targa's LPG Export Business

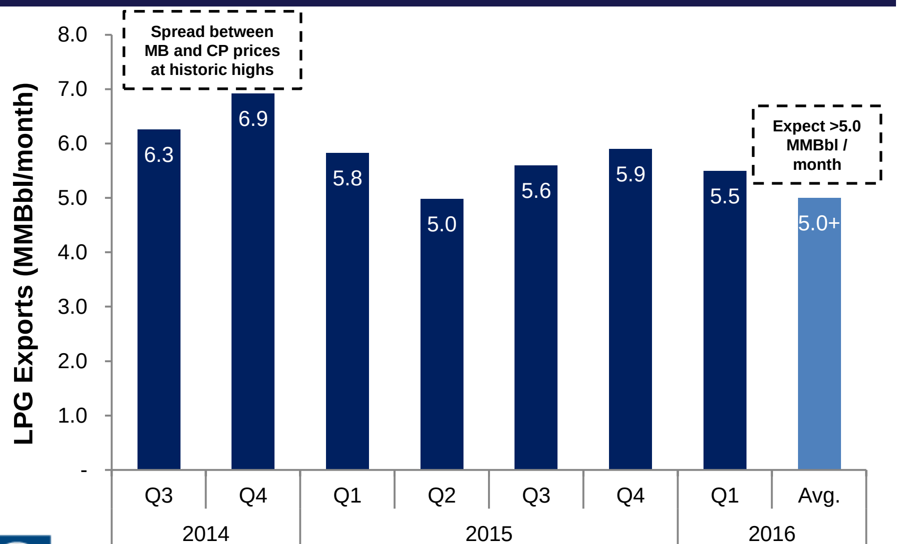
Targa LPG Exports by Destination [1]



Targa Propane and Butane Exports [1]



Targa LPG Export Volumes



- **Fee based business with no direct commodity price exposure – charge fee for loading vessel at the dock**
- **Targa advantaged versus some competitors given support infrastructure (fractionation, salt cavern storage, refrigeration, de-ethanizers)**
- **Nameplate capacity of 9.0 MMBbl/month; effective operational capacity of 6.5 – 7.0 MMBbl/month**
- **Multi-year contracts with end users and international trading houses**
  - Also support existing LT clients and other third parties with short-term contracts on as-needed basis
- **Majority of Targa volumes staying in the Western Hemisphere, but some volumes traveling to Europe and the Far East**
- **Targa expects to export more than 5.0 MMBbl/month in 2016**

TARGA *(1) Last twelve months*

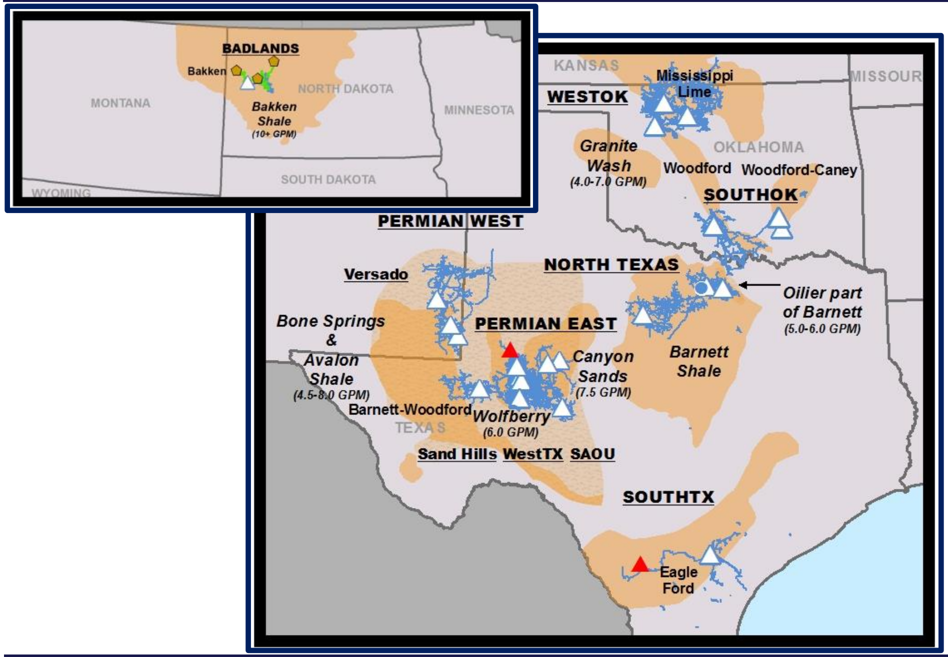
Extensive Field Gathering and Processing Position

Summary

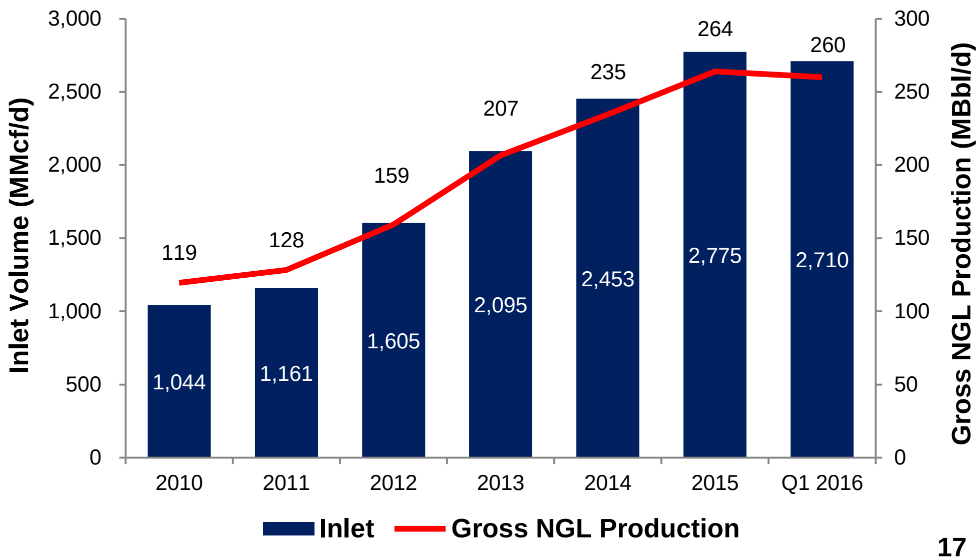
- **Over 24,000 miles of pipeline across attractive positions in the Permian Basin, Eagle Ford Shale, Barnett Shale, Anadarko Basin, Ardmore Basin, Arkoma Basin and Williston Basin**
- **Over 3.6 Bcf/d of gross processing capacity**
  - Six new cryogenic plants placed in service in 2014 and 2015
  - Connected Sand Hills and SAOU in Q3 2014; WestTX and Sand Hills in Q3 2015; WestTX and SAOU in Q1 2016
  - 200 MMcf/d Buffalo plant began start-up in April 2016
- **Additional gathering and processing expansions:**
  - 200 MMcf/d Raptor plant in SouthTX expected in service in Q1 2017
- **POP and fee-based contracts**

	Current Gross Processing Capacity (MMcf/d)	Miles of Pipeline
SAOU	369	1,650
WestTX	855	4,050
Sand Hills	165	1,550
Versado	240	3,450
Permian Total	**1,629**	**10,700**
SouthTX	400	785
North Texas	478	4,550
SouthOK	560	1,500
WestOK	458	6,100
Central Total	**1,896**	**12,935**
Badlands[2]	90	530
Total	**3,615**	**24,165**

Footprint



Volumes[1]



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(1) Pro forma Targa/TPL for all years
(2) Total gas and crude oil pipeline mileage

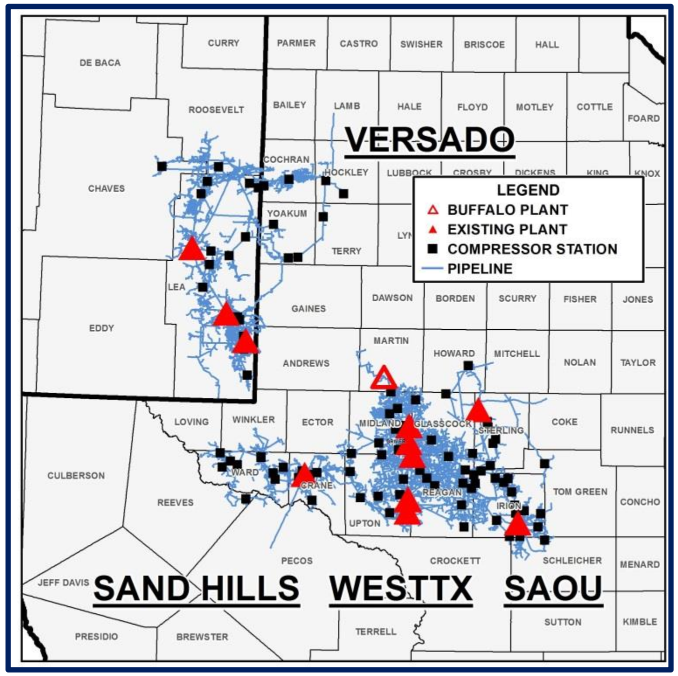
Premier Permian Basin Footprint

Summary

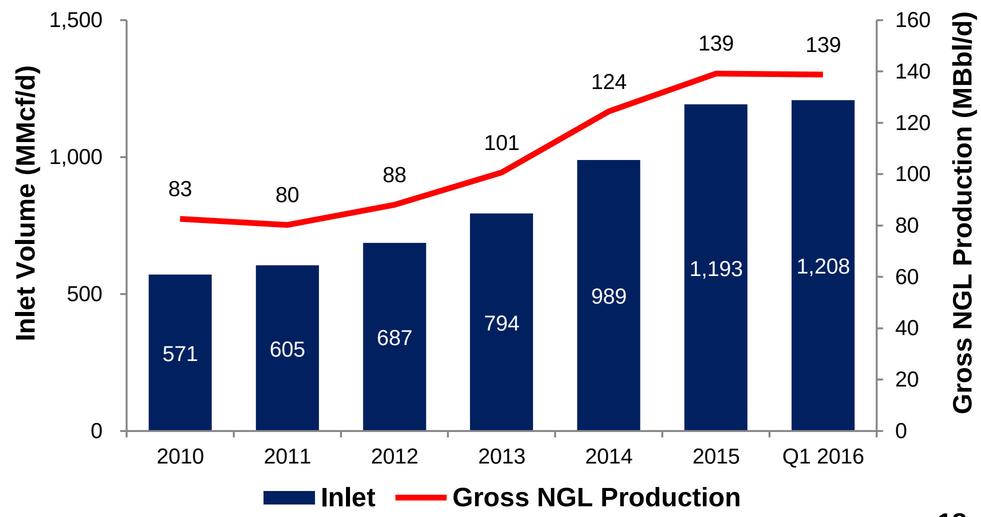
- **Footprint includes approximately 10,700 miles of pipeline**
- **Targa is one of the largest Permian Basin gas processors with over 1.6 Bcf/d in gross processing capacity**
  - 200 MMcf/d WestTX Buffalo plant began start-up in April 2016, providing needed processing capacity and increasing system reliability and operational flexibility
  - Processing capacity available at Versado to capture new volumes from the Northern Delaware Basin and the Central Basin Platform
  - Reviewing additional opportunities to connect / optimize systems to enhance reliability, optionality and efficiency
- **Traditionally POP contracts, with additional fee-based services for compression, treating, etc.**

	Current Gross Processing Capacity (MMcf/d)	Miles of Pipeline
SAOU	369	1,650
WestTX	855	4,050
Sand Hills	165	1,550
Versado	240	3,450
Permian Total	**1,629**	**10,700**

Footprint



Volumes(1)



(1) *Pro forma Targa/TPL for all years*

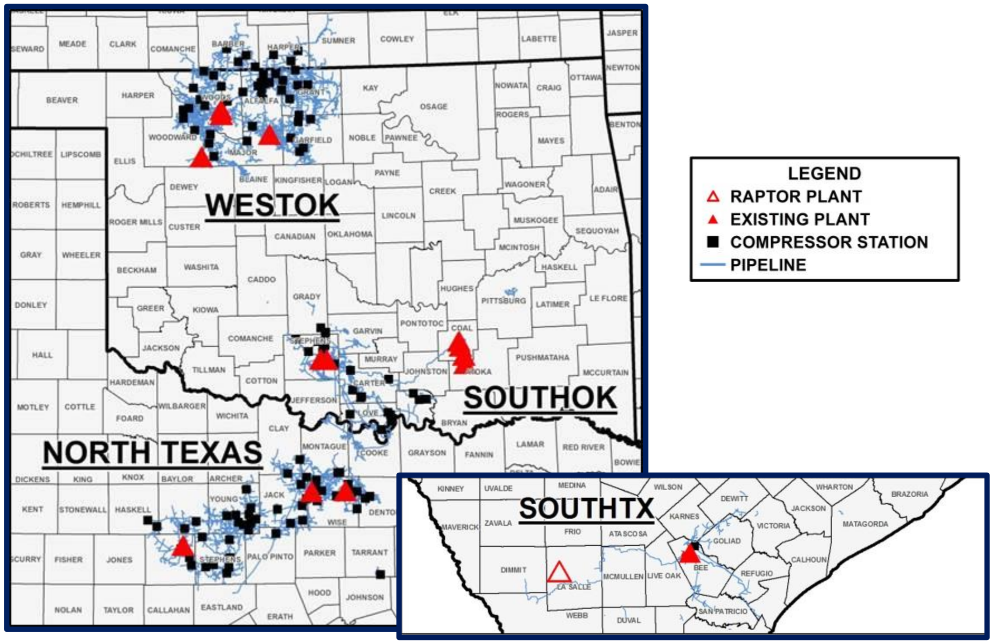
Strategic Central Position

Summary

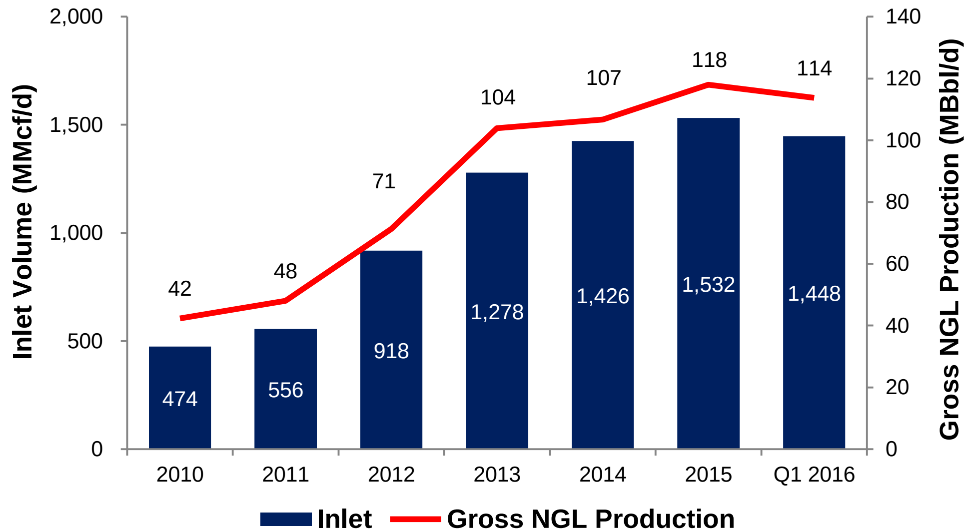
- **Four footprints including approximately 13,000 miles of pipeline**
- **Over 1.8 Bcf/d of gross processing capacity**
  - Announced a joint venture with Sanchez Energy Corporation in October 2015 in SouthTX to build 200 MMcf/d Raptor plant and ~45 miles of associated pipelines in La Salle County expected in service in Q1 2017
  - 15 processing plants across the liquids-rich Eagle Ford Shale, Barnett Shale, Anadarko Basin, Ardmore Basin and Arkoma Basin
  - Reviewing opportunities to connect / optimize systems to enhance reliability, optionality and efficiency for producers
- **Traditionally POP contracts in North Texas and WestOK with additional fee-based services for compression, treating, etc.**
- **Majority of SouthTX and SouthOK contracts are fee-based**

	Current Gross Processing Capacity (MMcf/d)	Miles of Pipeline
SouthTX	400	785
North Texas	478	4,550
SouthOK	560	1,500
WestOK	458	6,100
Central Total	**1,896**	**12,935**

Footprint



Volumes[1]



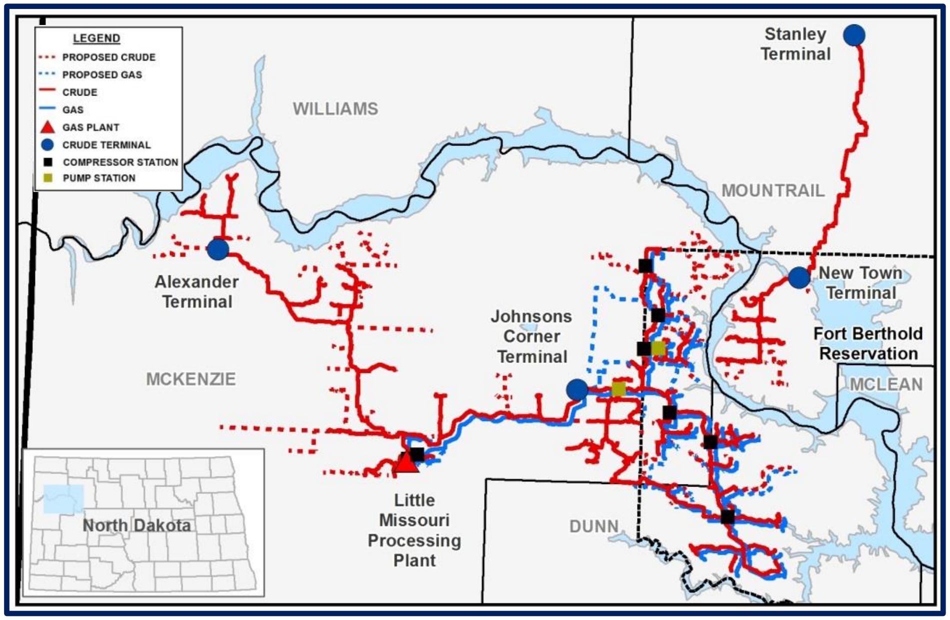
(1) *Pro forma Targa/TPL for all years*

Strategic Position in the Core of the Williston Basin

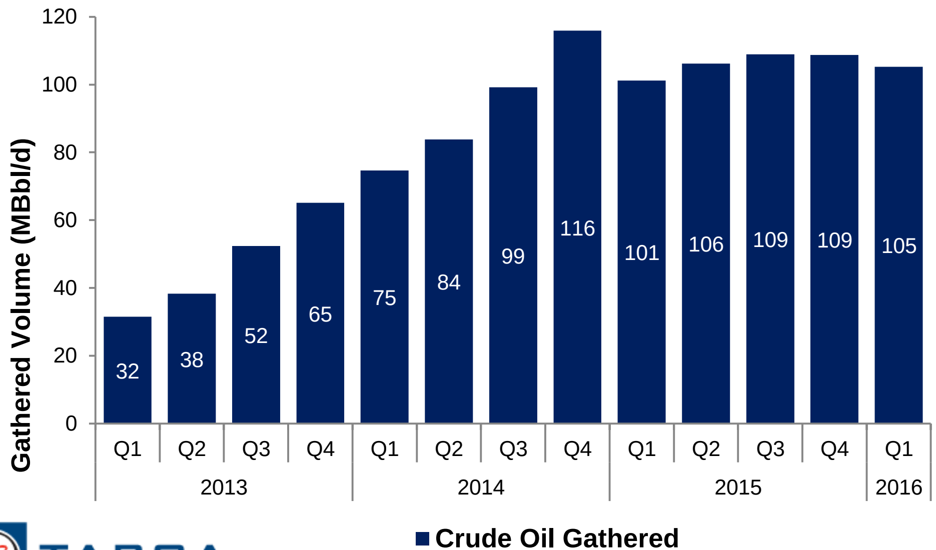
Summary

- **System currently consists of oil gathering and terminaling and natural gas gathering and processing in McKenzie, Dunn and Mountrail Counties, ND**
- **Acquired in December 2012; substantial build-out of system since January 2013**
  - ~230% growth in crude gathering volumes since acquisition
  - ~220% growth in gas plant inlet volumes since acquisition
- **Total natural gas processing capacity of ~90 MMcf/d**
  - Little Missouri 3 plant expansion completed in Q1 2015
- **Fee-based contracts**

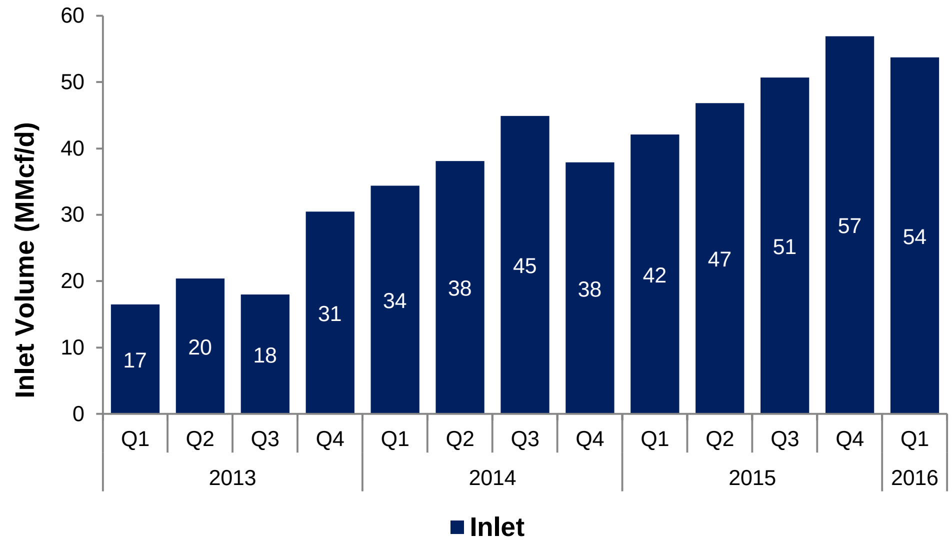
Footprint



Crude Oil Gathered



Natural Gas Volumes



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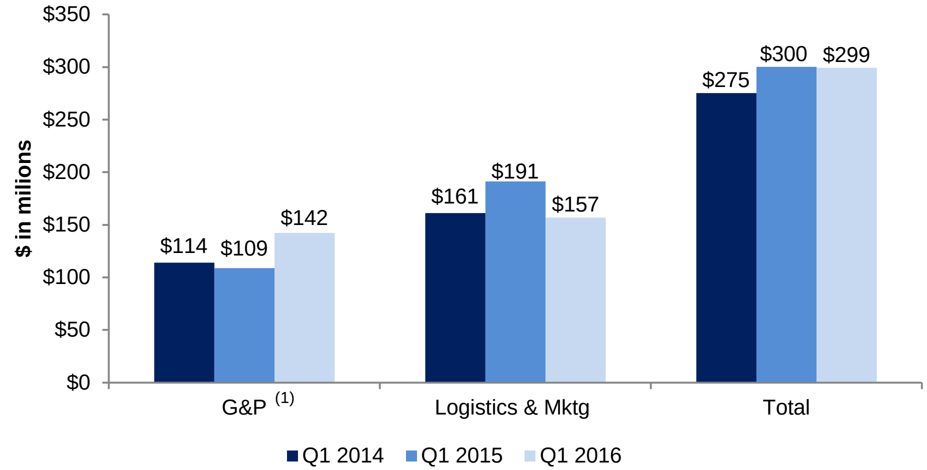
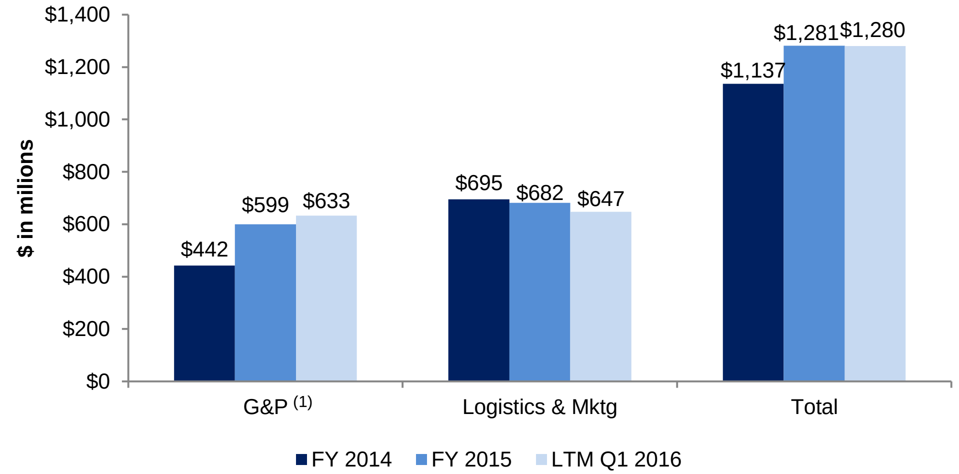
Additional Information

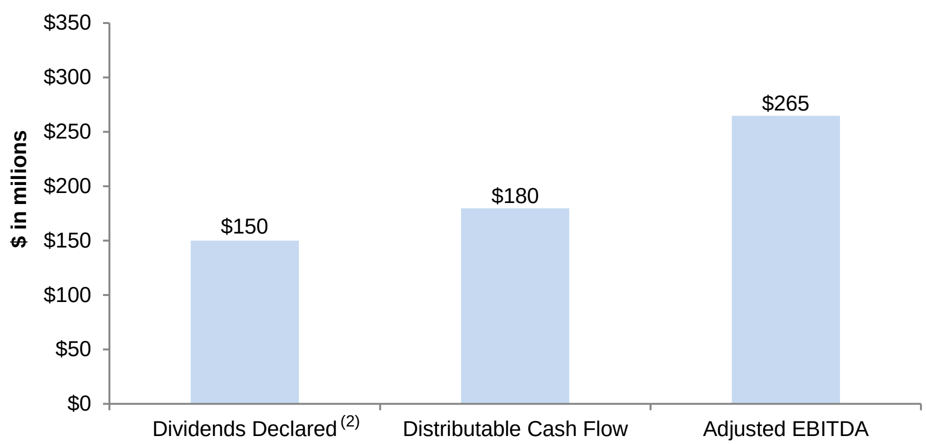
TRC Update

Operating Margin





Q1 2016



Highlights

- **Adjusted EBITDA up 3% in Q1 2016 compared to Q1 2015, primarily due to contributions from TPL, partially offset by lower commodity prices**
- **Gathering & Processing operating margin increased 31%, primarily driven by TPL contributions, partially offset by lower commodity prices**
- **$0.91 dividend declared on TRC common shares**
- **$3.8 million of dividends paid on TRC 9.5% Series A preferred shares**
- **1.2x dividend coverage**
- **Reduced TRP compliance leverage to 3.5x**

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(1) Includes impact of commodity hedge settlements
(2) Includes dividends on TRC common shares and on TRC 9.5% Series A preferred shares

Consolidated Capitalization

($ millions)

Cash and Debt	Maturity	Coupon	Actual 12/31/2015	Adjustments	Actual 3/31/2016
Cash and Cash Equivalents			$140.2	($25.7)	$114.5
TRP Accounts Receivable Securitization	Dec-16		219.3	(69.3)	150.0
TRP Revolving Credit Facility	Oct-17		280.0	(280.0)	–
TRC Revolving Credit Facility	Feb-20		440.0	(165.0)	275.0
TRC Term Loan B	Feb-22		160.0	–	160.0
Unamortized Discount			(2.5)	–	(2.5)
Total Senior Secured Debt			**1,096.8**		**582.5**
Senior Notes	Feb-18	5.000%	1,100.0	(164.9)	935.1
Senior Notes	Nov-19	4.125%	800.0	(50.6)	749.4
Senior Notes	Oct-20	6.625%	342.1	(32.2)	309.9
Senior Notes	Feb-21	6.875%	483.6	(5.0)	478.6
Senior Notes	Aug-22	6.375%	300.0	(21.3)	278.7
Senior Notes	May-23	5.250%	583.7	(24.1)	559.6
Senior Notes	Nov-23	4.250%	623.5	(39.6)	583.9
Senior Notes	Mar-24	6.750%	600.0	(19.9)	580.1
Unamortized Discount/Premium on TRP Debt			(17.1)	0.4	(16.7)
TPL Senior Notes	Oct-20	6.625%	12.9	–	12.9
TPL Senior Notes	Nov-21	4.750%	6.5	–	6.5
TPL Senior Notes	Aug-23	5.875%	48.1	–	48.1
Unamortized Premium on TPL Debt			0.7	–	0.7
Total Consolidated Debt			**$5,980.8**		**$5,109.4**
TRP Compliance Leverage Ratio[(1)]			3.9x		3.5x
TRC Compliance Leverage Ratio[(2)]			2.6x		1.8x
Liquidity:					
TRP Credit Facility Commitment			$1,600.0		$1,600.0
Funded Borrowings			(280.0)	280.0	–
Letters of Credit			(12.9)	0.7	(12.2)
Total Revolver Availability			**$1,307.1**		**$1,587.8**
Cash			140.2		114.5
Total TRP Liquidity			**$1,447.3**		**$1,702.3**
Available A/R Securitization Capacity			-		56.5
Total TRP Liquidity with Available A/R Securitization Capacity			**$1,447.3**		**$1,758.8**
Available TRC Credit Facility Availability			230.0		395.0
Total Consolidated Liquidity			**$1,677.3**		**$2,153.8**

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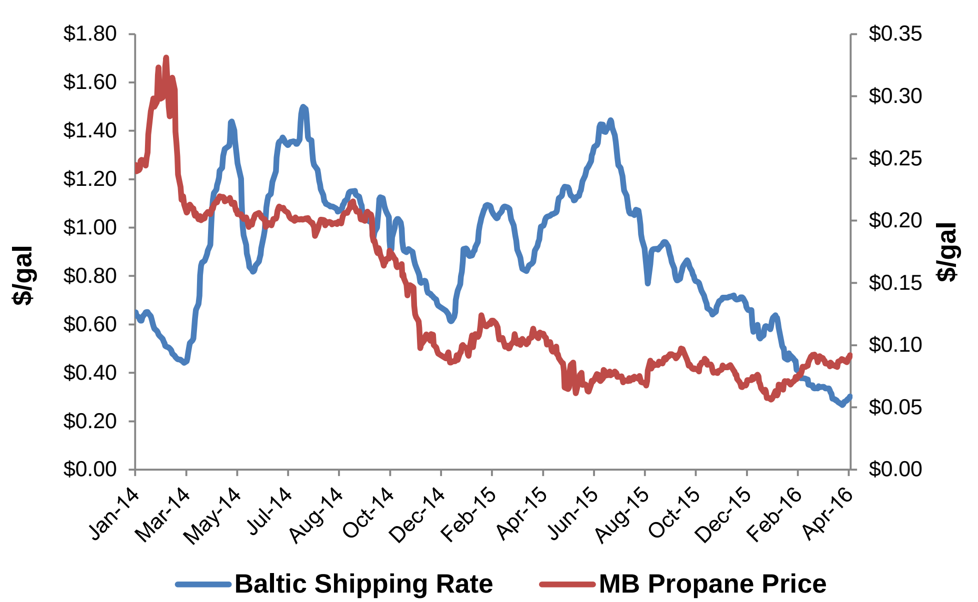
(1) Adjusts EBITDA to provide credit for material capital projects that are in process, but have not started commercial operation, and other items; compliance debt excludes senior notes of Targa Pipeline Partners, L.P. ("TPL") and $150 million of borrowings under the A/R Securitization Facility

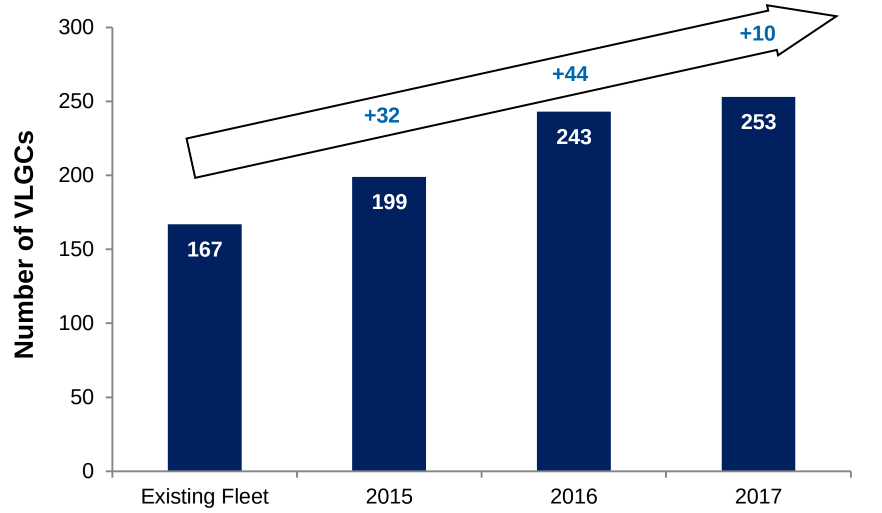
(2) TRC compliance leverage deducts cash and cash equivalents from debt

Dynamics of the LPG Market

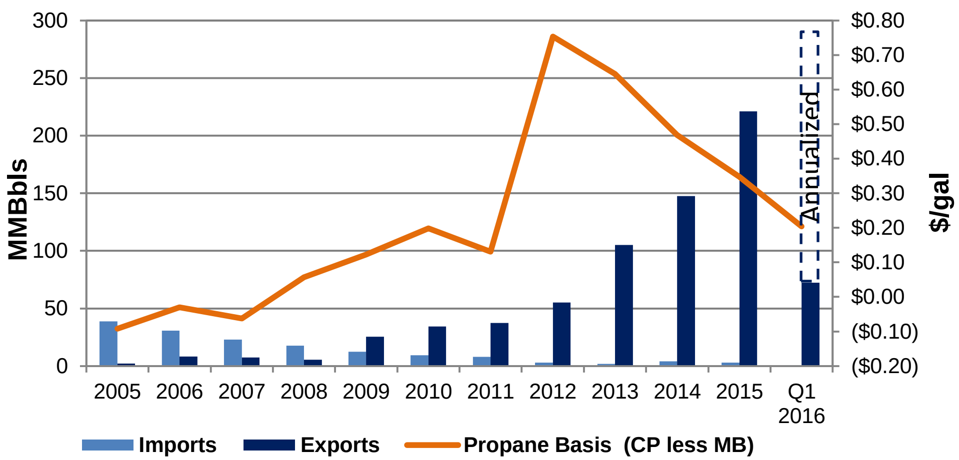
VLGC Freight Rates(1)



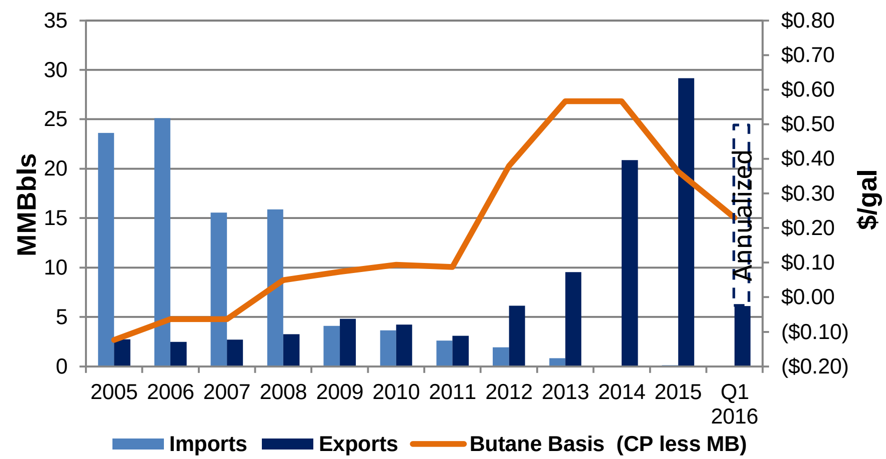
Increasing VLGC Fleet(2)



U.S. Propane(3)



U.S. Butane(3)



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(1) Source: Inge Steensland AS; Bloomberg
(2) Source: IHS as of September 2015
(3) Source: IHS

Petroleum Logistics – Highlights

Terminal	Current Storage	Products	Capabilities
Targa Channelview Houston, TX	553 MBbl	Crude oil, blend stock, asphalt, marine diesel oil, used motor oil, vacuum gas oil, residual fuel oil	Truck and barge transport; Blending and heating; Vapor controls
Targa Sound Tacoma, WA	1,457 MBbl	Crude oil, gasoline, distillates, asphalt, residual fuel oils, LPGs, ethanol, biodiesel	Ship, barge, pipe, rail, and truck transport; Blending and heating; Vapor controls
Targa Baltimore Baltimore, MD	505 MBbl	Asphalt, fuel oil, vacuum gas oil; ability to expand product handling	Truck, rail, and barge transport; Blending and heating; Can add pipe and ship
Total	**2,515MBbl**		

- **At TRP's Channelview and Patriot Terminals:**
  - Expanding presence along the Houston Ship Channel
  - In 2014 completed construction of a new 8 bay truck rack and installed a marine vapor combustor for crude barge loading at Channelview
  - Agreements with Noble Americas Corp. to build a 35 Mbpd crude and condensate splitter at Channelview that is expected to be completed in Q1 2018
- **At TRP's Sound Terminal:**
  - Increased storage capacity in 2014, and added ethanol, biodiesel and gasoline blending to the truck loading racks
  - Evaluating rail capacity expansions, new dock access for deeper draft and other growth opportunities

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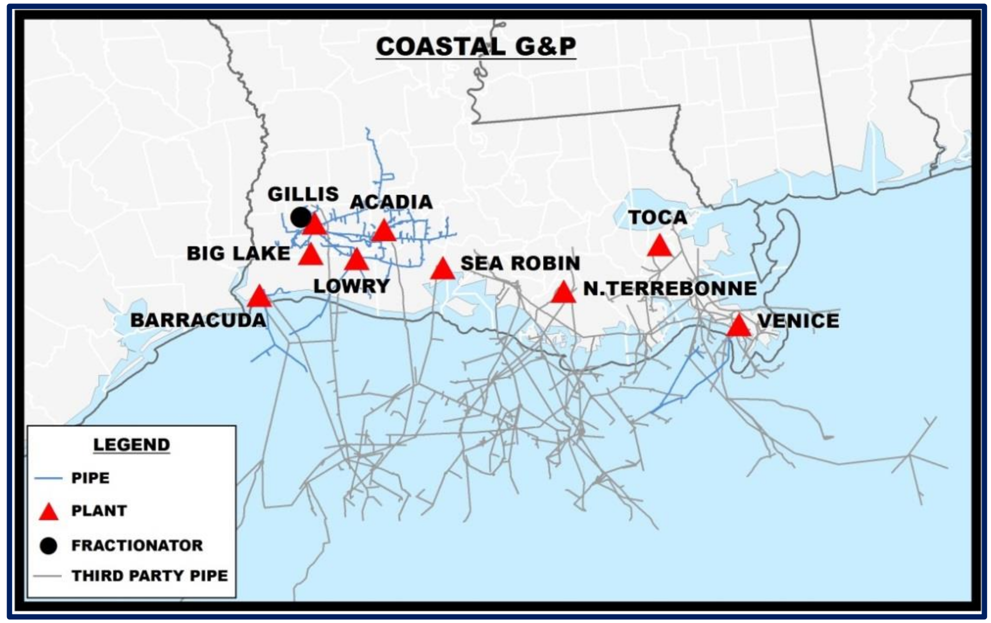
Well Positioned Along the Louisiana Gulf Coast

Summary

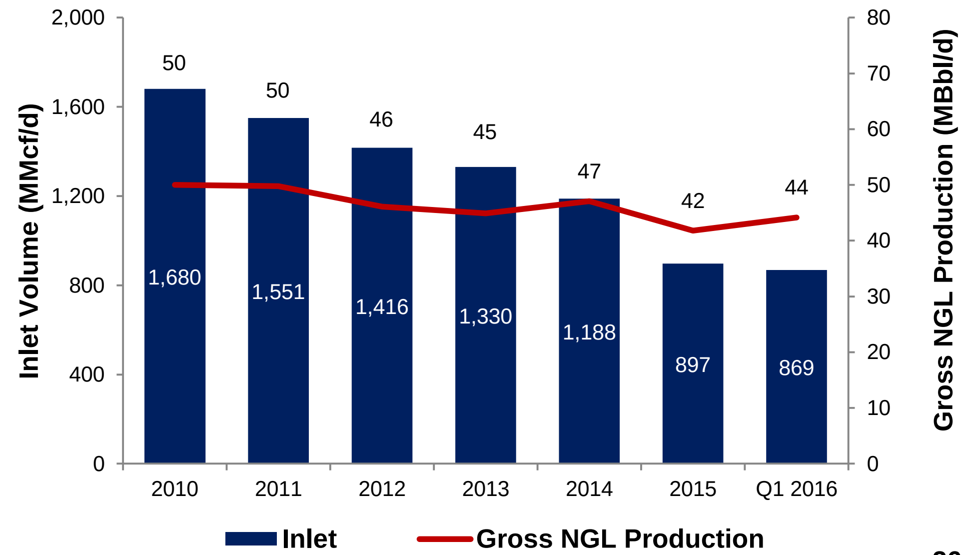
- **LOU (Louisiana Operating Unit)**
  - 440 MMcf/d of gas processing (180 MMcf/d Gillis plant, 80 MMcf/d Acadia plant and 180 MMcf/d Big Lake plant)
  - Interconnected to Lake Charles Fractionator (LCF)
- **Coastal Straddles (including VESCO)**
  - Positioned on mainline gas pipelines processing volumes of gas collected from offshore
- **Inlet volumes and gross NGL production have been declining, but NGL production decreases have been partially offset by moving volumes to more efficient plants**
- **Primarily POL contracts**

	Current Gross Processing Capacity (MMcf/d)	NGL Production (MBbl/d)
LOU	440	
Vesco	750	
Other Coastal Straddles	3,255	
Total	**4,445**	**44**

Footprint



Volumes



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Reconciliations

Non-GAAP Measures Reconciliation

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

Non-GAAP Measures Reconciliation

Adjusted EBITDA - The Company defines Adjusted EBITDA net income(loss) available to TRC before: interest; income taxes; depreciation and amortization; impairment of goodwill; gains or losses on debt repurchases, redemptions, amendments, exchanges and early debt extinguishments and asset disposals; risk management activities related to derivative instruments including the cash impact of hedges acquired in the APL merger; non-cash compensation on equity grants; transaction costs related to business acquisitions; net income attributable to TRP preferred limited partners; earnings/losses from unconsolidated affiliates net of distributions, distributions from preferred interests, change in contingent consideration and the noncontrolling interest portion of depreciation and amortization expenses. 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. The economic substance behind our use of Adjusted EBITDA is to measure the ability of our assets to generate cash sufficient to pay interest costs, support its indebtedness and make distributions to our investors.

Adjusted EBITDA is a non-GAAP financial measure. The GAAP measure most directly comparable to Adjusted EBITDA is net income (loss) attributable to Targa Resources Corp. Adjusted EBITDA should not be considered as an alternative to GAAP net income. Adjusted EBITDA has important limitations as an analytical tool. Investors should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and is defined differently by different companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

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

Non-GAAP Measures Reconciliation

Distributable Cash Flow - The Company distributable cash flow as Adjusted EBITDA less distributions to TRP preferred limited partners, cash interest expense on debt obligations, current cash tax expense and less maintenance capital expenditures (net of any reimbursements of project costs). This measure includes the impact of noncontrolling interests on the prior adjustment items.

Distributable cash flow is a significant performance metric used by us and by external users of our financial statements, such as investors, commercial banks and research analysts, to compare basic cash flows generated by us (prior to the establishment of any retained cash reserves by our board of directors) to the cash dividends we expect to pay our common shareholders. Using this metric, management and external users of its financial statements can quickly compute the coverage ratio of estimated cash flows to cash dividends. Distributable cash flow is also an important financial measure for our common shareholders since it serves as an indicator of our success in providing a cash return on investment. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly dividend rates.

Distributable cash flow is a non-GAAP financial measure. The GAAP measure most directly comparable to distributable cash flow is net income (loss) attributable to Targa Resources Corp. Distributable cash flow should not be considered as an alternative to GAAP net income (loss) available to common and preferred shareholders. It has important limitations as an analytical tool. Investors should not consider distributable cash flow in isolation or as a substitute for analysis of our results as reported under GAAP. Because distributable cash flow excludes some, but not all, items that affect net income and is defined differently by different companies in our industry, our definition of distributable cash flow may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

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

Non-GAAP Reconciliations – Q1 2016 EBITDA and DCF

The following table presents a reconciliation of Adjusted EBITDA and Distributable Cash Flow for the periods shown for TRC:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
	($ in millions)	
Reconciliation of net income (loss) attributable to TRC to Adjusted EBITDA and Distributable Cash Flow:		
Net income (loss) to Targa Resources Corp.	$ (2.7)	$ 3.2
Add:		
Impact of TRC/TRP Merger on NCI	(3.8)	27.5
Income attributable to TRP preferred limited partners	2.8	-
Interest expense, net	52.9	54.1
Income tax expense (benefit)	3.1	15.2
Depreciation and amortization expense	193.5	118.6
Goodwill impairment	24.0	-
(Gain) loss on sale or disposition of assets	0.9	0.7
(Gain) loss from financing activities	(24.7)	9.1
(Earnings) loss from unconsolidated affiliates	4.8	(1.7)
Distributions from unconsolidated affiliates and preferred p	5.8	2.7
Compensation on TRP equity grants	8.0	5.9
Transaction costs related to business acquisitions	-	25.8
Risk management activities	5.9	0.7
Noncontrolling interest adjustment	(5.8)	(3.6)
TRC Adjusted EBITDA	$ 264.7	$ 258.2
Distributions to TRP preferred limited partners	(2.8)	-
Interest expenses on debt obligations, net	(69.6)	(50.9)
Current income tax expenses	-	-
Maintenance capital expenditures	(15.0)	(20.3)
Noncontrolling interests adjustments of maintenance cape	2.4	1.6
TRC Distributable Cash Flow	$ 179.7	$ 188.6

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Non-GAAP Reconciliations – Q1 2016 Gross Margin

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

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
	($ in millions)	
Reconciliation of gross margin and operating margin to net income (loss):		
Gross margin	$ 431.4	$ 421.1
Operating expenses	(132.1)	(121.1)
Operating margin	299.3	300.0
Depreciation and amortization expenses	(193.5)	(118.6)
General and administrative expenses	(45.3)	(42.6)
Goodwill impairment	(24.0)	-
Interest expense, net	(52.9)	(54.1)
Income tax expense	(3.1)	(15.2)
Gain (loss) on sale or disposition of assets	(0.9)	-
Gain (loss) from financing activities	24.7	(9.1)
Other, net	(5.0)	(24.7)
Net income	$ (0.7)	$ 35.7
Net income (loss) attributable to noncontrolling interests	2.0	32.5
Net income (loss) attributable to Targa Resources Corp.	$ (2.7)	$ 3.2

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Non-GAAP Reconciliation – 2013-2016 Fee-Based Margin

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

	Three Months Ended												
	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016
($ in millions)	**($ in millions)**												
Reconciliation of gross margin and operating margin to net income (loss):													
Gross margin	$ 260.3	$ 265.2	$ 297.1	$ 355.1	$ 379.6	$ 384.0	$ 407.8	$ 398.2	$ 411.4	$ 462.4	$ 459.7	$ 452.0	$ 431.4
Operating expenses	(86.1)	(96.1)	(97.6)	(96.5)	(104.3)	(106.6)	(112.8)	(109.4)	(111.3)	(136.9)	(133.6)	(122.8)	(132.1)
Operating margin	174.2	169.1	199.5	258.6	275.3	277.4	295.0	288.8	300.1	325.5	326.1	329.2	299.3
Depreciation and amortization expenses	(63.9)	(65.7)	(68.9)	(73.1)	(79.5)	(85.8)	(87.5)	(93.7)	(119.6)	(163.9)	(165.8)	(228.8)	(193.5)
General and administrative expenses	(34.1)	(36.1)	(35.4)	(37.4)	(35.9)	(39.1)	(40.4)	(24.6)	(40.3)	(46.8)	(42.9)	(23.5)	(45.3)
Provisional goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	(290.0)	(24.0)
Interest expense, net	(31.4)	(31.6)	(32.6)	(35.4)	(33.1)	(34.9)	(36.0)	(39.7)	(50.9)	(62.2)	(64.1)	(30.6)	(52.9)
Income tax (expense) benefit	(0.9)	(0.9)	(0.7)	(0.4)	(1.1)	(1.3)	(1.3)	(1.1)	(1.1)	0.3	0.4	(0.2)	(3.1)
Gain on sale or disposition of assets	0.1	(3.9)	0.7	(0.8)	0.8	0.5	4.4	(0.8)	(0.6)	0.1	-	7.9	(0.9)
(Loss) from financing activities	-	(7.4)	(7.4)	-	-	-	-	(12.4)	-	-	(0.5)	3.4	24.7
Other, net	1.0	2.7	0.7	4.1	4.8	4.1	4.0	(1.8)	(11.1)	0.3	0.1	(6.7)	(5.0)
Net income	$ 45.3	$ 32.7	$ 65.0	$ 115.6	$ 131.3	$ 120.9	$ 138.2	$ 114.7	$ 76.5	$ 53.3	$ 53.3	$ (239.3)	$ (0.7)
Fee Based operating margin percentage	53%	52%	57%	62%	60%	67%	72%	76%	76%	72%	72%	76%	77%
Fee Based operating margin	$ 91.8	$ 87.6	$ 113.0	$ 160.2	$ 164.0	$ 187.0	$ 211.1	$ 218.6	$ 226.7	$ 234.6	$ 235.6	$ 251.1	$ 230.3

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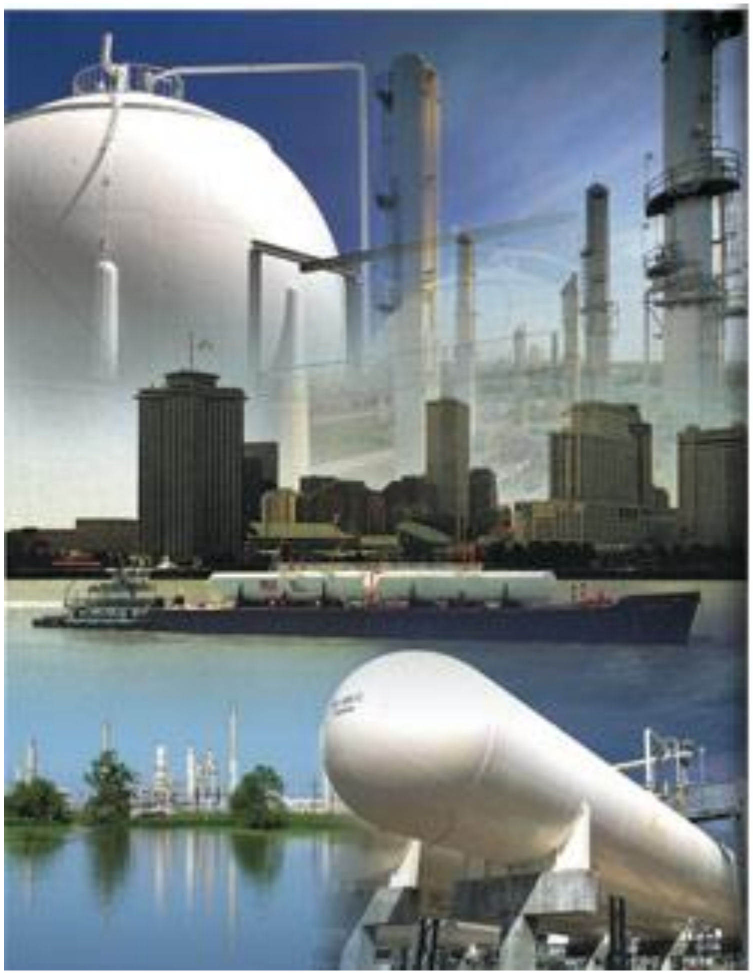

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