



**TARGA**

**Targa Resources, Inc.**

**Lenders' Presentation**

**\$700 million Senior Secured Credit Facility**

**December 8, 2009**

# 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, Inc. ("TRI" or "Targa") and/or Targa Resources Partners LP (the "Partnership") expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside TRI or the Partnership's control, which could cause results to differ materially from those expected by management. 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 TRI's and the Partnership's Annual Report on Form 10-K for the year ended December 31, 2008 and other reports filed with the Securities and Exchange Commission. TRI and the Partnership undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.**

# Company Presentation Team

**Joe Bob Perkins**

*President*

**Jeff McParland**

*EVP and Chief Financial Officer*

**Matthew Meloy**

*VP Finance and Treasurer*

# Agenda

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**TARGA**

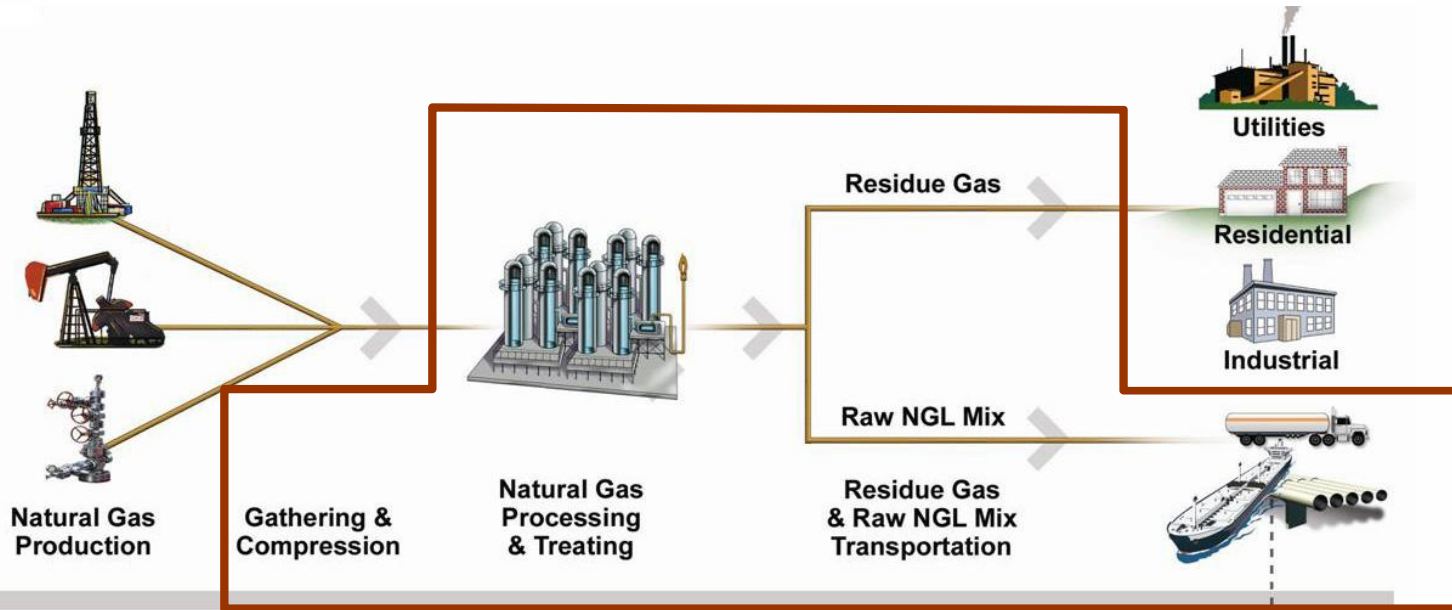
## **Executive Summary**

# Introduction

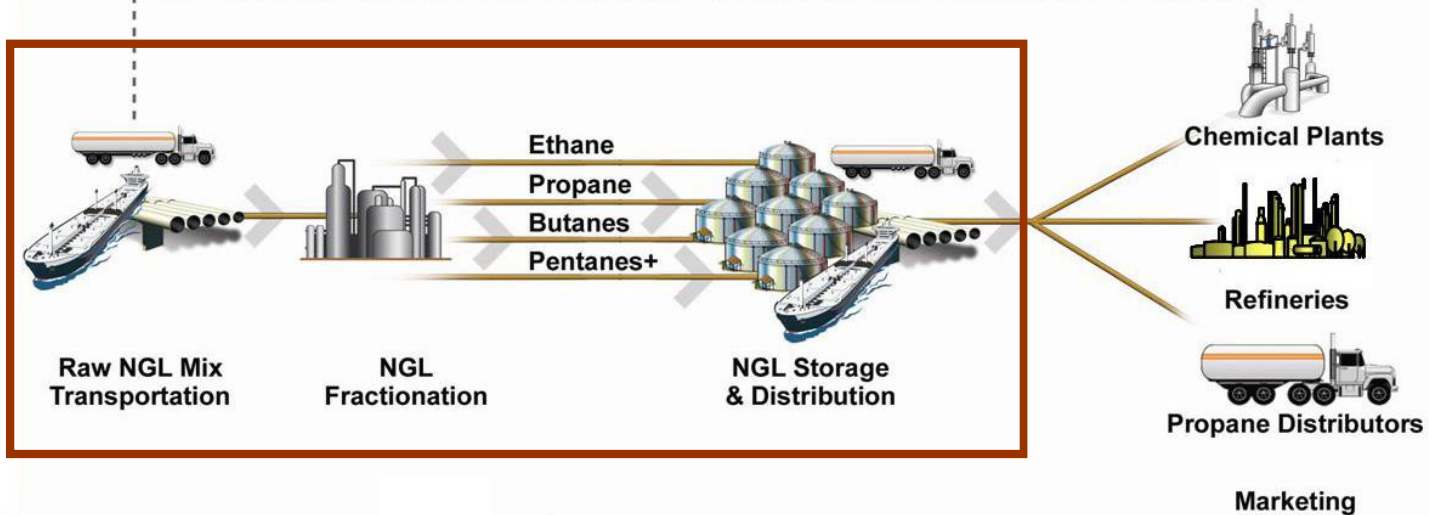
- ◆ **Targa is pleased to discuss a proposed refinancing (the “Transaction”) at Targa Resources, Inc. (“TRI”) that will significantly improve the Company’s consolidated credit profile**
- ◆ **Targa is seeking to raise a new credit facility of up to \$700 million, consisting of:**
  - ❖ \$150 million revolving credit facility due 2014
  - ❖ Up to \$550 million Term Loan B due 2016
- ◆ **Proceeds from the new financing and cash will be used to repay all existing debt at TRI and to purchase a portion of the Company’s Holdco Loan**
- ◆ **The Transaction will accomplish the following:**
  - ❖ Reduce leverage
  - ❖ Improve the Company’s maturity profile
  - ❖ Simplify the capital structure
  - ❖ Facilitate further deleveraging through fully prepayable structure

# Overview of Targa's Business

## Natural Gas Gathering and Processing

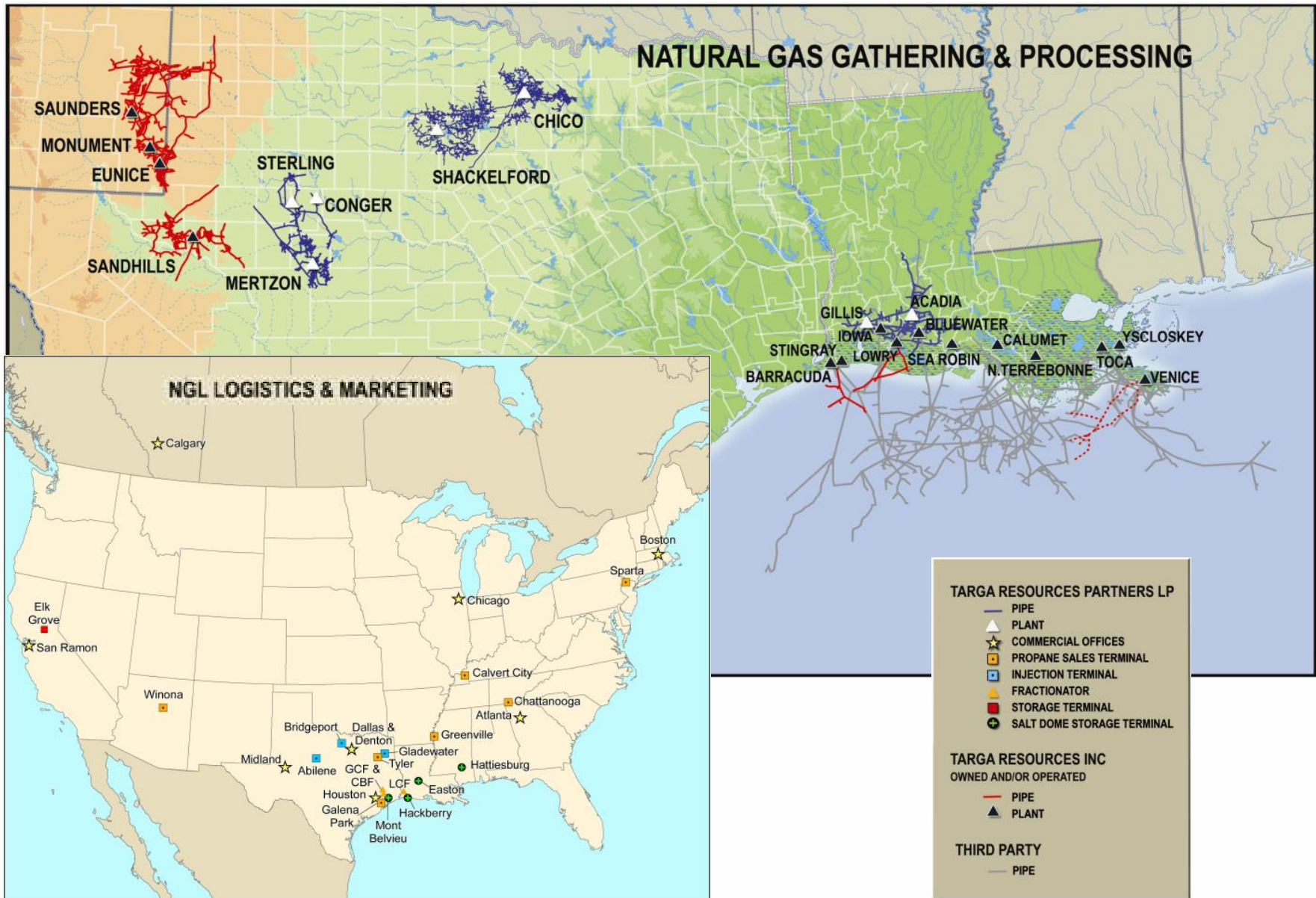


## NGL Logistics and Marketing

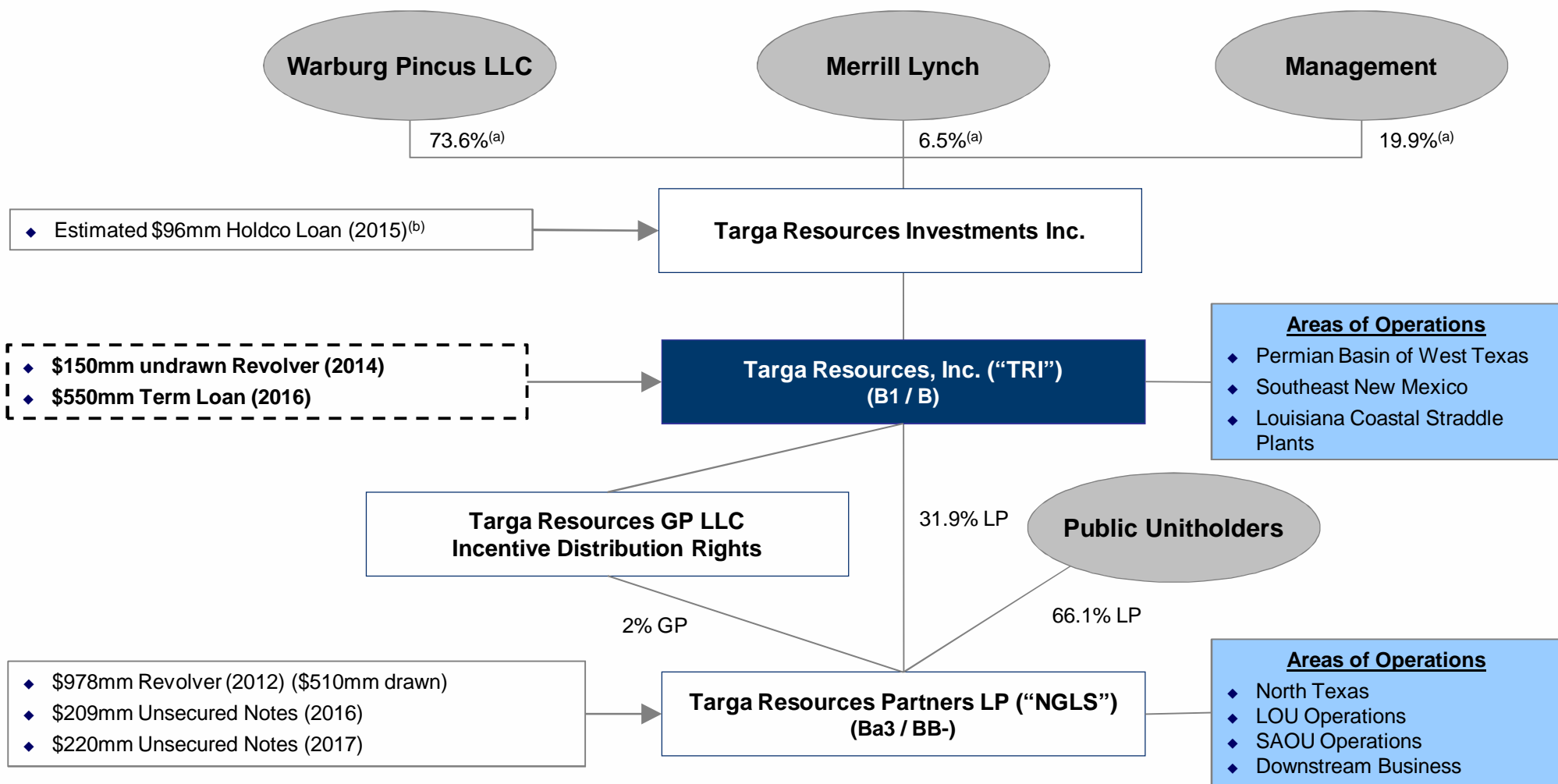


Targa is a leading provider of midstream natural gas and NGL services in the US

# Overview of Targa Family Assets



# Pro Forma Capital Structure



Note: Debt balances pro forma for the Transaction as of September 30, 2009. LTM EBITDA figures are pro forma for the Downstream Transaction.

(a) Based upon fully diluted ownership.

(b) Assumes 75% of Holdco Loan face value purchased.

Source: Company disclosure

# Sources and Uses

- ◆ The Company will use the proceeds of a new Term Loan of up to \$550 million and cash to refinance all existing debt at TRI, purchase a portion of the Holdco Loan and pay fees and expenses
- ◆ The pro forma capital structure will result in low net leverage at TRI Standalone of 3.1x and robust interest coverage of 4.3x

Sources	
New TRI revolving credit facility (\$150mm) <sup>(a)</sup>	\$0.0
New TRI term loan	550.0
Holdco loan discount captured	57.8
Cash	37.2
<b>Total</b>	<b>\$645.0</b>

Uses	
Repay existing TRI term loan	\$65.3
Repay existing TRI 8.50% unsecured notes	250.0
Holdco loan purchased <sup>(b)</sup>	289.1
Tender premium (8.50% unsecured notes) <sup>(c)</sup>	10.6
Fees, expenses & OID	30.0
<b>Total</b>	<b>\$645.0</b>

## TRI Standalone Pro Forma Credit Statistics

LTM EBITDA <sup>(d)</sup>	\$145.6
Total Debt / EBITDA	3.8x
Net Debt / EBITDA	3.1x
EBITDA / Interest Expense <sup>(e)</sup>	4.3x

(a) Approximately \$40 million of L/C issuances required at close.

(b) Assumes 75% of Holdco Loan face value purchased.

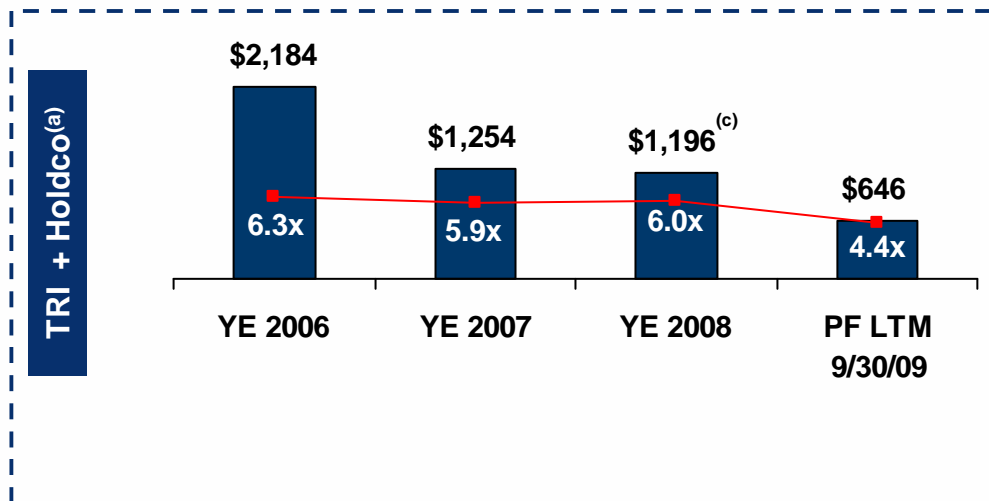
(c) Represents call price of 104.25.

(d) TRI Standalone adjusted EBITDA is pro forma for Downstream Transaction and includes distributions received by TRI from its ownership in NGLS and a pro rata adjustment for minority interest.

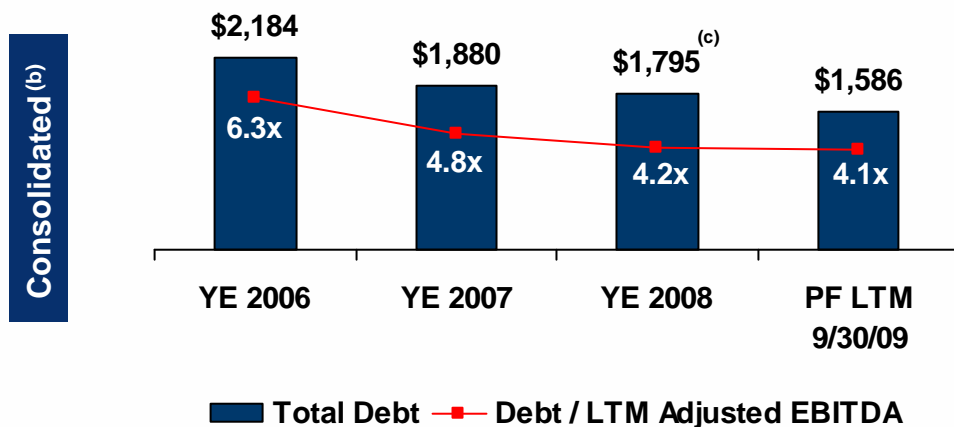
(e) Excludes financing fee amortization.

# Transaction Continues Targa's Proven History of Deleveraging

\$ in millions



- ◆ Transaction provides significant deleveraging
- ◆ Pro forma all bank structure facilitates further deleveraging



- ◆ Substantial deleveraging on a consolidated basis
- ◆ Both TRI and NGLS have strong credit ratios and liquidity
- ◆ Both entities are currently and will be well within financial covenants pro forma for the Transaction

Note: 2006 to 2008 financials are based on reported results. LTM figures are pro forma for the Transaction and the Downstream Transaction.

(a) TRI + Holdco excludes NGLS debt.

(b) Includes Holdco debt issued August 2007 and consolidated NGLS.

(c) Total debt excluding revolver borrowings repaid shortly thereafter.

# Credit Highlights

## Demonstrated deleveraging strategy

- ◆ \$700 million asset sale bridge loan repaid with proceeds from contribution of North Texas to NGLS in connection with February 2007 IPO
- ◆ Successful launch of NGLS increased capital formation capability
- ◆ Successful \$705 million drop-down of SAOU and LOU Systems in October 2007, 9 months after IPO
- ◆ Successful \$530 million drop-down of Downstream Business in September 2009
- ◆ Drop-down strategy provides significant deleveraging opportunity over the next several years

## Strategic scale with operational diversity

- ◆ Leading integrated midstream company
- ◆ Integrated downstream NGL platform with strategic asset scale and positive industry fundamentals
- ◆ Multiple producing areas including the Permian Basin, Fort Worth Basin, and onshore and offshore Louisiana Gulf Coast (including access to deep shelf and deepwater GOM supply)

## Strong and diverse customer profile

- ◆ Diverse customer base with limited customer concentration
- ◆ Only one customer accounts for over 10% of Targa's consolidated revenues
- ◆ Stringent credit policies with primarily investment grade counterparties

## Scalable and efficient operational platform

- ◆ Excellent track-record of run-time, availability, safety and compliance
- ◆ Reputation for providing efficient gathering, compression, treating and processing services

## Attractive contract mix and prudent hedging philosophy

- ◆ Volume stability arising from scale positions in diverse supply basins
- ◆ Favorable contract mix – primarily percent-of-proceeds or hybrid contracts
- ◆ Commodity price risk managed with disciplined hedging strategy
- ◆ Attractive cash flow profile

## Strong management

- ◆ Executive management team members have over 200 years of combined midstream experience
- ◆ Operational and commercial management teams average more than 25 years midstream operating experience

## Ratings objectives

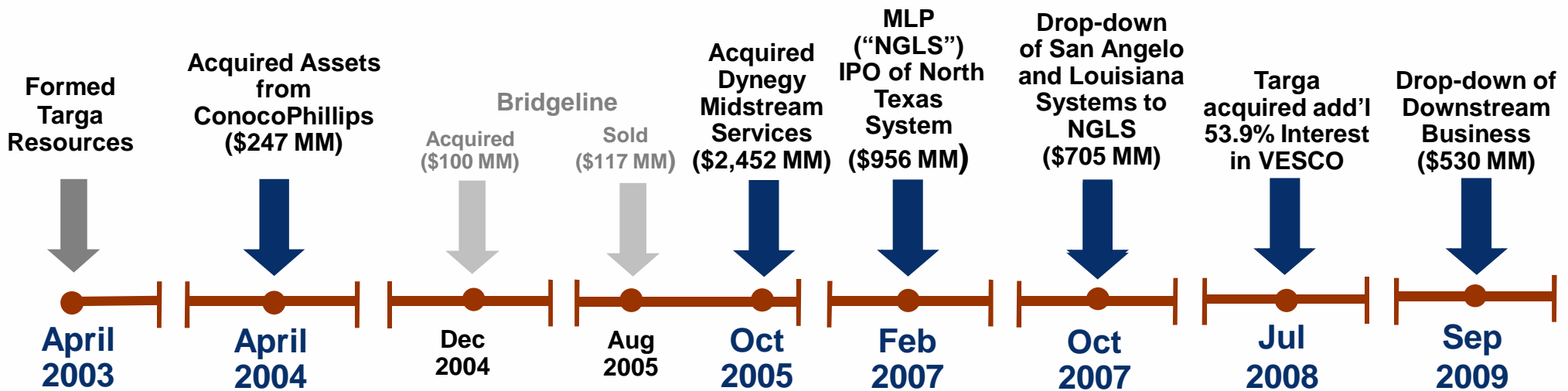
- ◆ Moving NGLS toward investment grade ratings



**TARGA**

## **Targa Resources, Inc. Overview**

# History of Targa



*Successfully executing strategy to build a leading midstream energy company*

# Targa Resources, Inc. Strategy

**The primary business objective of TRI is to increase value for our stakeholders across all business segments**

## Enhance Cash Flows

- ◆ Grow production and acreage commitments
- ◆ Improve operating efficiencies and enhance NGL recoveries
- ◆ Improve and maximize capacity and throughput

## Manage contract mix to optimize profitability

- ◆ Majority of gathering and processing margin is generated under percent-of-proceeds arrangements
- ◆ Improve contract terms and contract mix, leveraging competitive advantage and recognizing competitive dynamics
- ◆ Employ prudent hedging arrangements

## Capitalize on organic expansion opportunities

- ◆ Focused on expansion and optimization projects that leverage existing systems and core competencies

## Pursue strategic and accretive acquisitions

- ◆ Seek acquisitions both within and outside of existing operational areas
- ◆ Evaluate prospects based on economic characteristics, region and availability of capital

## Provide deleveraging through drop-down strategy

- ◆ Reduce leverage through execution of drop-downs to NGLS

# Executive Management

- ◆ Executive team averages 28 years in the energy industry
- ◆ Operational and commercial management teams average 25 years midstream operating experience
- ◆ Executive team and other management hold 19.9% direct ownership of Targa Resources Investments Inc. on a fully diluted basis

<b>Rene Joyce</b> <b>Chief Executive Officer</b>	<ul style="list-style-type: none"> <li>◆ Chief Executive Officer since Targa's formation in February 2004</li> <li>◆ Consultant in the energy industry (2000 – 2003)</li> <li>◆ President of Coral Energy, LLC (1998 - 1999)</li> <li>◆ President of Tejas Gas operating subsidiaries (1990 -1998)</li> </ul>
<b>Joe Bob Perkins</b> <b>President</b>	<ul style="list-style-type: none"> <li>◆ President since Targa's formation in February 2004</li> <li>◆ Consultant in the energy industry (2002 - 2003)</li> <li>◆ President and COO for Wholesale and Power Generation Group of Reliant Resources, Inc. (1998 - 2002)</li> <li>◆ Vice President Corporate Development, Houston Industries (1996 - 1998)</li> </ul>
<b>Jim Whalen</b> <b>President – Finance &amp; Administration</b>	<ul style="list-style-type: none"> <li>◆ President - Finance and Administration since November 2005</li> <li>◆ Senior Vice President and Chief Financial Officer of Parker Drilling (2002-2005)</li> <li>◆ Chief Commercial Officer of Coral Energy (1998-2000)</li> <li>◆ Chief Financial Officer of Tejas Gas (1992-1998)</li> </ul>
<b>Mike Heim</b> <b>EVP, Chief Operating Officer</b>	<ul style="list-style-type: none"> <li>◆ Executive Vice President and Chief Operating Officer since April 2004</li> <li>◆ Consultant in the energy industry (2001 - 2003)</li> <li>◆ Chief Operating Officer of Coastal Field Services, a subsidiary of The Coastal Corp. (1997 - 2001)</li> </ul>
<b>Roy Johnson</b> <b>Executive Vice President</b>	<ul style="list-style-type: none"> <li>◆ Executive Vice President since April 2004</li> <li>◆ Consultant in the energy industry (2000 - 2003)</li> <li>◆ Vice President, Business Development and President of the International Group of Tejas Gas (1995 - 2000)</li> </ul>
<b>Jeff McParland</b> <b>EVP, Chief Financial Officer</b>	<ul style="list-style-type: none"> <li>◆ Executive Vice President and Chief Financial Officer since April 2004</li> <li>◆ Senior Vice President, Finance of Dynegy Inc. (2000 - 2002)</li> <li>◆ Senior Vice President, Chief Financial Officer and Treasurer of PG&amp;E Gas Transmission (1999 - 2000)</li> <li>◆ Vice President, Finance of U.S. Generating Company (1989 - 1998)</li> </ul>
<b>Paul Chung</b> <b>EVP, General Counsel</b>	<ul style="list-style-type: none"> <li>◆ Executive Vice President and General Counsel since May 2004</li> <li>◆ Executive Vice President and General Counsel of Coral Energy (1999-2004)</li> <li>◆ Vice President and Assistant General Counsel of Tejas Gas (1996-1999)</li> </ul>

# Overview of Targa Family Assets

## ◆ Targa Resources, Inc. (Targa)

- ❖ Leading gas gatherer and processor
- ❖ Leading logistics and marketing business at NGLS
- ❖ \$3.3 billion of total assets
- ❖ \$388 million of LTM 9/30/2009 Adjusted EBITDA<sup>(a)</sup>

## ◆ TRI Standalone (TRI)

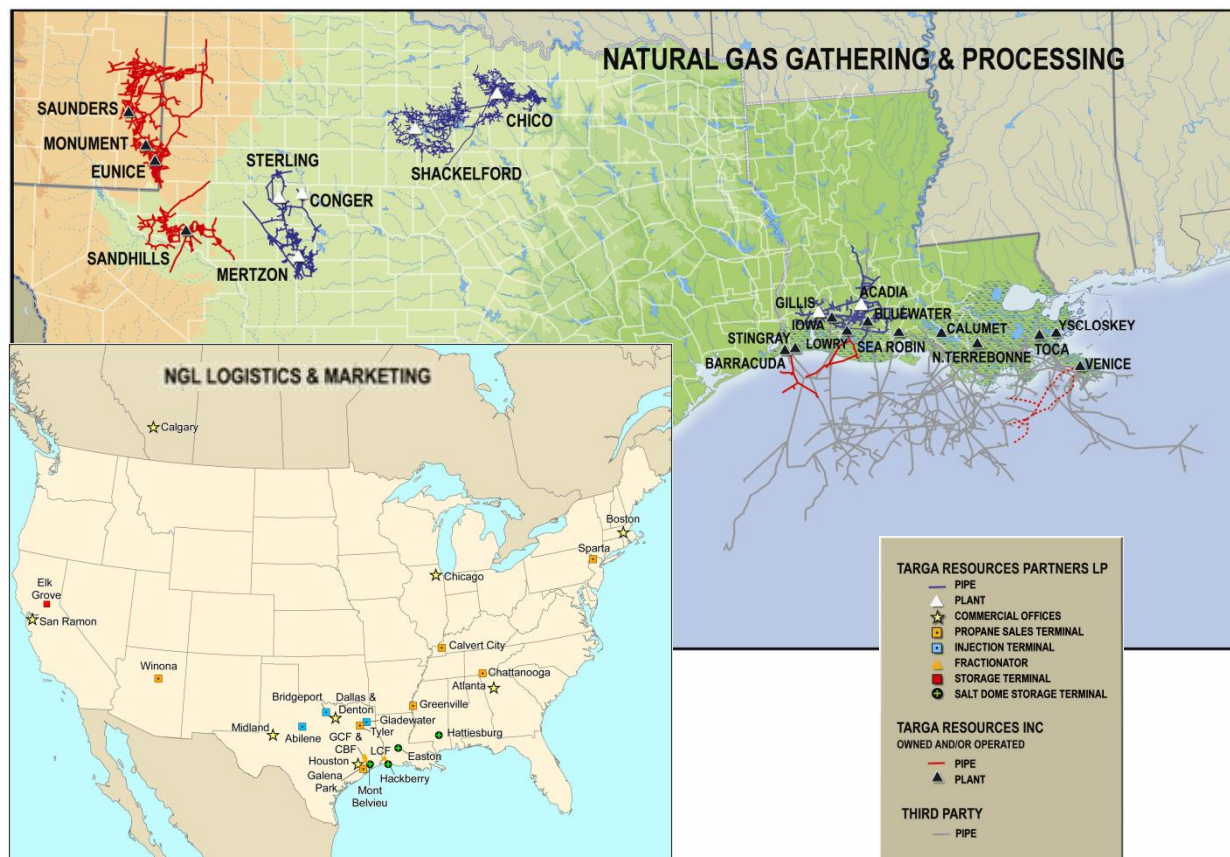
- ❖ \$1.2 billion of total assets
- ❖ \$146 million of LTM 9/30/2009 Adjusted EBITDA<sup>(b)</sup>

## ◆ Targa Resources Partners LP (NGLS)

- ❖ \$2.1 billion of total assets
- ❖ \$284 million of LTM 9/30/2009 Adjusted EBITDA

## ◆ Natural Gas Gathering and Processing (TRI and NGLS)

- ❖ 11,000 miles of natural gas pipelines
- ❖ 800 miles of NGL pipelines
- ❖ Gathering system encompassing 21,900 square miles
- ❖ Own interest in or operate 22 natural gas processing plants
- ❖ Contracts predominantly percent of gas and liquids or percent of liquids



## ◆ NGL Logistics and Marketing (NGLS)

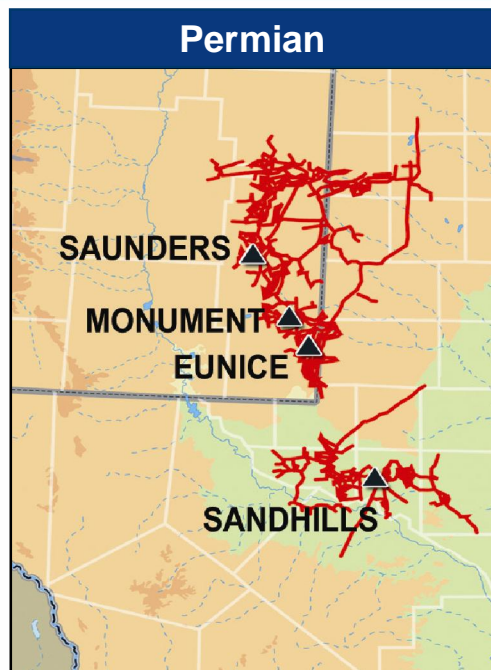
- ❖ Gross capacity to fractionate approximately 380 MBbl/d of NGLs through interests in 3 fractionators, with approximately 900 MBbl of above ground storage and 65 MMBbl of below ground storage
- ❖ Approximately 15 terminals, 21 pressurized NGL barges, 70 transport tractors, 100 tank trailers and 770 managed railcars
- ❖ Predominantly fee-based business



(a) Targa Consolidated EBITDA equals reported Adjusted EBITDA plus non-controlling interest in NGLS.

(b) TRI Standalone adjusted EBITDA is pro forma for Downstream Transaction and includes distributions received by TRI from its ownership in NGLS and a pro rata adjustment for minority interest.

# TRI Permian Gathering & Processing Assets



## ◆ Combined Permian Assets

- ❖ 4 processing plants and approximately 5,200 miles of combined gathering pipelines covering approximately 4,200 square miles
- ❖ Plants and systems generally on par or advantaged relative to competition
- ❖ Essentially all contracts are percent-of-proceeds: Company long both NGLs and natural gas
- ❖ Active drilling areas with commodity prices and new technology enhancing drilling and completions in a variety of formations including the Morrow, Wolfcamp/Spraberry, and Bone Springs

## ◆ West Texas (100% owned)

- ❖ Consists of Sand Hills gas processing plant and the West Seminole and Puckett gathering systems
  - ◆ Approximately 1,300 miles of pipelines
  - ◆ Significant compression assets
  - ◆ Sand Hills connects to pipelines owned by Enterprise, ONEOK and El Paso

## ◆ Versado (63% Targa, 37% CVX)

- ❖ Consists of Saunders, Eunice and Monument refrigerated cryogenic processing plants
  - ◆ 176 MMcf/d net aggregate processing capacity
  - ◆ Connects to pipelines owned by El Paso, MidAmerican and Kinder Morgan

Versado Processing Assets			
System	Inlet Volumes (MMcf/d)		Processing Capacity (MMcf/d)
	2007	2008	
Saunders	58	55	70
Monument	71	71	90
Eunice	87	85	120
<b>Total</b>	<b>216</b>	<b>211</b>	<b>280</b>

Note: Volumes represent 100% interest.

West Texas Assets			
System	Inlet Volumes (MMcf/d)		Processing Capacity (MMcf/d)
	2007	2008	
Sandhills	94	106	150

# TRI Coastal Straddle Gathering & Processing Assets

## Coastal Straddle Assets



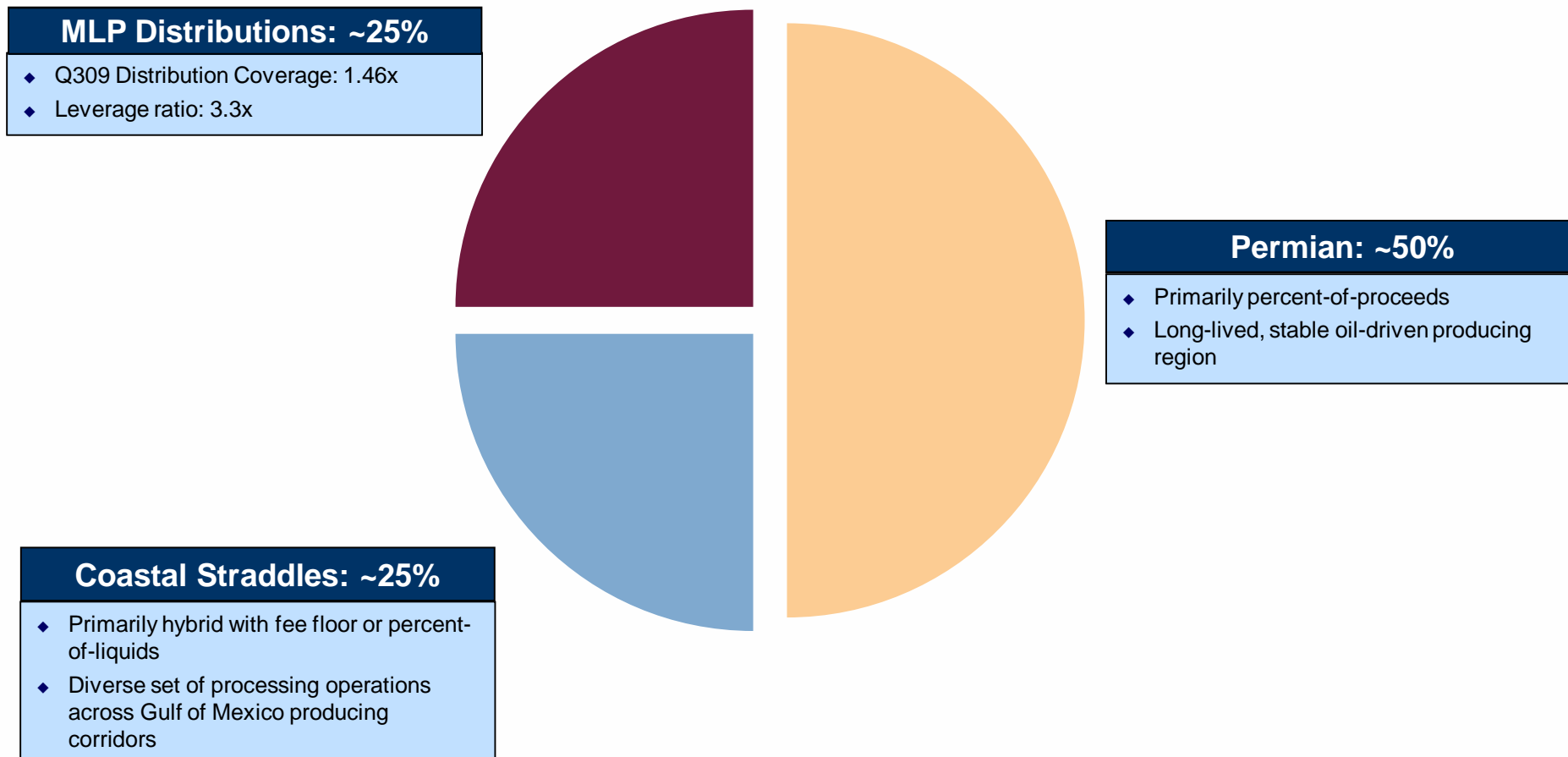
## Coastal Straddle Plants

Processing Facility	Ownership Interest <sup>(1)</sup>	Operator	Processing Capacity (MMcf/d)	2008 Gross Inlet Throughput (MMcf/d)
Yscloskey	29.3%	Targa	1,850	276.7
VESCO (Venice)	76.8%	Targa	750	395.6
Calumet	35.0%	Enterprise	1,650	107.1
Stingray	100.0%	Targa	300	175.8
Barracuda	100.0%	Targa	200	109.2
Lowry	100.0%	Targa	265	158.8
Bluewater	21.8%	Crosstex	425	18.7
Sea Robin	0.8%	Amerada Hess	700	24.8
Toca	10.4%	Enterprise	1000	53.1
Terrebonne	5.8%	Enterprise	950	25.9
Iowa	100.0%	Targa	500	----

- ◆ TRI's coastal straddle plants consist of 3 wholly owned and 8 partially owned straddle plants
- ◆ TRI also owns and operates 2 offshore gathering systems, the Pelican and Seahawk pipeline systems, with a combined mileage of approximately 175 miles
  - ✦ These pipeline systems have a combined capacity of 230 MMcf per day
- ◆ Plants capture volumes from all corridors of the Gulf of Mexico shelf and deepwater
- ◆ Attractive market access
- ◆ Recent Gulf of Mexico lease and drilling activity encouraging for both shelf and deepwater prospects
- ◆ Life-of-field dedications from Chevron (and successor) committed areas
- ◆ Hybrid contracts provide fee floor; often settling as percent-of-liquids

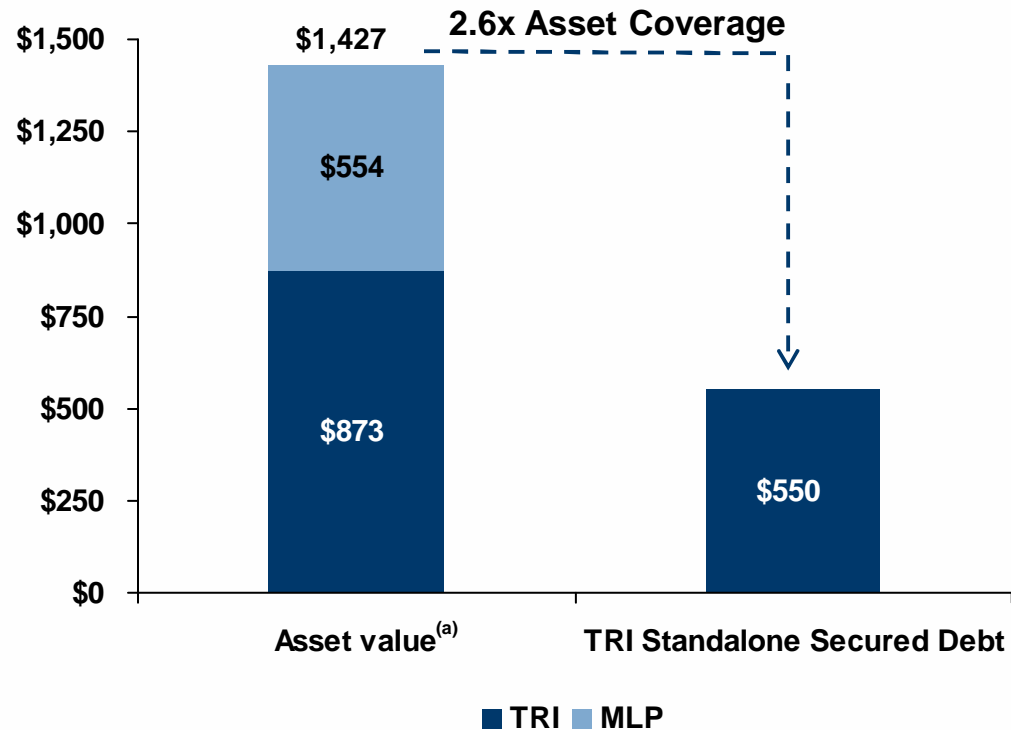
# Well diversified cash flows supported by large asset base

## 2009E Operating Margin including MLP Distributions<sup>(a)</sup>



# Significant Asset Coverage

## TRI Standalone Asset Coverage<sup>(a)</sup>



**TRI Standalone will benefit from substantial asset coverage of its pro forma secured debt of 2.6x**



# Prudent Risk Management Philosophy

## Contract mix

- ◆ On a consolidated basis, gas gathering and processing contract mix is primarily percent-of-proceeds under which TRI and NGLS receive a portion of the NGLs and / or natural gas as payment for services
  - ◆ Creates long positions in both gas and NGLs
- ◆ Frac spread position created by wellhead / keep-whole contracts mitigated by short term nature of most contracts and ability to totally bypass processing at LOU

## Hedging

- ◆ Substantial portion of equity volumes hedged through 2010 with decreasing percentages through 2012
- ◆ Management focused on active execution of hedges throughout commodity price cycles; no effort to “time” market
- ◆ Majority of hedges are executed using swaps and purchased puts
- ◆ Highly correlated hedges including specific NGL components (ethane, propane, butane, etc.) and basis differentials for natural gas
- ◆ Hedging counterparties have investment grade credit ratings

## Margin

- ◆ No margin or collateral requirements

## Governance

- ◆ Hedging parameters established by board of directors hedge committee
- ◆ Execution overseen directly by executive management

# TRI Standalone Disciplined Hedging Program

## Natural Gas Hedges<sup>(a)</sup>



## NGL Hedges<sup>(a)</sup>



- ◆ Highly correlated hedges including specific NGL components (ethane, propane, butane, etc.) and basis differentials for natural gas
- ◆ No margin or collateral posting requirements



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## **Targa Resources Partners LP Overview**

# NGLS Credit Highlights

## Strategically located, geographically diversified assets

- ◆ North Texas System located in Fort Worth Basin
- ◆ San Angelo Operating Unit has substantial scale and strategic location in Permian Basin
- ◆ Scale and basin diversity results in stable / growing volumes
- ◆ Strategic scale with fee-based Downstream Business

## Strong and diverse customer profile

- ◆ Diverse customer base with limited customer concentration
- ◆ Stringent credit policies with primarily investment grade counterparties

## Attractive contract mix and prudent hedging philosophy

- ◆ Favorable contract mix: primarily percent-of-proceeds or fee-based
- ◆ Substantial portion of equity volumes hedged through 2010 with decreasing percentages through 2012

## Strong liquidity position

- ◆ Strong liquidity: approximately ~\$450 million as of Q3 2009
- ◆ No near term debt maturities: earliest February 2012
- ◆ Low capital requirements: aggregate 2009 maintenance and growth capex of \$50 million with Downstream Business

## Conservative financial policies

- ◆ Low leverage: pro forma Total Debt / LTM 9/30/2009 EBITDA of ~3.3x
- ◆ Strong distribution coverage: 1.5x distribution coverage for Q3 2009
- ◆ Long-term target leverage and distribution coverage stronger than peer group

## Strong management

- ◆ Operational and commercial management teams average more than 25 years midstream operating experience
- ◆ Focused on improving performance and on cost control and cost reduction
- ◆ Proven management team with a history of successful execution

# Overview of Targa Resources Partners LP (NASDAQ: NGLS)

## ◆ Overall

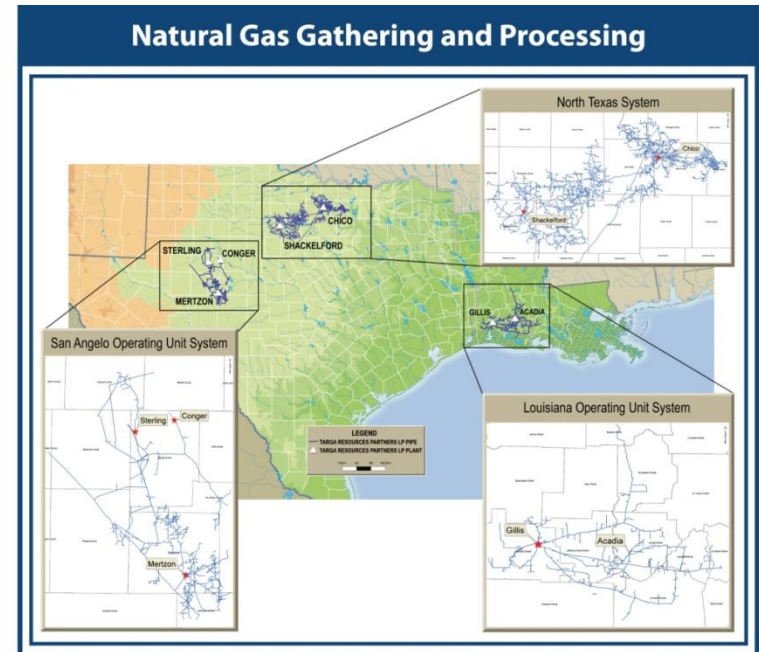
- ❖ \$1.3 billion market capitalization as of 12/3/09
- ❖ \$2.1 billion of assets
- ❖ LTM 9/30/2009 Adjusted EBITDA of \$284 million
- ❖ Leading natural gas gatherer and processor
- ❖ Leading NGL logistics and marketing business (closed Downstream Transaction on 9/24/09)

## ◆ Natural Gas Gathering and Processing

- ❖ Approximately 6,300 miles of natural gas pipelines
- ❖ Gathering systems encompassing 13,500 square miles
- ❖ Own and operate 7 natural gas processing plants and 2 operating fractionators integrated with plants
- ❖ Gross processing capacity of approximately 670 MMcf/d
- ❖ Contracts predominantly percent-of-proceeds with some wellhead purchase/keep whole

## ◆ NGL Logistics and Marketing (the “Downstream Business”)

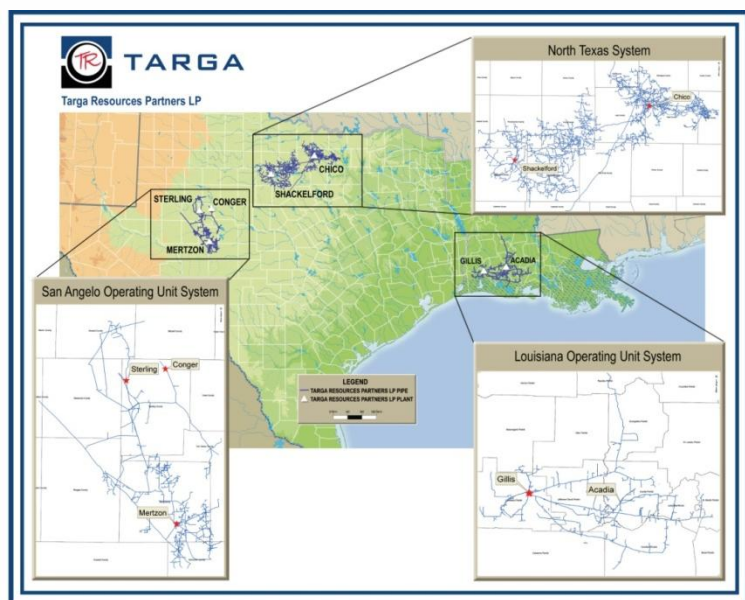
- ❖ Gross capacity to fractionate approximately 380 MBbl/d of NGLs through interests in 3 fractionators, with above ground storage of approximately 900 MBbl and 65 MMBbl of below ground storage
- ❖ Approximately 15 terminals, 21 pressurized NGL barges, 70 transport tractors, 100 tank trailers and 770 managed railcars
- ❖ Predominantly fee-based business



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Note: Financial data as of 9/30/2009.

# Natural Gas Gathering and Processing



- ◆ **The Partnership's three G&P systems**
  - ❖ Operate in geographically diverse and strategic producing regions including the Permian Basin and Barnett Shale
  - ❖ Demonstrate volume stability
  - ❖ Continue to have a favorable volume outlook for 2009

## North Texas System

MMcf/d System	Inlet Volumes				Processing Capacity
	2006	2007	2008	9M09	
Chico	151	152	152		265
Shackelford	11	10	11		13
<b>Total</b>	<b>162</b>	<b>162</b>	<b>163</b>	<b>176</b>	<b>278</b>

- ❖ Current producer activity combined with recent growth projects indicate 2009 wellhead volumes should meet or exceed 2008 volumes
- ❖ Volume outlook could be impacted by weakness in commodity prices and economic environment

## San Angelo – SAOU System

MMcf/d System	Inlet Volumes				Processing Capacity
	2006	2007	2008	9M09	
Mertzton	30	40	46		48
Sterling	53	49	44		62
Conger		Standby	Standby	Standby	25
<b>Total</b>	<b>83</b>	<b>89</b>	<b>90</b>	<b>92</b>	<b>135</b>

- ❖ Current producer activity indicates 2009 wellhead volumes should approximate 2008 volumes
- ❖ Volume outlook improving due to economics of oil development on dedicated acreage

## Louisiana – LOU System

MMcf/d System	Inlet Volumes				Processing Capacity
	2006	2007	2008	9M09	
Gillis	129	149	140		180
Acadia	40	29	28		80
<b>Total</b>	<b>169</b>	<b>178</b>	<b>168</b>	<b>174</b>	<b>260</b>

- ❖ Discretionary volumes purchased from other pipeline systems are attractive when processing economics are favorable
  - ◆ These volumes contribute lower margin to NGLS
- ❖ Well connection activity has slowed, but new discretionary pipeline volumes have recently been added to existing sources

# The Downstream Business Includes Three Segments

## Logistics Assets

- ◆ Fractionation
  - ◆ Majority under fee-based arrangements
  - ◆ 3 facilities with ~380 MBbl/d maximum gross capacity
- ◆ Storage and Terminaling
  - ◆ Long-and short-term storage and terminaling services and throughput capability to affiliates and third party customers for a fee
  - ◆ Storage wells with ~65 MMBbl of capacity and 15 terminal facilities; 800 miles of pipeline support fractionation, storage and terminaling
- ◆ Transportation and Distribution
  - ◆ Fee-based transportation services to refineries and petrochemical companies throughout the U.S.
  - ◆ Approximately 770 railcars leased and managed, 70 owned and leased transport tractors, 100 tank trailers, and 21 pressurized NGL barges

## NGL Distribution and Marketing

- ◆ Primarily a physical settlement business which earns a margin from purchasing and selling NGL products from producers under contract
- ◆ Also earn margins by purchasing and reselling NGL products in the spot and forward physical markets
- ◆ 2008 sales of 245 MBbl/d

## Wholesale Marketing

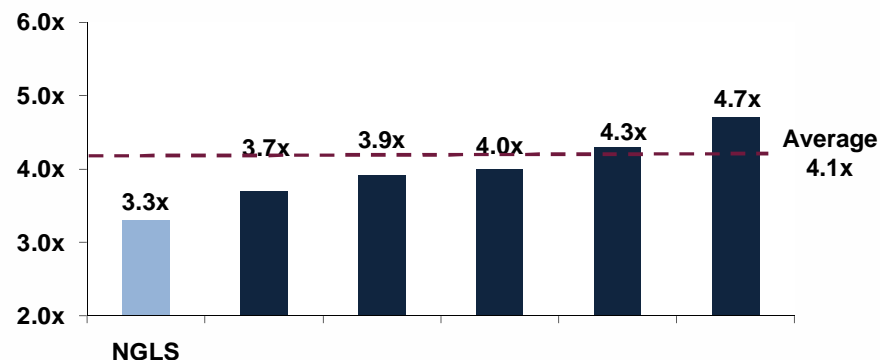
- ◆ Refinery Services
  - ❖ Generally retain a portion of the resale price of NGL sales or receive a fixed minimum fee per gallon
  - ❖ Earn fees for locating and supplying NGL feedstocks to the refineries based on a percentage of the cost or a minimum fee per gallon
- ◆ Wholesale propane marketing
  - ❖ Sell propane on a fixed or posted price at delivery and, in some circumstances, earn a margin on a net-back basis

# NGLS Key Financial Ratios Versus Peers

## Leverage Ratio Below Peer Average

- ◆ NGLS LTM 9/30/2009 actual leverage ratio of 3.3x is well below G&P peer average of 4.1x
- ◆ LTM 9/30/2009 leverage ratio well below 6.0x covenant

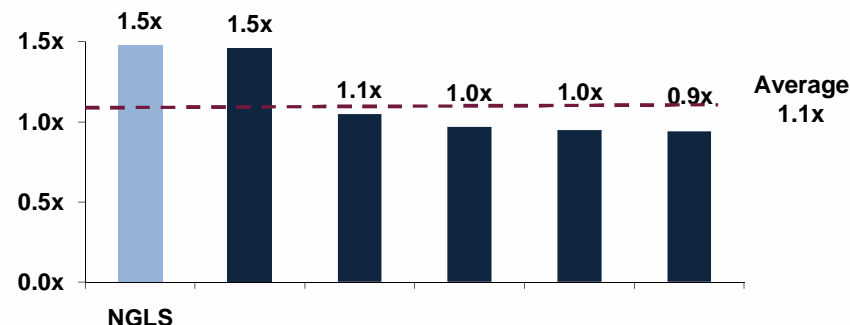
## LTM 9/30/2009 Leverage Ratio (a)



## Distribution Coverage Exceeds Peer Average

- ◆ NGLS Q309 distribution coverage of 1.46x exceeds G&P peer average of 1.1x for the same period

## LTM 9/30/2009 Coverage Ratio (b)



**NGLS has delivered superior total return since formation while demonstrating conservative financial management**

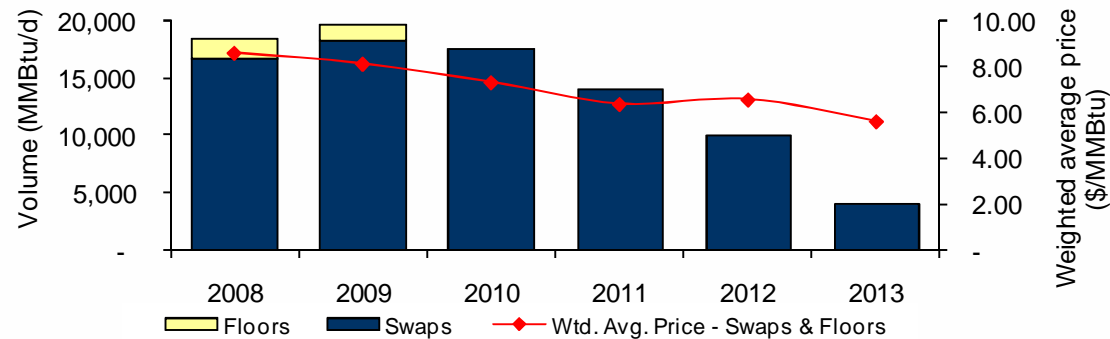
Note: Total return defined as unit price change plus distributions received for NGLS and 5 G&P peers calculated using closing prices and distributions received as of 2/8/07 through 11/30/09.

(a) Leverage ratio generally defined as total long-term debt divided by LTM 9/30/2009 EBITDA. Sourced from analyst reports and company filings. Average excludes NGLS.

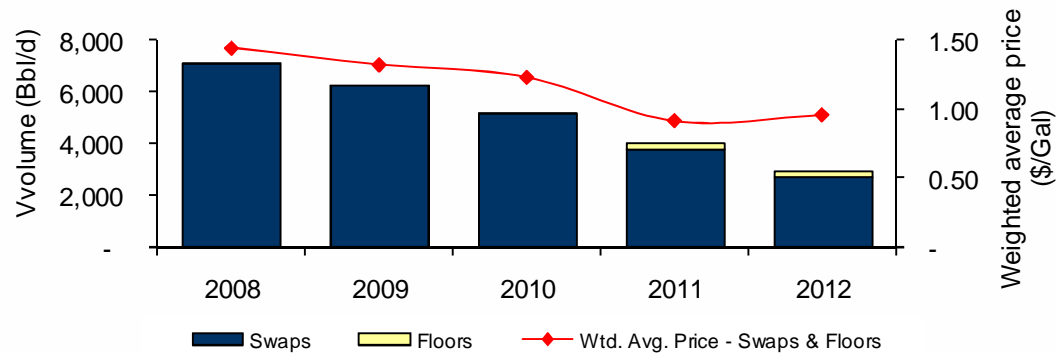
(b) Q3 2009 Coverage ratio calculated as third quarter distributable cash flow divided by distributions paid to both the general and limited partners. Adjusted for one time items such as early hedge monetization, gains on debt repurchases and other distributable cash flow support mechanisms. Sourced from company filings, analyst reports and internal estimates. Average excludes NGLS.

# NGLS Disciplined Hedging Program

## Natural Gas Hedges<sup>(a)</sup>



## NGL Hedges<sup>(a)</sup>



- ◆ Highly correlated hedges including specific NGL components (ethane, propane, butane, etc.) and basis differentials for natural gas
- ◆ No margin or collateral posting requirements



**TARGA**

## Transaction Overview & Financial Summary

# Pro Forma TRI Capitalization

\$ in millions

## Sources and Uses

### Sources

New TRI revolving credit facility (\$150mm) <sup>(a)</sup>	\$0.0
New TRI term loan	550.0
Holdco loan discount captured	57.8
Cash	37.2

**Total sources** \$645.0

### Uses

Repay existing TRI term loan	\$65.3
Repay existing TRI 8.50% unsecured notes	250.0
Holdco loan purchased	289.1
Tender premium (8.50% unsecured notes) <sup>(b)</sup>	10.6
Fees, expenses & OID	30.0

**Total uses** \$645.0

## Pro Forma Capitalization as of 9/30/09

	Current	Adjust.	Pro forma
Cash <sup>(c)</sup>	\$130.2	(37.2)	\$93.0
TRI revolver due 2011 (\$250mm)	-	-	-
TRI synthetic L/C facility due 2012 (\$50mm)	-	-	-
TRI term loan due 2012	65.3	(65.3)	-
New TRI revolver (\$150mm)	-	-	-
New TRI term loan	-	550.0	550.0
TRI 8.50% unsecured notes due 2013	250.0	(250.0)	-
<b>Total TRI debt</b>	<b>\$315.3</b>		<b>\$550.0</b>
Holdco loan due 2015	385.5	(289.1)	96.4
<b>Total TRI + Holdco debt</b>	<b>\$700.8</b>		<b>\$646.4</b>
<b>Total NGLS debt</b>	<b>\$939.4</b>		<b>\$939.4</b>
<b>Total Targa Consolidated debt</b>	<b>\$1,640.2</b>		<b>\$1,585.8</b>
<b>LTM 9/30/2009 EBITDA</b>			
TRI <sup>(d)</sup>	\$145.6		\$145.6
NGLS <sup>(e)</sup>	284.3		284.3
Targa Consolidated <sup>(f)</sup>	387.6		387.6
<b>Total debt / LTM 9/30/2009 EBITDA</b>			
TRI Standalone	2.2x		3.8x
TRI + Holdco	4.8x		4.4x
Targa Consolidated	4.2x		4.1x
<b>LTM 9/30/2009 EBITDA / interest expense<sup>(g)</sup></b>			
TRI Standalone	5.9x		4.3x
TRI + Holdco	3.2x		3.7x
Targa Consolidated	3.6x		3.8x

(a) Approximately \$40 million of L/C issuances required at close.

(b) Represents call price of 104.25.

(c) TRI Standalone cash balance only; does not include \$57.8 million at NGLS.

(d) TRI Standalone adjusted EBITDA is pro forma for Downstream Transaction and includes distributions received by TRI from its ownership in NGLS and a pro rata adjustment for minority interest.

(e) Pro forma for the Downstream Transaction.

(f) Targa Consolidated EBITDA equals reported Adjusted EBITDA plus non-controlling interest in NGLS.

(g) Interest expense includes non-cash Holdco Loan interest and excludes amortization of financing fees.



# The Transaction is Credit Enhancing for Targa

## Reduces leverage

- ◆ Pro forma TRI + Holdco leverage of 4.4x versus 4.8x
- ◆ Pro forma Targa Consolidated leverage of 4.1x versus 4.2x
- ◆ Low TRI Standalone pro forma net leverage of 3.1x

## Improves maturity profile

- ◆ Eliminates TRI Standalone maturities in 2012 and 2013
- ◆ Substantially reduces Holdco Loan maturity in 2015
- ◆ New long-term funded debt with 6 / 7 year maturity

## Simplifies capital structure

- ◆ Creates one tranche of secured funded debt and single covenant package at TRI Standalone
- ◆ Takes significant step towards eliminating PIK Holdco Loan and positions Company for further reduction
- ◆ Provides clarity around Targa's financial plan going forward

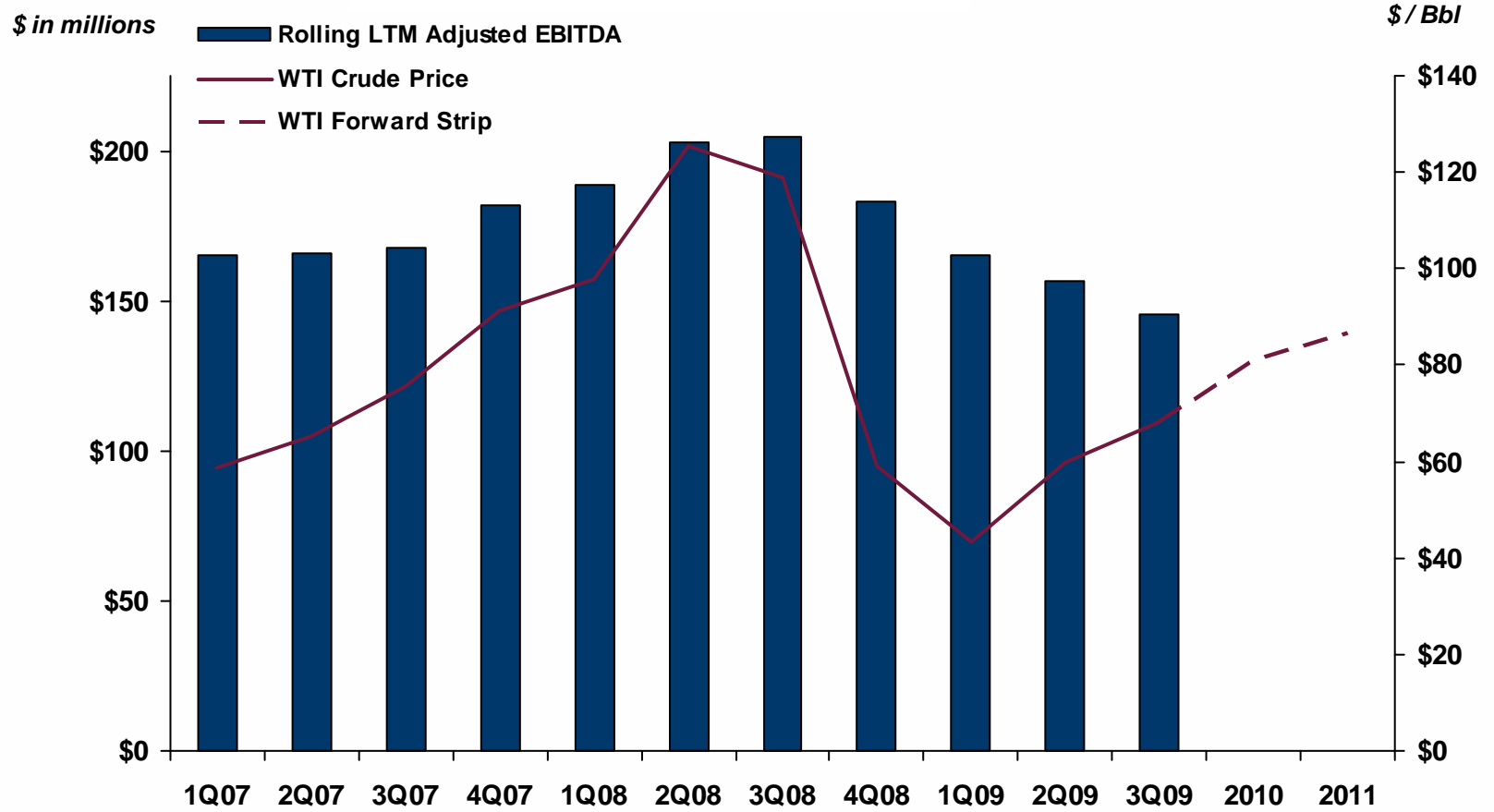
## Fully prepayable capital structure

- ◆ Facilitates the Company's deleveraging strategy

## Strengthens Company's competitive position

- ◆ Reduction in Holdco debt and overall leverage positions Targa well versus its peers
- ◆ Increases both operational and financial flexibility

# TRI Pro Forma EBITDA<sup>(a)</sup>



**Market Prices**

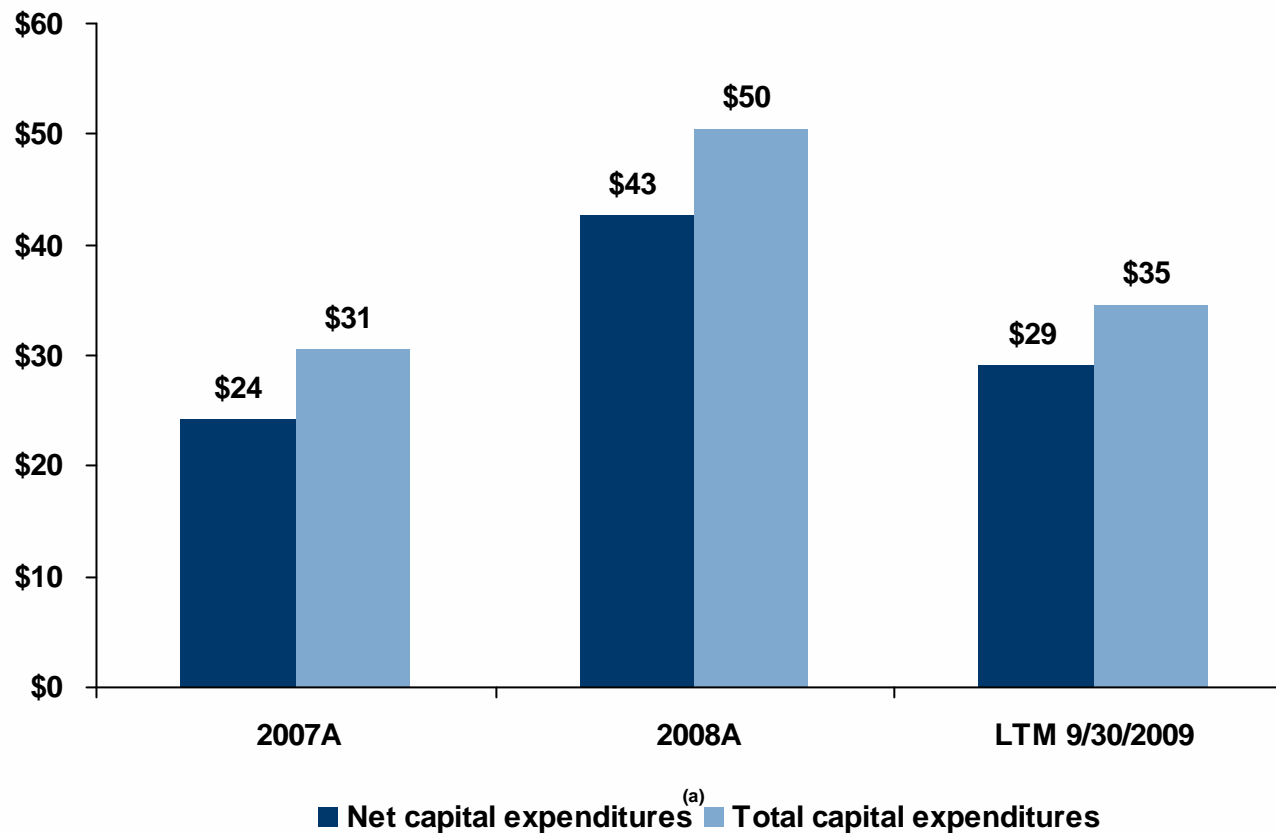
	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	2010	2011
HH Natural Gas - \$/Mmbtu	\$7.14	\$7.46	\$6.12	\$6.86	\$8.60	\$11.33	\$9.00	\$6.42	\$4.55	\$3.71	\$3.17	--	--
Mt. Belvieu NGLS - \$/gal	0.87	1.04	1.12	1.40	1.38	1.56	1.56	0.68	0.59	0.69	0.79	--	--
WTI Crude - \$/bbl	58.59	65.32	75.73	91.42	97.87	125.27	118.79	59.06	43.18	59.69	68.14	81.12	86.72

Note: WTI Forward Strip as of 12/4/2009.

(a) Pro Forma for the Downstream Transaction and current distributions.

# TRI Capex Funded Through Internal Cash Flow

## TRI Standalone net capex<sup>(a)</sup> vs. total capex



All capex is funded through internally generated cash flow



# TRI Investment Highlights

- ◆ **Low pro forma leverage at TRI Standalone of 3.8x**
- ◆ **Strong pro forma interest coverage at TRI Standalone of 4.3x**
- ◆ **High asset coverage at TRI Standalone of 2.6x**
- ◆ **Leading integrated midstream company with well-positioned asset base**
- ◆ **Diverse customer base with limited customer concentration**
- ◆ **Proven track record during volatility in financial and energy markets**
- ◆ **Prudent management philosophy with proven history of deleveraging**
- ◆ **Drop down strategy results in further deleveraging**
- ◆ **Cash flow stability driven by disciplined hedging profile and favorable contract mix**
- ◆ **Ownership of NGLS provides substantial cash flow distributions**



**TARGA**

# Term Sheet and Syndication Timeline

*Sandeep Desai*

# Summary Terms and Conditions

<b>Borrower</b>	Targa Resources, Inc. (the "Borrower")					
<b>Guarantees</b>	The Senior Secured Credit Facility shall be unconditionally guaranteed on a senior basis by each of the Borrower's direct and indirect subsidiaries (mirroring the existing facilities)					
<b>Security</b>	The Senior Secured Credit Facility shall be secured by a first priority interest in all tangible and intangible assets (including capital stock of subsidiaries) of the respective Borrower and the Guarantors					
<b>Lead Arranger</b>	Deutsche Bank Securities					
<b>Administrative Agent</b>	Deutsche Bank Trust Company Americas					
<b>Total facilities</b>	\$700 million					
<b>Facility</b>	<b>Tranche</b>	<b>Amount</b>	<b>Spread</b>	<b>Libor floor</b>	<b>Unused fee</b>	<b>Maturity</b>
	Revolver	\$150 million	L + 400 – 425 bps	NA	75 bps	4.5 years
	Term Loan B	\$550 million	L + 400 – 425 bps	2.0%	NA	6.5 years
<b>Upfront fees / OID</b>	TBD					
<b>Incremental Facilities</b>	\$75 million plus if total leverage < 3.75x, amount of incremental term loan required to repurchase outstanding Holdco loan. Incremental facilities subject to 50 bps MFN					
<b>Amortization</b>	Revolver: None Term Loan B: 1% per annum					
<b>Optional redemption</b>	Without premium or penalty					
<b>Mandatory pre-payments</b>	i) 100% of net cash proceeds from debt issuances; ii) 100% of net cash proceeds from asset sales if leverage > 4.25x, stepping down to 75% if leverage is between 2.75x - 4.25x and stepping down to 50% if leverage < 2.75x; iii) 50% of excess cash flow for any fiscal year, stepping down to 25% and 0% if leverage is ≤ 3.0x and 2.5x, respectively					
<b>Financial covenants</b>	i) Maximum total leverage of 5.75x in 2010 and 2011, stepping down to 5.50x in 2012 and 5.25x in 2013 and thereafter; ii) Minimum Interest Coverage Ratio of 1.50x					
<b>Other covenants</b>	i) Limitations on debt incurrence, ii) limitations on liens, iii) limitations on restricted payments, iv) limitations on investments, v) limitations on capital expenditures					

# Transaction Timing

## December

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Denotes key date

Denotes holiday

Date	Event
<b>December 8th</b>	<ul style="list-style-type: none"> <li>▪ Lenders' Presentation – New York</li> </ul>
<b>December 14th</b>	<ul style="list-style-type: none"> <li>▪ Documentation distribution</li> </ul>
<b>December 16th</b>	<ul style="list-style-type: none"> <li>▪ Commitments and comments due on Documentation</li> </ul>
<b>Late December</b>	<ul style="list-style-type: none"> <li>▪ Closing and Funding</li> </ul>