



TARGA

Targa Resources Partners LP

Investor Presentation

Bakken Shale Midstream Acquisition

November 2012

Forward Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that Targa Resources Partners LP ("TRP" or the "Partnership") or Targa Resources Corp. ("TRC" or the "Company") expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside the Partnership's and the Company's control, which could cause results to differ materially from those expected by management of Targa Resources Partners LP and Targa Resources Corp. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including declines in the production of natural gas or in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts, the credit risk of customers and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Partnership's and the Company's Annual Reports on Form 10-K for the year ended December 31, 2011 and other reports filed with the Securities and Exchange Commission. The Partnership and the Company undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



Acquisition of Saddle Butte's Williston Basin Assets

Transaction Overview

- ◆ **Targa Resources Partners LP (“Targa”) has entered into a definitive agreement to acquire 100% of Saddle Butte Pipeline LLC’s ownership of its Williston Basin crude oil pipeline and terminal system and natural gas gathering and processing operations (the “System”) for \$950 million**
 - ◆ Expected to close by end of 2012
- ◆ **Consistent with Targa’s overall growth strategy and enhances medium and long-term growth prospects primarily with fee-based contracts**
- ◆ **Asset highlights:**
 - ◆ Crude oil pipeline and terminal system and natural gas gathering and processing operations located in North Dakota’s Bakken Shale resource play
 - ◆ Diversifies Targa’s operating footprint with entry into a new basin where crude oil is driving producer activity
 - ◆ Long-term, fee-based contracts with leading producers in the region
 - ◆ Ongoing organic opportunities and significantly expanded asset footprint will provide a significant platform for additional growth
- ◆ **Financing consisting of the net proceeds from equity offering and borrowings under Targa’s \$1.2 billion revolving credit facility**
- ◆ **Raising 2013 adjusted EBITDA guidance by 10% - 15%**
- ◆ **Maintaining 2013 distribution guidance of 10% - 12% growth over full year 2012**

Strategic Acquisition Highlights

Premier Location in Bakken Shale Adds Scale and Diversity

- ◆ Bakken Shale projected to be among the fastest growing crude oil basins in the world
- ◆ Crude oil focus and increased drilling efficiencies driving activity in the play
- ◆ Acquisition expands Targa's footprint to the heart of Bakken and Three Forks development activity in McKenzie, Dunn and Mountrail counties
- ◆ Crude oil gathering further diversifies the Partnership's business mix
- ◆ Crude oil gathering via pipeline provides cost-effective alternative versus trucking

High Quality Assets Underpinned by Long-Term, Fee-Based Contracts

- ◆ System currently includes 155 miles of crude oil gathering pipelines, two crude oil terminals with combined operational storage capacity of 70,000 barrels, 95 miles of natural gas gathering pipelines, and a 20 MMcfd natural gas processing plant (which is being expanded to 40 MMcfd by year-end 2012)
- ◆ Almost entirely fee-based contracts featuring long-term dedications with leading operators in the play
 - ◆ Drives Targa's fee-based operating margin to 55% to 65% in 2014+
- ◆ Approximately 260,000 acres dedicated for crude oil gathering and over 100,000 acres dedicated for natural gas gathering
- ◆ Premium and recently built assets designed for growth with relatively low ongoing maintenance capital requirements
- ◆ Multiple downstream interconnects to deliver crude oil and natural gas to takeaway pipelines, unit train terminals and local refinery supply lines

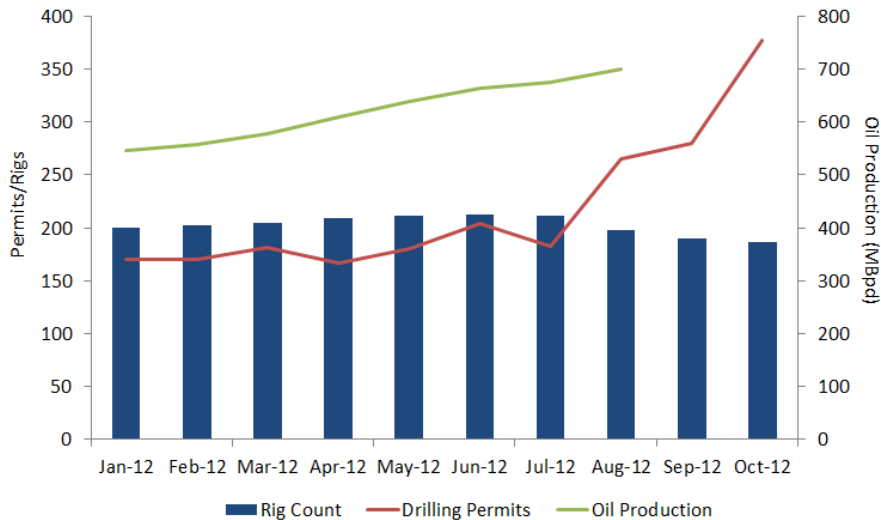
Long-Term Growth Opportunities

- ◆ Significant uncommitted acreage potential within the area
- ◆ Incremental opportunities to expand system further into Mountrail and Dunn counties
- ◆ Potential expansion of the gas gathering and processing facilities
- ◆ Further development of crude oil gathering and logistics platform
- ◆ Fresh water supply and produced water disposal lines and wells

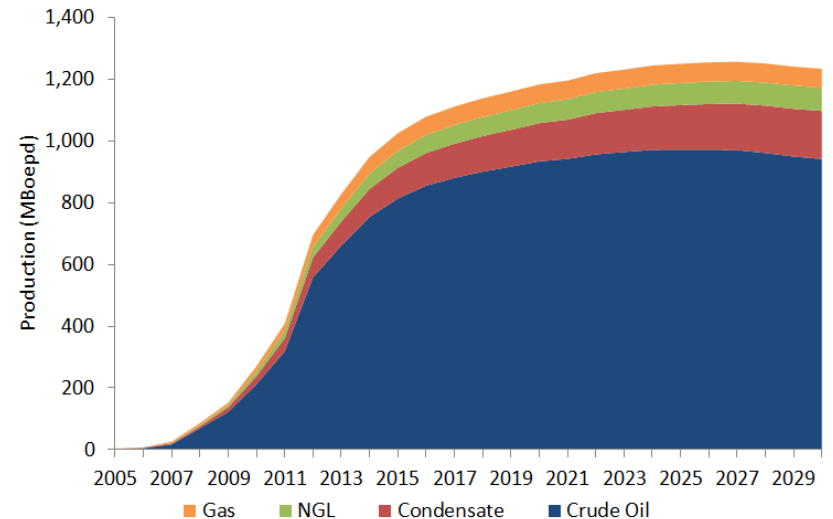
Access to a World Class Crude Oil Basin

- ◆ Daily production in the Bakken Shale has grown over 60% the last two years with expectations for continued growth driven by:
 - ◆ Ongoing shift to oil and liquids focused drilling
 - ◆ Favorable relative resource play well economics in current and even lower pricing environment
 - ◆ Improving efficiencies in drilling and completion techniques
 - ◆ Construction of additional gathering pipelines to alleviate trucking limitations
 - ◆ According to the North Dakota Pipeline Authority, 74% of crude oil in North Dakota is currently transported by truck
 - ◆ Producer-friendly regulatory environment in North Dakota
- ◆ Sustainable production growth is supported by the significant crude oil resource potential
 - ◆ Current estimates of recoverable oil range up to 24.0 BBoe

Recent Bakken Activity

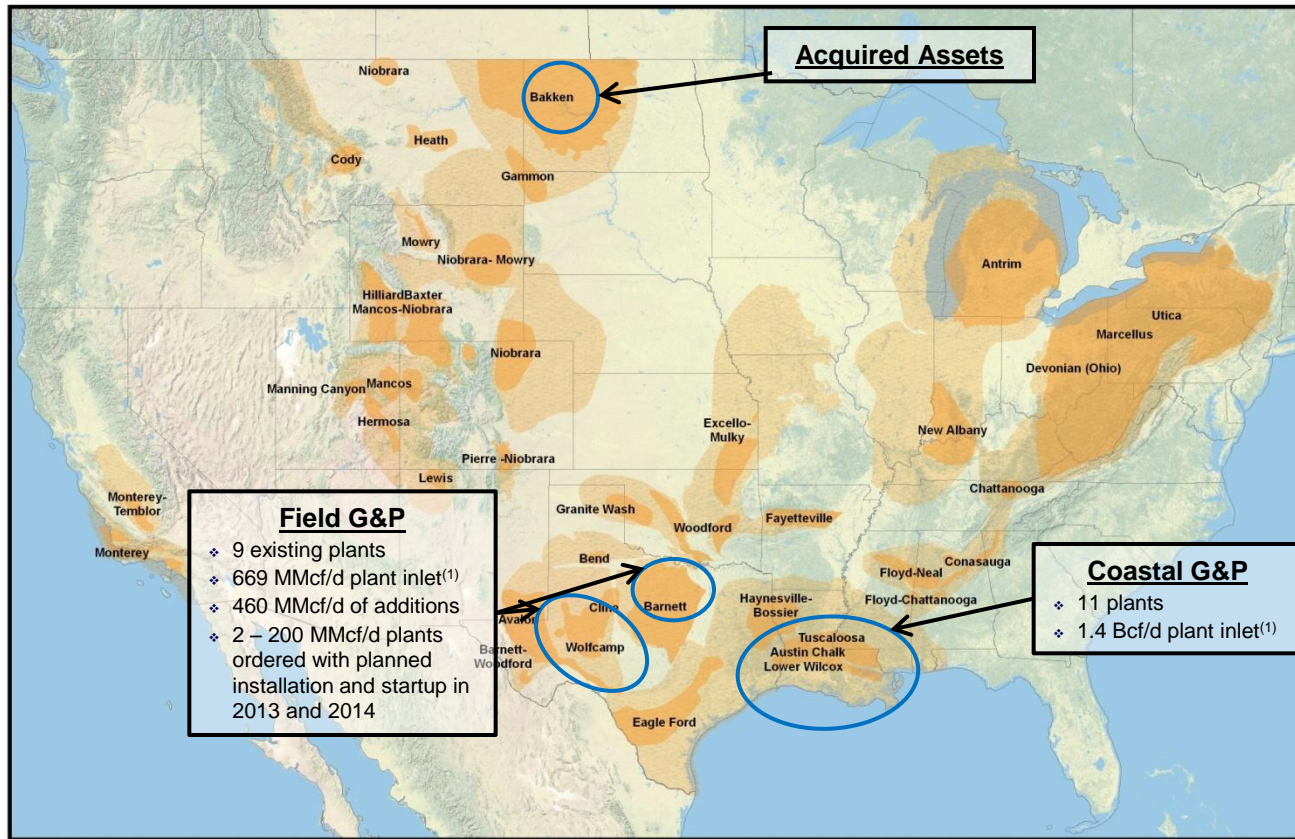


Bakken Production Forecast



Source: Hart Energy

Targa's Expanded G&P Footprint into Bakken Shale



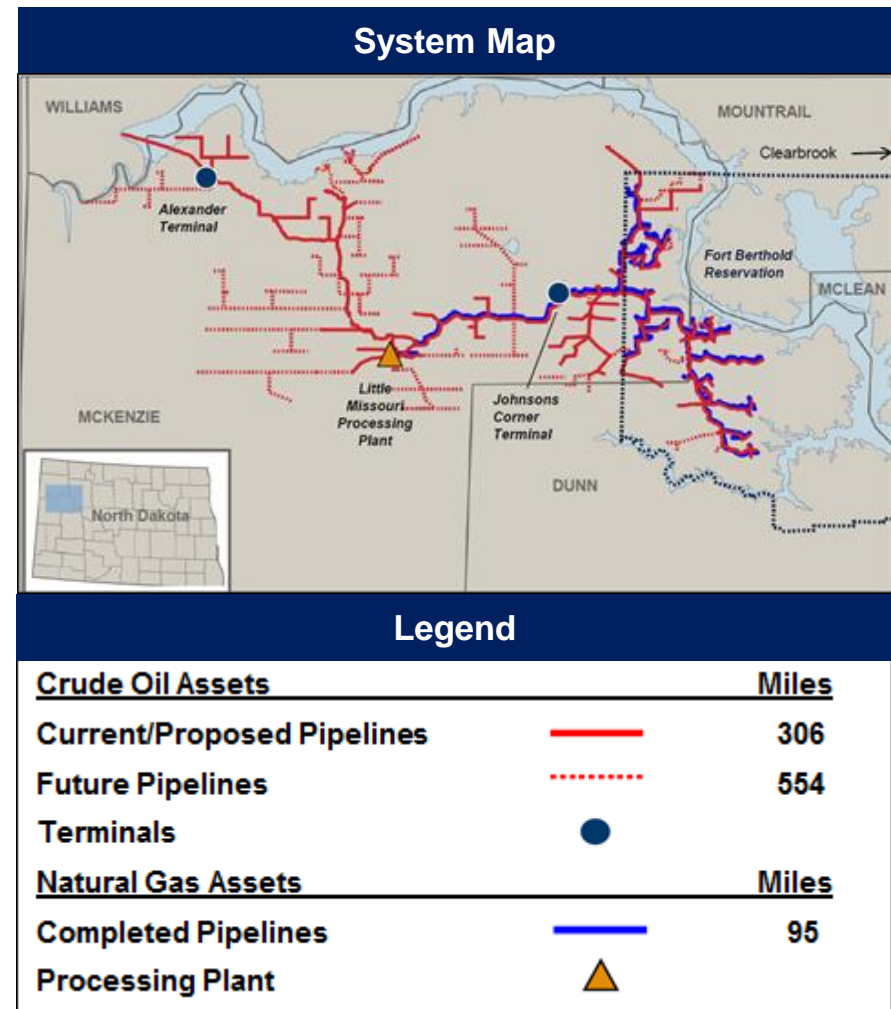
- ◆ **Entry into Bakken Shale increases Targa's scale and diversity**
 - ◆ Additional exposure to domestic crude oil and liquids development
 - ◆ Expands presence to service significant activity in the Bakken Shale
 - ◆ Crude oil gathering supplements Targa's existing business mix
- ◆ **Advances in E&P technology deployed in Bakken**
 - ◆ Multiple producers moving to 30+ stage fracs and 10,000+ foot laterals
 - ◆ Increased pad drilling resulting in more wells with fewer rigs

(1) Gross, nine months ended September 30, 2012

Targa's G&P assets located in and around multiple shale / resource plays focused on crude oil and liquids development

High-Quality, Fee-Based Assets

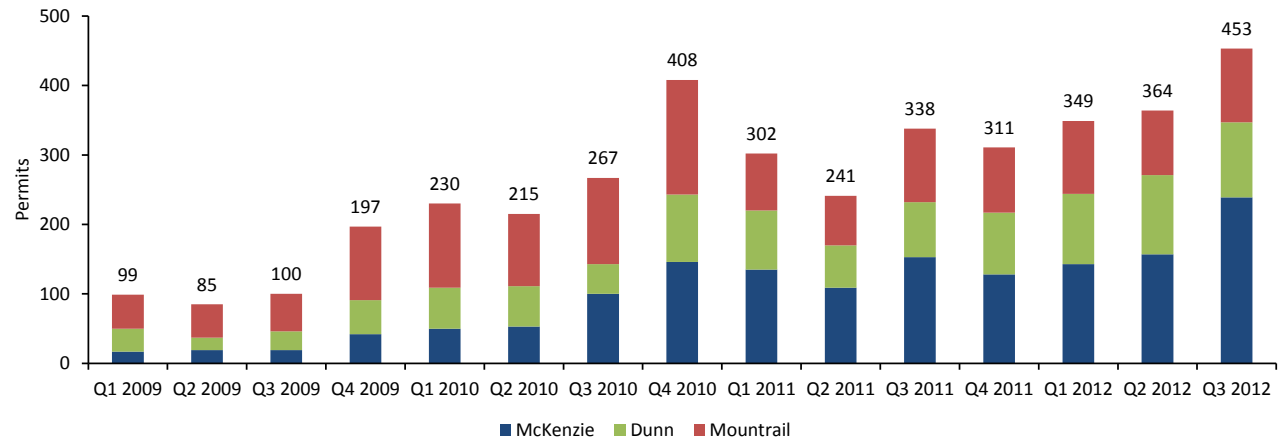
- ◆ System currently consists of crude oil pipeline and terminal assets and natural gas gathering and processing operations in McKenzie and Dunn counties, North Dakota
 - ◆ Construction began in late 2010 and crude oil first flowed on the System in August 2011
 - ◆ Development planned in Mountrail County ongoing
- ◆ The System's trunkline and initial laterals are complete with 155 miles of crude oil pipelines and 95 miles of natural gas pipelines
- ◆ Rich natural gas is delivered to 20 MMcf/d Little Missouri Processing Plant (expanding to 40 MMcfd by year-end 2012)
 - ◆ Residue natural gas delivered to Northern Border Pipeline
- ◆ Johnsons Corner and Alexander Terminals currently provide multiple delivery options
 - ◆ Three-lane truck loading station at Johnsons Corner Terminal (20,000 barrel tank capacity expanding to 40,000 barrels) for truck to rail capability as well as interconnect to 105,000 barrel per day ("Bpd") Four Bears Pipeline owned by Bridger Pipeline, L.L.C.
 - ◆ Alexander Terminal (30,000 barrel tank capacity) interconnected to 210,000 Bpd Enbridge North Dakota Pipeline
- ◆ Contracts are almost entirely fee-based supported by approximately 260,000 acres dedicated for crude oil gathering and over 100,000 acres dedicated for natural gas gathering



Significant Activity and Upside Potential for the System

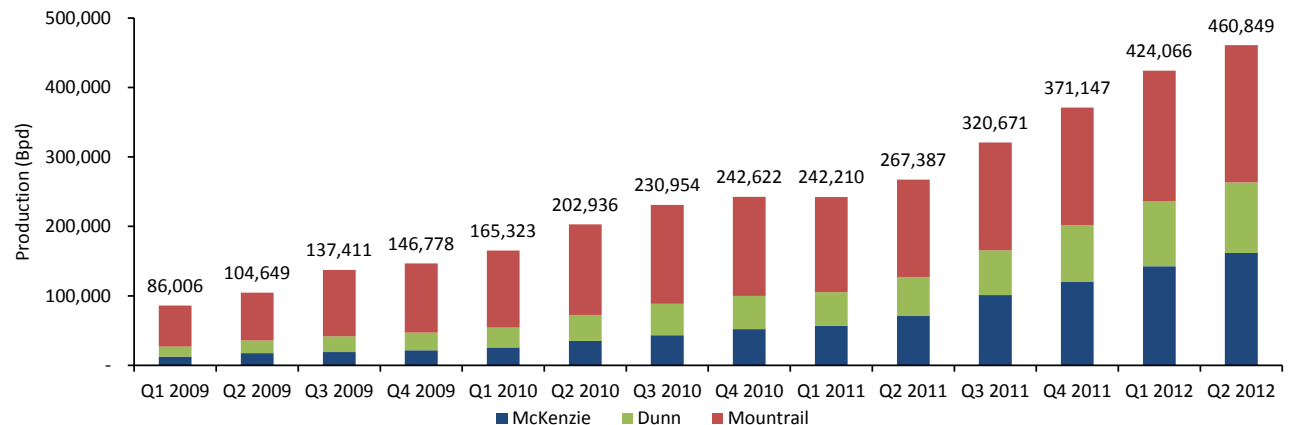
- ◆ Total North Dakota Bakken production is expected to increase by 60% or more over the next five years
- ◆ There are currently 115 rigs active within 10 miles of the System compared to 114 rigs in August
- ◆ Continued growth for the Bakken Shale assets is supported by significant acreage dedications with active producers in the play
- ◆ Significant uncommitted acreage potential within the area
- ◆ Ongoing contract negotiations to expand System further into Mountrail and Dunn counties

Well Permits by Quarter



Source: HPDI

Daily Production by Quarter



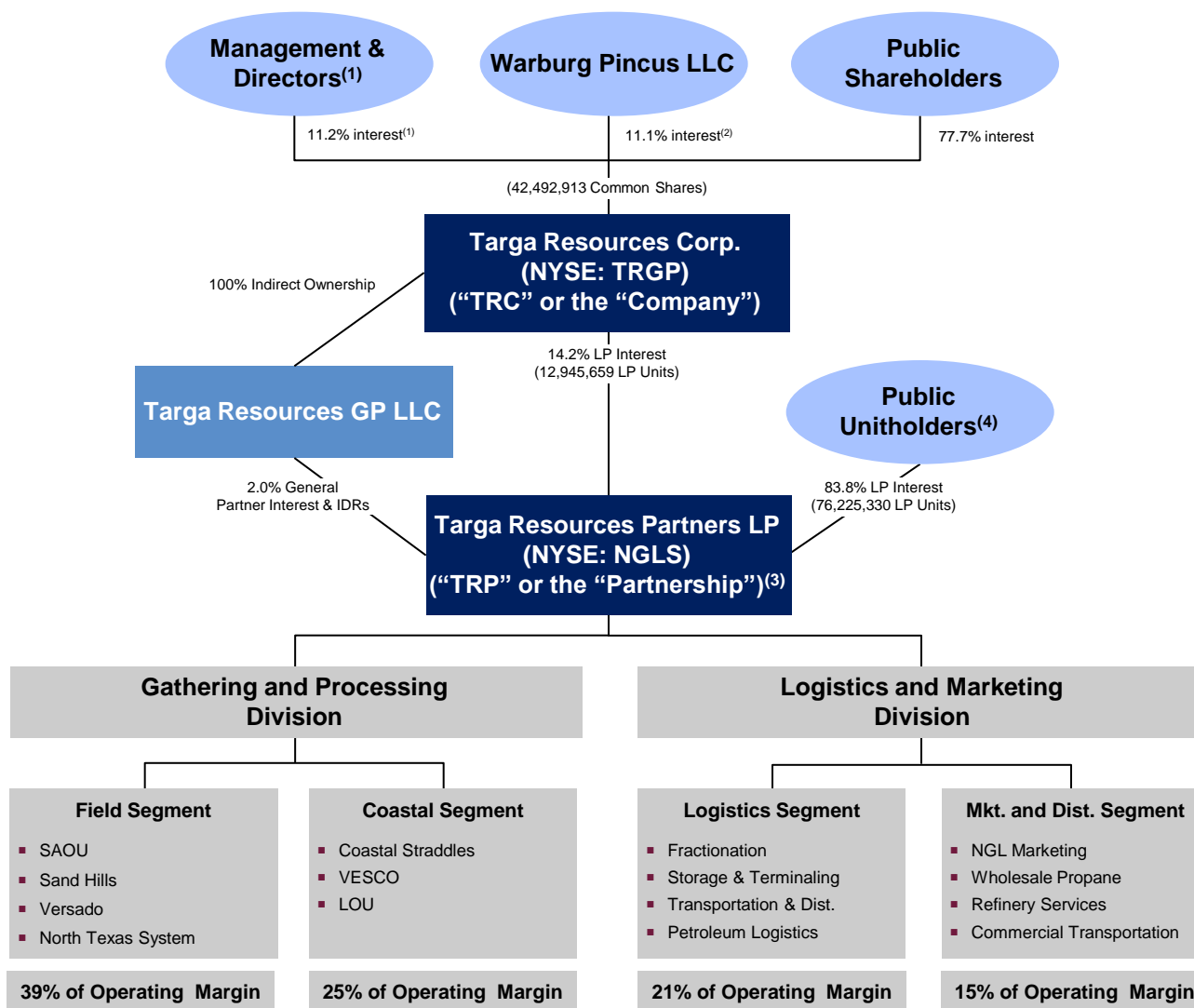
Source: HPDI



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Targa Resources - Overview

Targa Corporate Structure



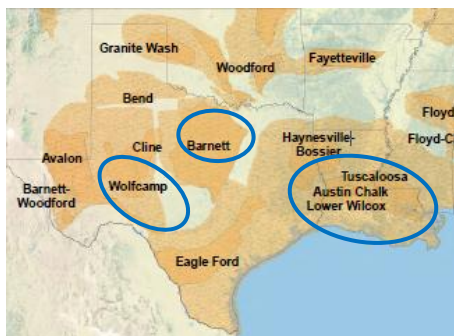
(1) Ownership interest as of 8/9/2012 for Section 16 Officers and TRGP directors

(2) After distribution of 1.25 million shares in November 2012

(3) TRP ownership as of 8/9/2012; TRP operating margin percentages based on LTM as of 9/30/2012

(4) Not pro forma for 9.5 million unit offering

Shale / Resource Development Underpins Growth



A Footprint in Multiple Shale / Resource Plays

- ◆ Leadership position in Permian Basin - assets overlaying multi-horizon resource plays
- ◆ Leadership position in the active portion of Barnett Shale “combo” play
- ◆ Increased activity a positive sign for development of GOM and additional shale / resource plays for onshore Louisiana
- ◆ Entry into Bakken Shale to capitalize on strong crude oil fundamentals and significant drilling activity

And a Leading Position at Mont Belvieu

- ◆ Mont Belvieu is the NGL hub of North America
- ◆ Increased NGL production from shale / resource plays is driving capacity expansions into and at Mont Belvieu
- ◆ Second largest fractionation ownership position at Mont Belvieu
- ◆ One of only two commercial NGL export facilities on the Gulf Coast

Drive Targa’s Long-Term Growth

- ◆ Over \$1.9 billion in organic capex projects through 2014
- ◆ Increased processing capacity to support multiple U.S. shale / resource plays
- ◆ Additional fractionation expansion to support increased NGL supply
- ◆ Increased connectivity to U.S. end users of NGLs
- ◆ Expansion of exports to global markets at Galena Park marine terminal

Investment Highlights

- ◆ Increasing scale and diversity
- ◆ Increasing fee-based margin
- ◆ 10-12% distribution growth in 2013 for NGLS
- ◆ 25-30%+ dividend growth in 2013 for TRGP
- ◆ Adjusted 2013 EBITDA guidance of \$540 - \$570 million
 - ◆ Raising guidance by 10-15% for acquisition

Major Capital Projects

- ◆ Two new major projects announced in Q4 2012 and additional capex associated with acquired assets in Bakken Shale
- ◆ Approximately \$1.9 billion in announced projects expected to be completed in 2012 through 2014
- ◆ Additional high quality growth projects under development for 2014 and beyond

G&P Growth Projects	CAPEX (\$ millions)	2012 CAPEX (\$ millions)	2013 CAPEX (\$ millions)	Actual / Expected Completion	Primarily Fee-Based
Gathering & Processing Expansion Program - 2012 ⁽¹⁾	100	100		Q4 2012	
Gathering & Processing Expansion Program - 2013	50		50	Q4 2013	
North Texas Longhorn Project (200 MMcf/d)	150	65	85	Mid 2013	
SAOU High Plains Plant (200 MMcf/d)	225	15	100	Mid 2014	
Acquired Assets - Bakken Shale	250		250	Varies in 2013	✓
Other	35	25	10		
Total G&P Projects	~\$810	~\$205	~\$495		~\$250

Downstream Growth Projects	CAPEX (\$ millions)	2012 CAPEX (\$ millions)	2013 CAPEX (\$ millions)	Actual / Expected Completion	Primarily Fee-Based
Benzene Treating	40	8		Q1 2012	✓
HD-5 Refrigeration Export Project	13	10		Q2 2012	✓
Gulf Coast Fractionators Expansion (GCF)	35	15		Q2 2012	✓
Petroleum Logistics Projects	105	55	50	Varies in 2013	✓
CBF Train 4 Expansion (100 MBbl/d)	360	200	100	Q2 2013	✓
International Export Project - Expanded	480	90	270	Q3 2013 & Q3 2014	✓
Other	40	20	20		✓
Total Downstream Projects	~\$1,073	~\$398	~\$440		~\$1,073⁽²⁾

Total Projects	~\$1,883	~\$603	~\$935		~\$1,323⁽²⁾
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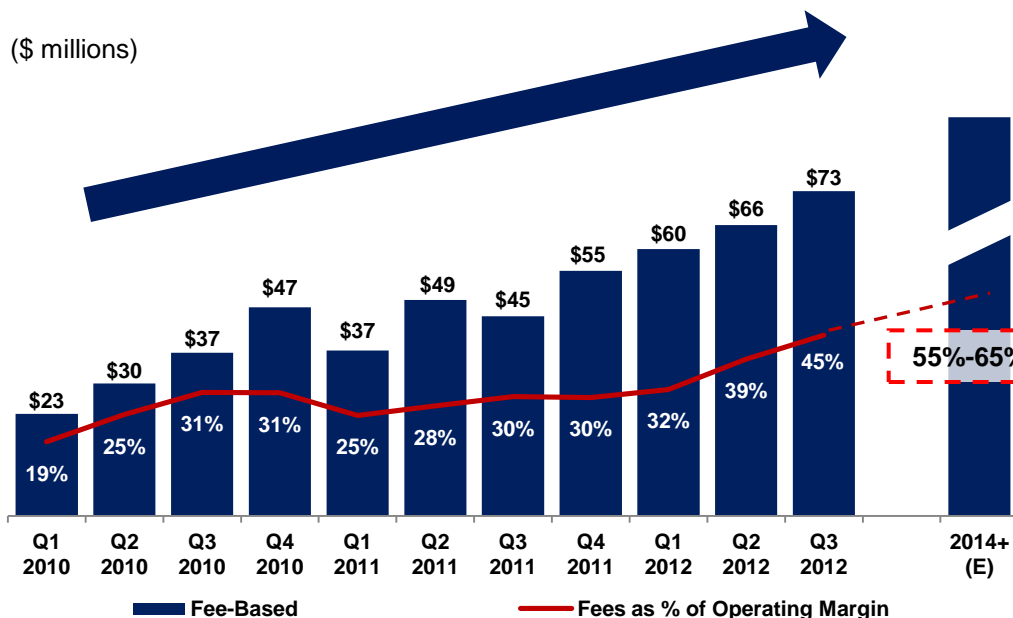
(1) Includes total of 60 MMcf/d SAOU / Sand Hills processing expansions

(2) ~\$1.3 billion of fee-based capital, 70% of total 2012 – 2014 projects

Margin is Largely Fee-Based / Hedged

Fee-Based Margin is Increasing on Both an Absolute and Proportional Basis

(\$ millions)



- ◆ Capex projects with firm contracts provide clear visibility on increasing fee operating margin
- ◆ Announced fee-based projects coming online 2013 and 2014
 - ◆ CBF Train 4
 - ◆ International Export Project
 - ◆ Petroleum Logistics Expansions
 - ◆ Bakken Shale assets
- ◆ Pro forma for the acquisition, fee-based operating margin expected to continue to increase to 55%-65%+ over next several years

Disciplined Hedging Program

- ◆ Highly correlated hedges including specific NGL components (ethane, propane, butane, etc.) and basis differentials for natural gas
- ◆ We have hedged approximately 55% of 2012 natural gas and 75% of 2012 combined NGL and condensate of our expected equity volumes from our Field G&P
- ◆ For 2013, we have hedged approximately 45% to 55% of expected 2012 Field G&P equity volumes for Natural Gas, NGLs and condensate



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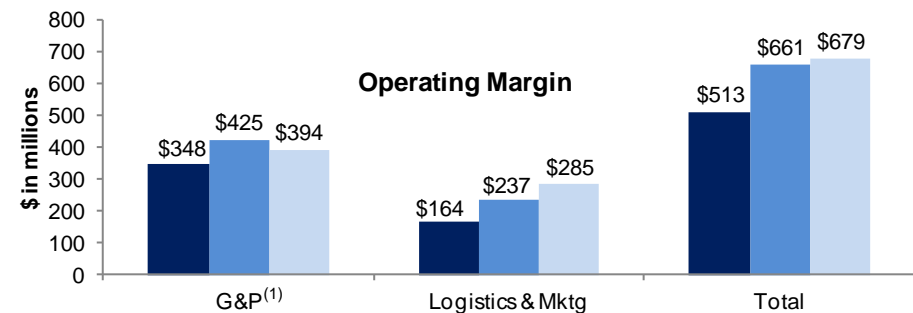
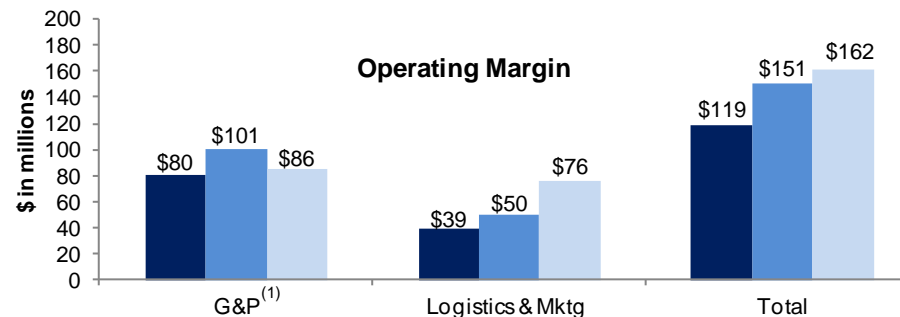
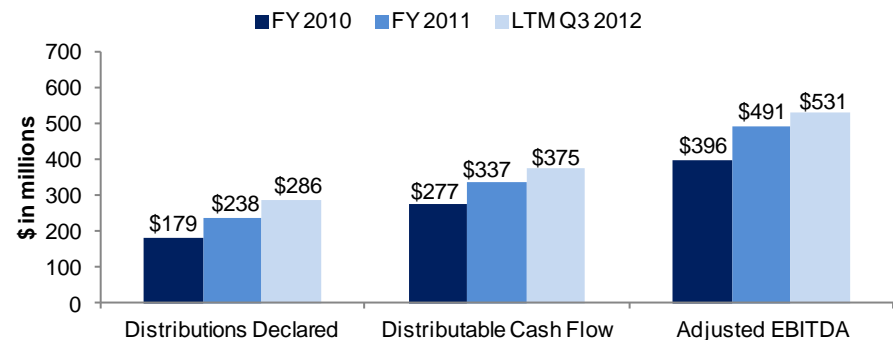
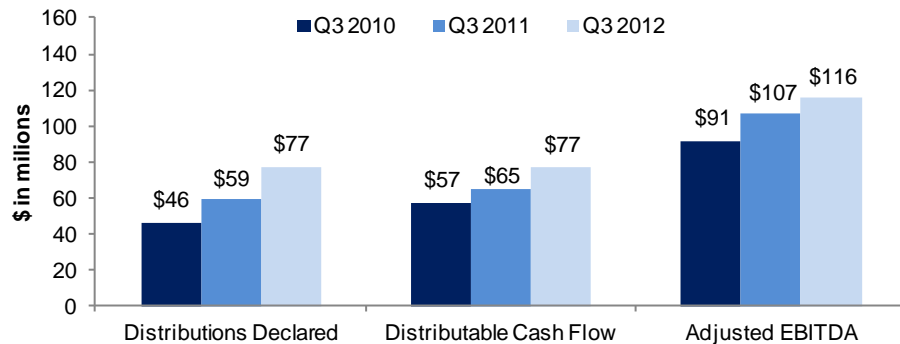
Note: Pro forma for acquisition of Bakken Shale assets



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Financial Update

Partnership Quarterly Update



Quarterly Highlights

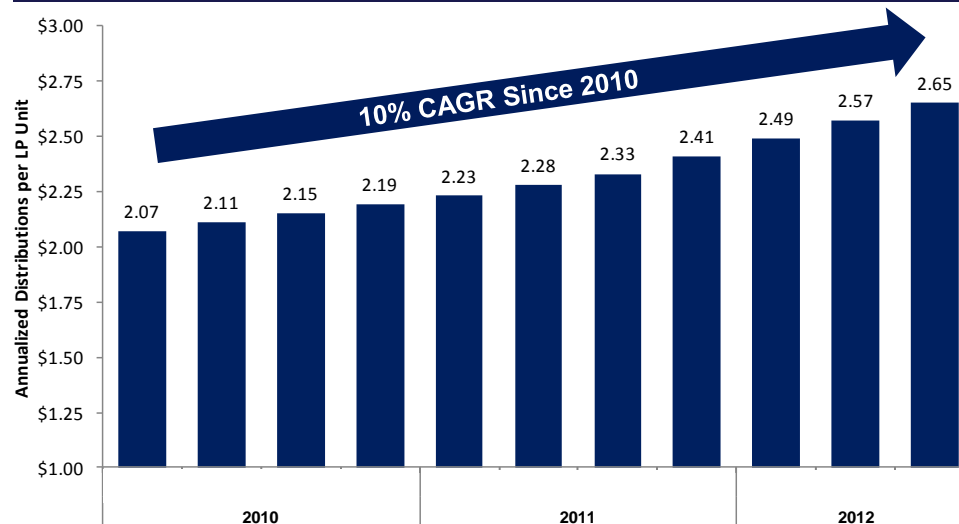
- ◆ Adjusted EBITDA and DCF increased approximately 8% and 18% respectively compared to Q3 2011, primarily due to higher operating margin in Logistics & Marketing division partially offset by lower commodity prices which effected the Gathering & Processing Division
- ◆ Gathering & Processing Division operating margin decreased 15% compared to 2011
 - ◆ Lower relative commodity prices and the impacts of Hurricane Isaac on the Coastal G&P segment
 - ◆ Offset by increased Field G&P segment natural gas inlet volumes and hedge settlements
- ◆ Logistics and Marketing Division operating margin, primarily fee-based, increased 52%, driven by higher fractionation, treating, terminaling and export activities



Strong Distribution Growth and Coverage Ratio

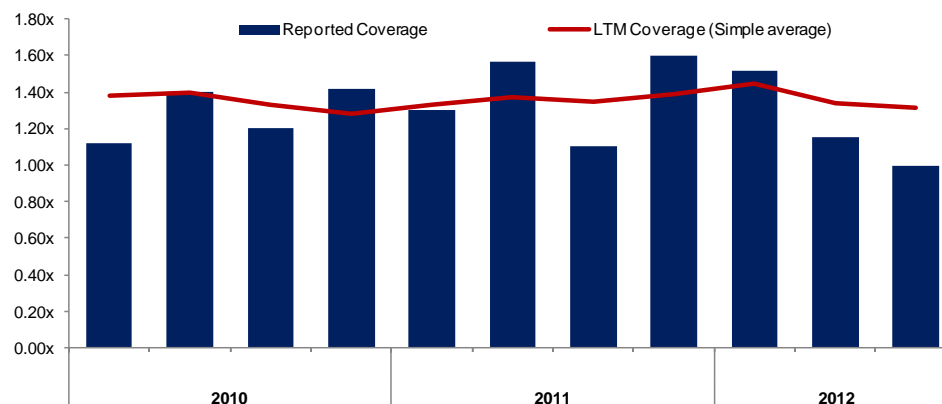
- ◆ Strong distribution growth since 2010
- ◆ Expected 2012 distribution growth of 10% to 15%
- ◆ Continued distribution growth expected in 2013 of 10% to 12%
- ◆ Ability to continue increasing distribution/dividend as organic projects come online in 2013 and 2014 contribute to full year 2014 and 2015 results

NGLS Annualized Distribution Per LP Unit



- ◆ Continued track record of strong distribution coverage
- ◆ Third quarter coverage ratio of 1.0x, LTM coverage ratio of 1.3x
- ◆ As scale, diversity and fee-based business increase and as organic growth projects come online, we expect to transition to a long term LTM target coverage ratio of 1.2x

NGLS Reported Distribution Coverage

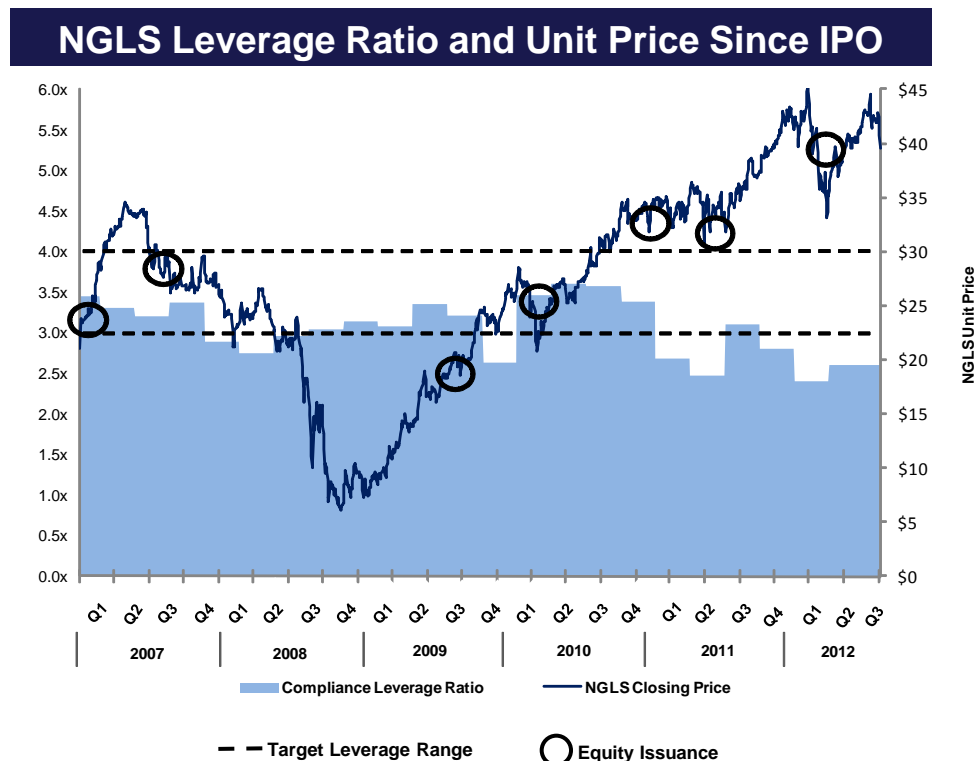


Solid Financial Profile Positions the Partnership for Growth

- ◆ **Maintained relatively conservative capital structure to underpin access to capital**
 - ◆ Target leverage ratio 3.0x - 4.0x Debt/EBITDA
 - ◆ Actual leverage history at low end of target range
 - ◆ Consistent record of leverage ratio on strong side of comparable group

- ◆ **Positive ratings momentum reflects scale, diversity and discipline**
 - ◆ S&P May 2011 upgrade to BB for both corporate and notes ratings
 - ◆ Moody's January 2012 upgrade to Ba2 corporate rating and Ba3 notes rating

- ◆ **Strong Leverage Ratio and Liquidity**
 - ◆ Reported Debt/EBITDA (as of 9/30/12) 3.1x
 - ◆ Est. YE2012 Compliance Debt/EBITDA⁽¹⁾ 4.0x
 - ◆ Credit Facility Commitments \$1.2 billion
 - ◆ Pro Forma Total Revolver Availability⁽²⁾ \$434.2 million
 - ◆ Pro Forma Total Liquidity⁽²⁾ \$523.1 million



(1) Assumes acquisition of Bakken Shale assets closes before year end.

(2) As of September 30, 2012, pro forma for amended revolving credit facility closed October 3, 2012, 5.25% senior unsecured notes issued October 25, 2012, redemption of 8.25% senior notes, proposed \$375 million equity offering and acquisition of Bakken Shale assets.

Pro Forma Credit Metrics and Liquidity

(\$ in millions)

Cash and Debt	Maturity	Pricing / Coupon	Actual 9/30/12	Adjustments	Pro Forma ⁽¹⁾ 9/30/12	Acquisition Adjustments	Pro Forma ⁽²⁾ 9/30/12
Cash and Cash Equivalents			\$88.9		\$88.9		\$88.9
Senior Secured Debt	Jul-17	L + 175 bps	280.0	(175.8)	104.2	614.2	718.4
Total Senior Secured Debt			280.0		104.2		718.4
Senior Notes	Jul-16	8.250%	209.1	(209.1)	-		-
Senior Notes	Jul-17	11.250%	72.7	-	72.7		72.7
Senior Notes	Oct-18	7.875%	250.0	-	250.0		250.0
Senior Notes	Feb-21	6.875%	483.6	-	483.6		483.6
Senior Notes	Aug-22	6.375%	400.0	-	400.0		400.0
Senior Notes	May-23	5.250%		400.0	400.0		400.0
Unamortized Discounts			(33.7)	(2.0)	(35.7)		(35.7)
Total Consolidated Debt			\$1,661.7		\$1,674.8		\$2,289.0
LTM Reported Adjusted EBITDA			\$530.8		\$530.8	NA ⁽³⁾	\$530.8
Total Debt / LTM Reported Adjusted EBITDA			3.1x		3.2x		4.3x
Liquidity:							
Credit Facility Commitment			1,100.0	100.0	1,200.0		1,200.0
Funded Borrowings			(280.0)	175.8	(104.2)	(614.2)	(718.4)
Letters of Credit			(47.4)		(47.4)		(47.4)
Total Revolver Availability			\$772.6	\$275.8	\$1,048.4		\$434.2
Cash			88.9		88.9		88.9
Total Liquidity			\$861.5		\$1,137.3		\$523.1

Note: Adjusted EBITDA defined as net income before interest, income taxes, depreciation and amortization and non-cash income or loss related to derivative instruments

⁽¹⁾ As of September 30, 2012, pro forma for amended revolving credit facility closed October 3, 2012, 5.25% senior unsecured notes issued October 25, 2012 and redemption of 8.25% senior notes

⁽²⁾ Pro forma for the November 2012 equity offering of 9.5 million common units and \$950 million acquisition of Bakken Shale assets

⁽³⁾ Acquisition EBITDA included in quarters subsequent to close, not for LTM Reported EBITDA

Targa Investment Highlights



- ◆ **Strong industry fundamentals**
- ◆ **High quality assets**
 - ◆ Well positioned in U.S. shale / resource plays
 - ◆ Leadership position at Mont Belvieu
 - ◆ Superior connectivity to markets
- ◆ **Increasing scale and diversity**
- ◆ **Increasing fee-based margin**
- ◆ **Robust growth profile (over \$1.9 billion announced projects)**
- ◆ **Strong financial profile**
- ◆ **Strong track record of distribution and dividend growth**
- ◆ **Experienced management team**



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Appendix

Non-GAAP Measures Reconciliation

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

Non-GAAP Measures Reconciliation

Adjusted EBITDA – The Partnership and Targa define Adjusted EBITDA as net income before interest, income taxes, depreciation and amortization and non-cash income or loss related to derivative instruments. Adjusted EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks and others, to assess: (1) the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; (2) 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 (3) the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities. The economic substance behind management’s use of Adjusted EBITDA is to measure the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness and make distributions to our investors. The GAAP measure most directly comparable to Adjusted EBITDA is net income (loss). Our non-GAAP financial measure of Adjusted EBITDA should not be considered as an alternative to GAAP net income (loss). Adjusted EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and is defined differently by different companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into management’s decision-making processes.

Non-GAAP Measures Reconciliation – EBITDA

The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for the periods shown for the Partnership. Pro Forma for the acquisition of Bakken Shale assets.

	Twelve Months Ended December 31, 2013	
	<u>Low Range</u>	<u>High Range</u>
	(\$ in millions)	
Reconciliation of net income (loss) attributable to Targa Resources Partners LP to Adjusted EBITDA:		
Net income (loss) to Targa Resources Partners LP	\$ 224.5	\$ 284.5
Add:		
Interest expense, net	126.0	126.0
Income tax expense	4.0	4.0
Depreciation and amortization expense ⁽¹⁾	253.0	253.0
Noncontrolling interest adjustment	<u>(12.5)</u>	<u>(12.5)</u>
Adjusted EBITDA	<u>\$ 595.0</u>	<u>\$ 655.0</u>

⁽¹⁾ Subject to purchase price adjustments and purchase price allocation

Non-GAAP Measures Reconciliation – EBITDA and Gross Margin

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
	(\$ in millions)			
Reconciliation of net income (loss) attributable to Targa Resources Partners LP to Adjusted EBITDA:				
Net income to Targa Resources Partners LP	\$ 24.2	\$ 35.9	\$ 141.2	\$ 129.0
Add:				
Interest expense, net	29.0	25.7	87.8	80.4
Income tax expense	0.9	1.5	2.7	5.2
Depreciation and amortization expense	47.9	45.0	142.1	132.2
Loss (gain) on sale or disposal of assets	15.6		15.5	
Risk management activities	1.6	2.0	3.8	6.0
Noncontrolling interest adjustment	(3.0)	(2.8)	(8.7)	(8.2)
Adjusted EBITDA	<u>\$ 116.2</u>	<u>\$ 107.3</u>	<u>\$ 384.4</u>	<u>\$ 344.6</u>

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
	(\$ in millions)			
Reconciliation of gross margin and operating margin to net income (loss):				
Gross margin	\$ 239.9	\$ 227.2	\$ 745.1	\$ 689.3
Operating expenses	(78.3)	(76.5)	(227.1)	(214.1)
Operating margin	161.6	150.7	518.0	475.2
Depreciation and amortization expenses	(47.9)	(45.0)	(142.1)	(132.2)
General and administrative expenses	(33.5)	(33.7)	(100.0)	(98.6)
Interest expense, net	(29.0)	(25.7)	(87.8)	(80.4)
Income tax (benefit) expense	(0.9)	(1.5)	(2.7)	(5.2)
Gain (loss) on sale of assets	(18.9)	0.3	(18.8)	0.4
Other, net	(3.3)	(0.2)	(1.9)	(0.6)
Net income	<u>\$ 28.1</u>	<u>\$ 44.9</u>	<u>\$ 164.7</u>	<u>\$ 158.6</u>

Note: Not pro forma for the acquisition of Bakken Shale assets.

Non-GAAP Measures Reconciliation - DCF

\$ Millions

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

	Three Months Ended											
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	
	2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012	
Reconciliation of net income (loss) attributable to Targa Resources Partners LP to distributable cash flow:												
Net income (loss) attributable to Targa Resources Partners LP	\$ 12.6	\$ 19.8	\$ 13.8	\$ 35.9	\$ 37.8	\$ 55.2	\$ 35.9	\$ 75.5	\$ 70.1	\$ 46.8	\$ 24.2	
Add:												
Allocated and affiliate interest expense	-	-	3.9	-	-	-	-	-	-	-	-	-
Depreciation and amortization expense	25.8	32.7	43.3	47.9	42.7	48.3	45.0	46.0	46.7	47.6	47.9	
Deferred income tax (expense) benefit	0.6	(0.1)	(0.1)	0.9	0.4	1.1	(0.9)	0.2	0.4	0.4	0.4	
Amortization of debt issue costs	1.3	1.4	0.9	3.0	1.8	-	2.5	4.2	4.6	4.4	4.5	
Gain on debt repurchases	-	-	0.8	(0.8)	-	-	-	-	-	-	-	
Loss (gain) on disposal of assets	-	-	-	-	-	-	-	-	-	-	15.6	
Risk management activities	7.6	7.5	7.8	10.2	0.2	3.8	2.0	1.3	1.0	1.2	1.6	
Maintenance capital expenditures	(3.7)	(5.9)	(12.9)	(22.0)	(12.8)	(21.6)	(24.7)	(24.6)	(16.5)	(15.5)	(16.2)	
Reimbursements	-	-	0.4	-	-	-	-	-	-	-	-	
Other	(0.2)	(0.2)	(0.8)	0.9	2.0	3.2	5.6	4.6	(0.6)	(0.4)	(0.8)	
Distributable cash flow	<u>\$ 44.0</u>	<u>\$ 55.2</u>	<u>\$ 57.1</u>	<u>\$ 76.0</u>	<u>\$ 72.1</u>	<u>\$ 90.0</u>	<u>\$ 65.4</u>	<u>\$ 107.2</u>	<u>\$ 105.7</u>	<u>\$ 84.5</u>	<u>\$ 77.2</u>	
Distributions Declared	38.8	40.2	46.1	53.5	55.2	57.3	59.4	66.0	69.6	73.2	76.7	
Distribution Coverage	1.1x	1.4x	1.2x	1.4x	1.3x	1.6x	1.1x	1.6x	1.5x	1.2x	1.0x	

Note: Not pro forma for the acquisition of Bakken Shale assets.



Non-GAAP Measures Reconciliation – Fee Based Margin

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

Three Months Ended

	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012
	(\$ in millions)										
Reconciliation of gross margin and operating margin to net income (loss):											
Gross margin	\$ 185.9	\$ 179.8	\$ 184.7	\$ 221.7	213.9	248.2	227.2	258.8	261.4	243.8	239.9
Operating expenses	(62.2)	(62.0)	(66.0)	(69.4)	(65.9)	(71.6)	(76.5)	(72.9)	(71.6)	(77.2)	(78.3)
Operating margin	123.7	117.9	118.8	152.4	148.0	176.6	150.7	185.9	189.8	166.6	161.6
Depreciation and amortization expenses	(42.0)	(43.0)	(43.3)	(47.8)	(42.7)	(44.5)	(45.0)	(46.0)	(46.7)	(47.6)	(47.9)
General and administrative expenses	(25.0)	(28.4)	(26.7)	(42.5)	(31.8)	(33.2)	(33.7)	(29.2)	(32.9)	(33.5)	(33.5)
Interest expense, net	(31.1)	(27.5)	(27.2)	(25.1)	(27.5)	(27.2)	(25.7)	(27.3)	(29.4)	(29.4)	(29.0)
Income tax (benefit) expense	(1.4)	(0.9)	(1.6)	(0.1)	(1.8)	(1.9)	(1.5)	0.9	(1.0)	(0.8)	(0.9)
Gain (loss) on sale of assets	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.3	(0.6)	0.0	0.0	(18.9)
Gain (loss) on debt repurchases	0.0	0.0	(0.8)	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Risk management activities	25.4	2.5	(1.9)	0.0	0.0	(3.2)	(1.8)	0.0	0.0	0.0	0.0
Equity in earnings of unconsolidated investments	0.3	2.4	1.1	1.7	1.7	1.3	2.2	0.0	0.0	0.0	0.0
Other Operating income (loss)	0.0	0.0	0.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other, net	0.0	0.0	0.0	0.0	(0.2)	0.1	(0.6)	3.2	2.0	(0.6)	(3.3)
Net income	<u>\$ 49.9</u>	<u>\$ 22.9</u>	<u>\$ 18.4</u>	<u>\$ 42.8</u>	<u>\$ 45.7</u>	<u>\$ 68.0</u>	<u>\$ 44.9</u>	<u>\$ 86.9</u>	<u>\$ 81.8</u>	<u>\$ 54.7</u>	<u>\$ 28.1</u>
Fee Based operating margin percentage	19%	25%	31%	31%	25%	28%	30%	30%	32%	39%	45%
Fee Based operating margin	<u>\$ 23.0</u>	<u>\$ 30.0</u>	<u>\$ 36.9</u>	<u>\$ 47.1</u>	<u>\$ 37.3</u>	<u>\$ 48.8</u>	<u>\$ 44.8</u>	<u>\$ 55.3</u>	<u>\$ 60.3</u>	<u>\$ 65.7</u>	<u>\$ 73.3</u>

Note: Not pro forma for the acquisition of Bakken Shale assets.