Targa Resources Partners LP
Form 425
December 03, 2015

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Subject Company: Targa Resources Partners LP

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This filing relates to a proposed business combination involving Targa Resources Corp. and Targa Resources Partners LP.

Targa Resources
All Employee Meeting
Year End Review
December 3, 2015

Today s Discussion
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Accomplishments for 2015
Current Environment and Outlook for 2016
Implications for Targa
Q & A

2015
Accomplishments

A
Good
Year
in
a

Tough
Environment
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A Brief Summary . . .
Excellent execution across our businesses, substantially offsetting impacts
of commodity prices well below beginning of year expectations
Field G&P and export volumes exceeding initial 2015 expectations
Significant operating cost and G&A savings relative to budgets
Hitting early 2015 public guidance for 2015 distribution and dividend growth
Disciplined and proactive management of our financial position balance sheet, liquidity, capital
formation
Successful closing of the Atlas Mergers early in the year, and excellent
coordination and execution with talented employees joining the Targa team
Investing in our business growth
Capital efficiency with over $700 million of 2015 growth capex CBF Train 5 in progress; Little
Missouri
plant
start-up;
interconnection
of
Sand
Hills,
WestTX
and
SAOU;
Raptor
(SouthTX)
and
Buffalo Plant (WestTX) in progress
Development project backlog of over $4 billion across our businesses
Continued strong record and industry leadership on safety and in
environmental and regulatory compliance

2015
Accomplishments

Transactions
Supporting
Targa
Progress
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A Brief Summary . . .

January

Issued $1.1 billion of 5% Senior Notes due 2018

February

Completed a tender for over $1.1 billion of Atlas Pipeline Partners, L.P. notes

Completed acquisitions of Atlas Pipeline Partners, L.P. and Atlas Energy, L.P.

March

Raised $336 million at TRC via an equity offering

May

Completed exchange of $342 million of Atlas Pipeline Partners, L.P.
6 5/8% Notes, issuing TRP Notes

September

Issued $600 million of 6.75% Senior Notes due 2024

October

Announced joint venture with Sanchez Energy to build 200 MMcf/d plant and high pressure gathering lines ($125 million of Targa capex expected)

Raised $124 million at TRP through issuance of 9% Series A Preferred Units

November

Announced TRC is acquiring TRP in a transaction expected to close in Q1 2016

Early Holiday Bonus*
5
Early Holiday Bonus
Cash award paid or deposited
to your account about
December 4
th
Generally lower levels than

recent years
$1000 before tax for almost
all employees
Lesser amounts if not employed for
full year
Excludes all officers
If a bonus is paid, this
amount will be a portion of
your total awarded bonus
Related Messages
We have done well against the 2015
business
priorities

Thank
You
As you are aware, the current industry
environment presents challenges to our
customers, to Targa and to our
investors
The outlook for 2016 continues to be
one of low prices and weak industry
fundamentals
In this difficult environment, we are
reviewing with the Board whether we
will pay bonuses   if so, they will be at
levels lower than recent years
Nonetheless, management, with Board
support, has approved a cash award to
be paid before the holidays
* Letter should arrive at your home address
about December 4, describing bonus and
related messages

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Energy Markets
Performance (2006 to Present)
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Source: Bloomberg, Citigroup

Commodity Price Performance
8
Crude Oil, $/Bbl
Natural Gas, $/MMBtu
Average Targa Field G&P NGL Bbl, $/gal
Note: Targa s composite NGL barrel above comprised of 37% ethane, 35% propane, 6% iso-butane, 12% normal butane, and

Activity Levels
Oil Drilling and Productivity by Well
9
Permian
Bakken
Eagle Ford
(1)
Source: EIA and Morgan Stanley

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Targa Team

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Capital
Investment
Efficiency
Capital spending focused on efficiently meeting customer needs
Spending may be delayed/deferred to reflect lower activity levels, especially in Field G&P
Projects with greater cash flow certainty likely to proceed
Increased

Cost
Management
Apply lessons learned in prior commodity price cycles to reduce costs
Capture identified and not yet identified savings opportunities associated with recent mergers
Use additional workforce supply to hire selected permanent positions, improve skills and reduce overtime/contractor costs
Strong positioning in leading G&P basins and Downstream markets creates opportunities
U.S. position as a long-term low cost producer of hydrocarbons creates continued export services opportunities
Larger asset base post merger will create additional opportunities
Fee-based margin provides cash flow stability
4.0x Debt/EBITDA at end of Q3 2015
Continue to fund growth capital with mix of debt and equity
Continue to
Identify and
Capture
Opportunities
Preserve and
Improve
Balance Sheet
Strategic Focus

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Illustrative Price Scenarios
(1)
Note: Targa s composite NGL barrel comprises 37% ethane, 35% propane, 6% iso-butane, 12% normal butane, and 10% natu
Crude Oil, $/Bbl
Natural Gas, $/MMBtu
Average Targa Field G&P NGL Bbl, $/gal

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Transaction Overview

Targa Resources Corp. (NYSE: TRGP; TRC or the Company) has executed a definitive agreement to acquire all of the outstanding common units of Targa Resources Partners LP (NYSE: NGLS; TRP or the Partnership) not already owned by TRC

TRP common unitholders will receive 0.62 of a TRC share for each TRP common unit

All existing debt remains at TRP and Series A preferred units at TRP remain outstanding

Transaction is expected to close in Q1 2016, subject to customary closing conditions

HSR early termination already received
(1)
Taxes paid will vary depending on individual common unitholder attributes
Transaction expected to provide both immediate and long-term benefits to Targa s investors

(1)
Based on Consensus Pricing case, consistent with scenario shown to Targa s respective Boards to be provided in proxy materi
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Positioning Targa for Continued Long-Term Success
Stronger
Long-Term Growth
Outlook
Immediately accretive to TRC shareholders

Transaction allows Targa to continue to invest in high-return growth projects
Better positioned for lower for longer environment in downside cases
Enhanced upside potential in price recovery cases
Expected cumulative incremental coverage of over $400 million through 2018
(1)
Increased coverage supports dividend growth outlook, while reducing external financing needs
Expected dividend coverage greater than 1.05x through 2018
(1)
Reduces leverage and expected to improve metrics over time
C-Corp structure with $9 billion pro forma market capitalization should attract broader universe of investors
Deeper pool of capital available to finance growth
One public entity structure with simplified governance
Improved Coverage
and Credit Profile
Simplified
Structure
Improved Cost of
Capital
Elimination of IDRs provides immediate cost of capital improvement
Lower cost of equity improves competitive position for expansion and acquisition opportunities
Tax attributes of combination lowers TRC s cash taxes

$3.56
$4.10
$4.39
$4.81
$3.00
$3.50
$4.00
$4.50

$5.00
$5.50
2015
2016
2017
2018
0.91x
0.90x
0.92x
1.13x
1.10x
1.05x

0.20x
0.40x
0.60x
0.80x
1.00x
1.20x
1.40x
2016
2017
2018
Coverage
Consensus Pricing
(1)
Pro Forma:
Strong pro forma
dividend growth
compared to current flat
TRP distribution outlook
15% expected dividend
growth in 2016
Over 10% estimated
dividend CAGR from
2015 to 2018
~0.2x average
improvement in pro
forma coverage
Stronger coverage
improves capital access
and supports dividend
growth outlook
TRP Standalone:
EBITDA growth offset by
lower hedge settlements,
IDR giveback roll-off and
growing interest expense
from coverage shortfall
Results in relatively flat

coverage at $3.30
distribution per unit
Standalone
Incremental
Coverage
Pro Forma
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TRC Pro Forma Dividends per Share

Consensus Pricing
(1)
Over $400 million of cumulative incremental coverage
2016 to 2018
(1)
Consistent with scenarios shown to Targa s respective Boards to be provided in proxy materials
Note: In this scenario, Targa expects $554.5 million of growth capex in 2016, $600 million in 2017 and $600 million in 2018
2016
2017
2018
Consensus Pricing
Targa BBL Wtd. Avg. ($/Gal)
$0.51
$0.66
$0.71
Henry Hub Natural Gas ($/MMBtu)
$3.25
$3.53
$3.67
WTI Crude Oil ($/Bbl)
$54.99
$63.32
$70.29
Improved Dividend Growth and Coverage

4.4x
4.5x
4.5x
4.3x
4.3x
4.3x
3.0x
3.5x

4.0x
4.5x
5.0x
5.5x
2016
2017
2018
TRP Compliance Leverage
Consensus Pricing
(1)
TRP s existing debt
remains outstanding
TRP will continue as a
reporting entity
TRP will continue to have
flexibility under its
leverage compliance
covenant (remains 5.5x)
TRP leverage profile
improves over time
through increased
retained cash flow
Consolidated Leverage
Consensus Pricing
(1)
Standalone
Pro Forma
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Targa is not subject to a
compliance covenant for
consolidated leverage
Targa enterprise leverage
improves as well
Standalone
Pro Forma
TRP Compliance
Covenant
(1)
Consistent with scenarios shown to Targa s respective Boards to be provided in proxy materials
Improved Credit Profile
5.1x
5.1x
5.1x
5.0x
4.9x
4.8x
3.0x
3.5x
4.0x
4.5x

5.0x
5.5x
2016
2017
2018

0.86x
0.80x
0.76x
1.11x
1.05x
1.00x

0.20x

0.40x
0.60x
0.80x
1.00x
1.20x
1.40x
2016
2017
2018
$3.56
$3.92
$3.99
$4.05
$3.00
$3.50
$4.00
$4.50
2015
2016
2017
2018
Better Positioned in Lower Commodity Price Environments
Coverage
Price Sensitivity
(1)
Pro Forma:
Dividend growth with
positive coverage even in
lower price scenario
~10% expected
dividend growth in
2016
Modest growth
thereafter
Pro forma coverage
improves ~0.2x on
average
Increased retained cash
flow improves leverage
TRP Standalone:
Flat EBITDA profile offset
by IDR giveback roll-off
and growing interest
expense from coverage
shortfall
Results in declining
coverage at $3.30
distribution per unit
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TRC Pro Forma Dividends per Share

Price Sensitivity
(1)
2016
2017
2018
Price Sensitivity
Targa BBL Wtd. Avg. ($/Gal)
$0.45
$0.51
$0.53
Henry Hub Natural Gas ($/MMBtu)
$3.00
$3.00
$3.05
WTI Crude Oil ($/Bbl)
$47.00
$53.00
$55.00
Standalone
Incremental
Coverage
Pro Forma
Over $600 million of cumulative incremental coverage
2016 to 2018
(1)
Consistent with scenarios shown to Targa s respective Boards to be provided in proxy materials
Note: In this scenario, Targa expects $554.5 million of growth capex in 2016, $399.6 million in 2017 and $224.5 million in 20

5.3x
5.4x
5.8x
5.2x
5.2x
5.3x
3.0x
3.5x

4.0x
4.5x
5.0x
5.5x
6.0x
2016
2017
2018
4.6x
4.8x
5.2x
4.5x
4.5x
4.7x
3.0x
3.5x
4.0x
4.5x
5.0x
5.5x
2016
2017
2018
Better Positioned in Lower Commodity Price Environments
TRP Compliance Leverage
Price Sensitivity
(1)
Consolidated Leverage
Price Sensitivity
(1)
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Targa is not subject to a
compliance covenant for
consolidated leverage
Targa enterprise leverage
improves as well
TRP Compliance
Covenant
Standalone
Pro Forma
Standalone
Pro Forma
(1)
Consistent with scenarios shown to Targa s respective Boards to be provided in proxy materials
TRP s existing debt
remains outstanding
TRP will continue as a
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covenant (remains 5.5x)
TRP leverage profile
improves over time
through increased
retained cash flow

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Future Growth
Projects in Progress and Under Development
Pro Forma Targa Well Positioned to Capitalize on Opportunity-Rich Environment
2016 growth capex of
approximately $600 million,
including the following:
CBF Train 5

200 MMcf/d Buffalo Plant in WestTX

200 MMcf/d La Salle County Plant in SouthTX

Additional G&P expansions in Versado and Badlands

Targa has over $4 billion of projects under development

Demand for additional infrastructure across all areas of operations continues, with current environment resulting in acceleration of need for some projects and delay for others

Representative projects include natural gas processing plants, natural gas and crude gathering lines and associated infrastructure, fractionation, NGL storage and export projects

What can you do?
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Flexibility
Cost control
Capital expenditure efficiency
Teamwork
What are your other ideas?

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