

Edgar Filing: Atlas Energy, L.P. - Form 425

Atlas Energy, L.P.
Form 425
November 05, 2014

Filed by Targa Resources Corp.

Pursuant to Rule 425 of the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Atlas Energy, L.P.

Commission File No.: 001-32953

This filing relates to a proposed business combination involving Targa Resources Corp. and Atlas Energy, L.P.

Targa Resources
Investor Presentation
Third Quarter 2014
November 4, 2014

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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, 2013 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.

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Additional Information

Additional Information and Where to Find It

In connection with the proposed transaction, Targa Resources Corp. (TRGP) will file with the U.S. Securities and Exchange Commission a registration statement on Form S-4 that will include a joint proxy statement of Atlas Energy, L.P. (ATLS) and TRGP and a prospectus or prospectus supplement (statement/prospectus). In connection with the proposed transaction, TRGP plans to mail the definitive TRGP joint proxy statement/prospectus to its unitholders. ATLS plans to mail the definitive TRGP joint proxy statement/prospectus to its unitholders.

Also in connection with the proposed transaction, Targa Resources Partners LP (NGLS) will file with the SEC a registration statement on Form S-1 that will include a prospectus or prospectus supplement (statement/prospectus).

proxy statement of Atlas Pipeline Partners, L.P. (APL) and a prospectus of NGLS (the NGLS proxy statement/prospectus transaction, APL plans to mail the definitive NGLS proxy statement/prospectus to its unitholders.

INVESTORS, SHAREHOLDERS AND UNITHOLDERS ARE URGED TO READ THE TRGP JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY

BECOME
AVAILABLE
BECAUSE
THEY
WILL
CONTAIN
IMPORTANT
INFORMATION
ABOUT
TRGP,
NGLS,
ATLS
AND
APL,
AS
WELL
AS
THE
PROPOSED
TRANSACTION AND RELATED MATTERS.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of a free copy of the TRGP Joint Proxy Statement/Prospectus, the NGLS Proxy Statement/Prospectus and other filings containing

and
APL
may
be
obtained
at
the
SEC's
Internet
site
at
www.sec.gov.

In
addition,
the
documents
filed
with
the
SEC
by
TRGP
and

NGLS

may

be

obtained

free

of

charge

by directing such request to: Targa Resources, Attention: Investor Relations, 1000 Louisiana, Suite 4300, Houston, Texas 77002, by email at InvestorRelations@targaresources.com or calling (713) 584-1133. These documents may also be obtained for free from TRGP at www.targaresources.com. The documents filed with the SEC by ATLS

may be obtained free of charge by directing such request to: Atlas Energy, L.P., Attn: Investor Relations, 1845 Walnut Street, Philadelphia, Pennsylvania 19103 or emailing InvestorRelations@atlasenergy.com. These documents may also be obtained for free from ATLS's investor relations website at www.atlasenergy.com. The documents filed with the SEC by APL may be obtained free of charge by directing such request to: Pipeline Partners, L.P., Attn: Investor Relations, 1845 Walnut Street, Philadelphia, Pennsylvania 19103 or emailing IR@atlasenergy.com.

Participants in Solicitation Relating to the Merger
TRGP, NGLS, ATLS and APL and their respective directors, executive officers and other persons may be deemed to be participants in this solicitation. For more information, please contact TRGP, NGLS, ATLS or APL.

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TRGP,

ATLS

or

APL

shareholders

or

unitholders,

as

applicable,

in

respect

of

the

proposed

transaction

that

will

be

described

in

the

TRGP

joint

proxy

statement/prospectus and NGLS proxy statement/prospectus. Information regarding TRGP's directors and executive officers is contained in TRGP's proxy statement dated April 7, 2014, which has been filed with the SEC. Information regarding directors and executive officers of NGLS is contained in NGLS's proxy statement dated April 7, 2014, which has been filed with the SEC. Information regarding directors and executive officers of APL's general partner is contained in APL's proxy statement dated March 21, 2014, which has been filed with the SEC. Information regarding directors and executive officers of APL's general partner is contained in APL's Annual Report on Form 10-K for the year ended December 31, 2013, which has been filed with the SEC. A more complete description will be available in the registration statement and the joint proxy statement/prospectus.

statement dated April 7, 2014, which has been filed with the SEC. Information regarding directors and executive officers of NGLS is contained in NGLS's proxy statement dated April 7, 2014, which has been filed with the SEC. Information regarding directors and executive officers of APL's general partner is contained in APL's proxy statement dated March 21, 2014, which has been filed with the SEC. Information regarding directors and executive officers of APL's general partner is contained in APL's Annual Report on Form 10-K for the year ended December 31, 2013, which has been filed with the SEC. A more complete description will be available in the registration statement and the joint proxy statement/prospectus.

Annual Report on Form 10-K for the year ended December 31, 2013, which has been filed with the SEC. Information regarding directors and executive officers of APL's general partner is contained in APL's proxy statement dated March 21, 2014, which has been filed with the SEC. Information regarding directors and executive officers of APL's general partner is contained in APL's Annual Report on Form 10-K for the year ended December 31, 2013, which has been filed with the SEC. A more complete description will be available in the registration statement and the joint proxy statement/prospectus.

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Targa Resources
Two Public Companies
IPO February 2007
MLP
Owner/Operator of all assets
IPO December 2010
C-Corp

General Partner of NGLS
Targa Resources Partners LP
(NYSE: NGLS; TRP
or the Partnership)
Targa Resources Corp.
(NYSE: TRGP; TRC
or the Company)

Market Cap:

\$7.1 billion

Enterprise Value:

\$10.2 billion

Unit Price:

\$61.41

Yield:

5.2%

Current Annualized Distribution:

\$3.19

Sequential / YoY Growth:

2% / 9%

Market Cap:

\$5.4 billion

Enterprise Value:

\$5.5 billion

Share Price:

\$127.89

Yield:

2.3%

Current Annualized Dividend:

\$2.93

Sequential / YoY Growth:

6% / 29%

Note:

Market
Cap,
Unit/Share
Price
and
Yield
as
of
November
3,
2014.
Enterprise
Value
calculated
using
current
Market
Cap

as
of
November
3,
2014
and
balance
sheet
data

as
of
September 30, 2014. Unit and Stock Price Performance graphs through November 3, 2014

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TRP and TRC Performance

(1)

2010 covers time period from IPO (December 6, 2010) through December 31, 2010

(2)

2014 YTD as November 3, 2014

Source: Bloomberg

TRP

Total Return Since 2010
(1)
TRC
Total Return Since IPO
TRC
Dividends
TRP
Distributions

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Targa Current Corporate Structure

(1)

TRC had 42,143,463 common shares outstanding as of October 24, 2014

(2)

TRP

ownership

as

of
October
24,
2014;
TRP
operating
margin
percentages
based
on
LTM
as
of
September
30,
2014.
Field
segment
includes
 Other
Operating
Margin
100% Indirect Ownership
Targa Resources Corp.
(NYSE: TRGP)
(TRC
or the Company)
(1)
11.2% LP Interest
(12,945,659 LP Units)
Public
Unitholders
Field Segment
SAOU
Sand Hills
Versado
North Texas System
Badlands
Coastal Segment
Coastal Straddles
VESCO
LOU
Gathering and Processing
Division
Logistics and Marketing
Division
Logistics Segment
Fractionation
Storage & Terminaling
Transportation & Dist.

Petroleum Logistics
Mkt. and Dist. Segment
NGL Marketing
Gas Marketing
Wholesale Propane
Refinery Services
Commercial Transportation
Targa Resources GP LLC
Targa Resources Partners LP
(NYSE: NGLS)
(TRP
or the Partnership)
(2)
(S&P: BB+/BB+; Positive
Moody s: Ba1/Ba2; Positive)
88.8% LP Interest
(102,828,437 LP Units)
2.0% General
Partner Interest & IDRs
33% of Operating Margin
8% of Operating Margin
39% of Operating Margin
21% of Operating Margin

Targa's Diversified Midstream Platform

7

(1)

Operating margin percentages based on LTM as of September 30, 2014

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A Strong Footprint in
Active Basins
And a Leading Position
at Mont Belvieu
Drive Targa s
Long-Term Growth
Leadership position in oil

and liquids rich Permian Basin
Bakken position capitalizes on strong crude oil fundamentals and active drilling activity
Leadership position in the active portion of Barnett Shale combo play
GOM and onshore Louisiana provide longer term upside potential for well positioned assets
Mont Belvieu is the NGL hub of North America
Increased domestic NGL production is driving capacity expansions into and at Mont Belvieu
Second largest fractionation ownership position at Mont Belvieu
One of only two operating commercial NGL export facilities on the Gulf Coast linked to Mont Belvieu
Position not easily replicated
Approximately \$2.6 billion in announced organic capex projects completed or underway
Increased 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 export services capacity for global LPG markets at Galena Park marine terminal

Investment Highlights

Increasing scale and
diversity

Increasing fee-based
margin

Expected 7 -

9% NGLS

distribution growth in 2014,
on track for the high end of
the range

Expected TRGP dividend
growth in excess

of 25% in

2014

2014 adjusted EBITDA

guidance of \$925 to \$975

million

Well Positioned for 2014 and Beyond

Targa's G&P Assets are Well Positioned

9

(1)

Source: Baker Hughes Incorporated, as of October 20, 2014

Targa's G&P assets are located in and around some of the most active shale / resource plays, which is

driving continued growth
and expansion

Field G&P assets are located
in crude oil and liquids rich
plays

Field G&P gross processing
capacity will expand from
~900 MMcf/d at YE 2013 to
~1,340 MMcf/d by YE 2014

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Producer Activity Drives NGL Flows to Mont Belvieu

NGL flows to Mont

Belvieu expected to

increase

Pipeline conversions may

bring additional NGL

volumes from the Utica/
Marcellus to the Gulf
Coast
Petrochemical
investments, fractionation
and export services will
continue to clear
additional supply
Targa's Mont Belvieu and
Galena Park businesses
very well positioned

Major Announced Capital Projects

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Approximately \$2.6 billion of announced projects completed or ongoing

Over \$1 billion of projects completed in 2013 and approximately \$1 billion to be completed in 2014

Additional high quality growth projects under development for 2014 and beyond

Commenced construction of CBF Train 5 Expansion (100 MBbl/d)

(1)

Includes additional spending in both North Texas and Permian Basin

(2)
Additional
gas
processing
plant
estimated
completion
YE
2014
and
in-service
early
2015

(3)
35 Mbbl/d condensate splitter located at the Channelview Terminal expected to be in-service end of 2016 or early 2017, dependant on completion

(4)
~\$2.0 billion of fee-based capital, 77% of listed projects

(4)
G&P Growth Projects
Actual / Expected
Completion
Primarily
Fee-Based
Gathering & Processing Expansion Program -
2013 / 2014

(1)
2013 / 2014
North Texas Longhorn Project (200 MMcf/d)
May 2014
SAOU High Plains Plant (200 MMcf/d)
June 2014
Badlands Expansion Program -
2013 / 2014
2013 / 2014

(2)
Other
Total G&P Projects
\$465
Downstream Growth Projects
Actual / Expected
Completion
Primarily
Fee-Based
Petroleum Logistics Projects -
2013 / 2014

(3)
2013 / 2014+
CBF Train 4 Expansion (100 MBbl/d)
Mid 2013
CBF Train 5 Expansion (100 MBbl/d)

Mid 2016
 International Export Project
 Q3 2013 / Q3 2014
 Other
 Total Downstream Projects
 \$1,520
 Total Projects
 \$1,985
 50
 385
 0
 Total CAP EX
 (\$ millions)
 2013 CAP EX
 (\$ millions)
 2014 CAP EX
 (\$ millions)
 \$185
 \$75
 \$110
 150
 40
 20
 225
 125
 85
 465
 250
 215
 40
 25
 15
 \$1,065
 \$515
 \$445
 Total CAP EX
 (\$ millions)
 2013 CAP EX
 (\$ millions)
 2014 CAP EX
 (\$ millions)
 \$190
 \$40
 \$50
 385
 120
 20
 480
 250
 165

80
30
50
\$1,520
\$440
\$335
\$2,585
\$955
\$780

Additional Growth Opportunities
CAP EX
(\$ millions)
Estimated
Timing
Primarily
Fee-Based
Badlands Expansion Program

Permian Expansion Program

Train 6 Expansion

Train 7 Expansion

Additional Condensate Splitter

Ethane Export Project

Other Projects

primarily

Total

\$2,000+

2015 and beyond

Major Capital Projects Under Development

12

Over \$2.0 billion of additional opportunities are in various stages of development

Opportunities include additional infrastructure in both G&P and Downstream

Increasing NGL supplies across the country will continue to drive the need for more processing, fractionation and connectivity

(1)

Recently approved new 200 MMcf/d plant in the Williston Basin

(2)

Recently approved new 300 MMcf/d plant in the Delaware Basin

(1)

(2)

Strong Growth in Fee-Based Margin Continues

13

Capex projects with firm contracts provide clear visibility on increasing fee operating margin

Announced fee-based projects coming online in 2014

International Export Expansion Phase II

Additional Badlands Expansions

(\$ in millions)

Fee-based operating

margin expected to
continue to increase to
65%+ for 2014

Increasing Fee-Based Margin Provides Additional Stability to Our Business

Fee-based margin increases driven primarily through increased margin
in the Logistics Assets segment

including contributions from CBF Train 4 and International Export projects, and through contribution from
Badlands

Diversity and Scale Mitigate Commodity Price Changes

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Adjusted EBITDA vs. Commodity Prices

(1) Will be towards bottom-end of range if there is significant ethane rejection in these years

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Targa Leverage and Liquidity

(1)

Includes TRP's total availability under the revolver plus cash, less outstanding borrowings and letters of credit under the TRP

(2)

Adjusts EBITDA to provide credit for material capital projects that are in process, but have not started commercial operation, a

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TRP Update

Adjusted EBITDA increased compared to Q3 2013, primarily due to higher operating margin in the Field Gathering and Processing segment and in the Logistics and Marketing division

\$247 million of Adjusted EBITDA in Q3 2014 was 58% higher than Q3 2013

Logistics & Marketing operating margin increased by 75% in Q3 2014 versus Q3 2013 due to increased fractionation activities and increased LPG export activity

Field Gathering & Processing operating margin increased in Q3 2014 compared to Q3 2013 due to increased

throughput volumes and higher contributions from Badlands

(1)

Includes impact of commodity hedge settlements

Highlights

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TRP Capitalization and Liquidity

(1)

Adjusts EBITDA to provide credit for material capital projects that are in process, but have not started commercial operation, a

Actual

Actual

Cash and Debt

Maturity

Coupon
6/30/2014
Adjustments
9/30/2014
Cash and Cash Equivalents
\$67.3
\$5.1
\$72.4
Accounts Receivable Securitization
Dec-14
234.3

\$3.3
237.6

Revolving Credit Facility
Oct-17
495.0

80.0

575.0

Total Senior Secured Debt
729.3

812.6

Senior Notes
Oct-18
7.875%
250.0

250.0

Senior Notes
Feb-21
6.875%
483.6

483.6

Senior Notes
Aug-22
6.375%
300.0

300.0

Senior Notes

May-23

5.250%

600.0

600.0

Senior Notes

Nov-23

4.250%

625.0

625.0

Unamortized Discounts

(26.7)

0.7

(26.0)

Total Consolidated Debt

\$2,961.2

\$3,045.2

Compliance Leverage Ratio

(1)

2.8x

2.7x

Liquidity:

Credit Facility Commitment

1,200.0

1,200.0

Funded Borrowings

(495.0)

(80.0)

(575.0)

Letters of Credit

(94.6)

\$52.6

(42.0)

Total Revolver Availability

\$610.4

\$583.0

Cash

67.3

72.4

Total Liquidity

\$677.7

\$655.4

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Targa 2014 Annual Guidance Summary

(1)

Based on an illustrative Targa NGL barrel that contains 44% ethane, 30% propane, 11% natural gasoline, 5% isobutane and 10%

Financial

FY 2014

Comments

2014 EBITDA (\$ in millions)

\$925 -

\$975

Fee-Based Margin %

65%+

Growth Cap Ex -

Announced Projects Only

\$780

Maintenance Cap Ex (\$ in millions)

\$80

TRP Distribution Growth (FY 2014 vs FY 2013)

7% -

9%

Expected to be on high side of range

TRC Dividend Growth (FY 2014 vs FY 2013)

25%+

Operating Statistics

FY 2014

Comments

Field Gas Inlet Volumes

Growth across all systems

Badlands Crude Gathered Volumes (FY 2014 vs FY 2013)

Approximately double

Coastal NGL Production

Higher than 2013

Commodity Price Assumptions

FY 2014

Comments

Weighted Average NGL (\$/gallon)

\$0.90

Henry Hub Natural Gas (\$/MMBtu)

\$3.75

Crude Oil (\$/barrel)

\$95.00

(1)

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Targa Investment Highlights

Well positioned in U.S.

shale / resource plays

Leadership position at

Mont Belvieu

Increasing scale, diversity
and fee-based margin

Approximately \$2.6 billion
in announced organic cap
ex projects completed or
underway

Additional projects under
development of similar
scale and mix

Strong financial profile

Strong track record of
distribution and dividend
growth

Experienced management
team

Diversified Midstream Platform

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Proposed Acquisition of Atlas

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Targa + Atlas: Transaction Overview

Targa Resources Partners LP (NYSE: NGLS; TRP
or the Partnership) has executed a definitive agreement to
acquire Atlas Pipeline Partners, L.P. (NYSE: APL) for \$5.8 billion

(1)

0.5846

NGLS

common
units
plus
a
one-time
cash
payment
of
\$1.26
for
each
APL
LP
unit
(implied
premium
(1)
of
15%)

\$1.8 billion of debt at September 30, 2014
Targa Resources Corp. (NYSE: TRGP; TRC
or the Company) has executed a definitive agreement to acquire
Atlas
Energy,
L.P.
(NYSE:
ATLS),
after
its
spin-off
of
non
APL-related
assets,
for
\$1.9
billion

(1)
Prior to TRGP's acquisition, all assets held by ATLS not associated with APL will be spun out to existing ATLS
unitholders

10.35 million TRGP shares issued to ATLS unitholders
\$610 million of cash to ATLS

Each existing ATLS (after giving effect to ATLS
spin out) unit will receive 0.1809 TRGP shares and \$9.12 in cash
Accretive to NGLS and TRGP cash flow per unit and share, respectively, immediately and over the longer-term, while
providing APL and ATLS unitholders increased value now and into the future

Post closing
(2)

, NGLS plans to increase its quarterly distribution by \$0.04 per
LP unit (\$0.16 per LP unit annualized rate)

NGLS expects 11-13% distribution growth in 2015 compared to 7-9% in 2014

Post closing

(2)

, TRGP plans to increase its quarterly dividend by \$0.10 per share (\$0.40 per share annualized rate)

TRGP

expects

approximately

35%

dividend

growth

(3)

in

2015

compared

to

25%+

in

2014

Transactions are cross-conditional and expected to close Q1 2015, subject to shareholder and regulatory approvals

(1) Based on market data as of October 10, 2014, excluding transaction fees and expenses

(2) Management intends to recommend this increase at the first regularly scheduled quarterly distribution declaration Board meeting

(3) Assumes NGLS distribution growth of 11-13%

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Targa + Atlas: Strategic Highlights
Attractive
Positions in Active
Basins
Creates World-
Class Permian
Footprint

Complementary
Assets with
Significant Growth
Opportunities
Enhances
Credit Profile
Significant Long-
Term Value
Creation

Already strong positions in Permian and Bakken enhanced with entry into Mississippi Lime and Eagle Ford

4
of
the
top
5
basins
by
active
rig
count
and
unconventional
well
spuds

(1)
Top 3 basins by oil production

(1)
Also
exposed
to
emerging
SCOOP
play
and
continued
development
of
NGL-rich
Barnett
Shale

Adds diversity and leadership position in all basins/plays

Combines strong Permian Basin positions to create a premier franchise

Provides new customer relationships with the most active operators in each basin

Current combined processing capacity of 1,439 MMcf/d plus 500 MMcf/d of announced expansions

Significant organic growth project opportunities

2014 growth capex of ~\$1.2 billion

2015 growth capex expected to exceed \$1.2 billion

Additional projects under development of over \$3 billion

NGL production to support Targa's leading NGL position in Mont Belvieu and Galena Park

Estimated

pro
forma
leverage
ratio
of
3.3x
Total
Debt
/
2014E
EBITDA

(4)
at
NGLS

Increased size and scale move NGLS credit metrics closer to investment grade over time
Immediately accretive to distributable cash flow at both NGLS and TRGP
Increases FY 2015 vs FY 2014 distribution growth at NGLS to 11-13% and at TRGP to approximately 35%
Provides larger asset base with additional long-term growth opportunities
Higher long-term distribution/dividend growth profile than Targa standalone

- (1) Source: Oil & Gas Investor
- (2) Based on market data as of October 10, 2014, less the value of 16.3 MM PF NGLS units owned by TRGP
- (3) Based on NGLS and APL guidance ranges
- (4) Based on estimated compliance ratio

Increased Size and
Scale
Combined partnership will be one of the largest diversified MLPs

Pro
forma
enterprise
value
(2)
of
\$23
billion
Pro
forma
2014E
EBITDA
of
approximately
\$1.3-\$1.4
billion
(3)

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Attractive Positions in Active Basins

Barnett

Eagle Ford

Delaware

Bakken

Mississippi

Lime

Woodford

Pro Forma Asset Highlights

39 natural gas processing plants (~6.9 Bcf/d gross processing capacity)

Over 22,500 miles of natural gas and crude oil gathering pipeline

Gross NGL production of 278.9 MBbls/d in 2Q 2014

3 crude oil and refined products terminals with 2.5 MMBbls of storage

17 gas treating facilities

573 MBbl/d gross fractionation capacity

~6.5 MMBbl/month capacity LPG export terminal

Atlas

Natural Gas Processing Plant

Natural Gas Pipeline

Targa

Natural Gas Processing Plant

Terminal

Fractionator

Natural Gas Pipeline

Crude Oil Pipeline

NGL Pipeline

Legend

U.S. Land Rig Count by Basin

(1)

(1) Source: Baker Hughes Incorporated, as of October 20, 2014

SCOOP

Midland

24

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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
Barnett
Eagle Ford
Midland
Mississippi Lime
Woodford
Delaware
Marcellus &
Others
Rockies
Galena Park Marine
Import / Export
Terminal
Atlas
Natural Gas Processing Plant
Natural Gas Pipeline
Targa
Natural Gas Processing Plant
Terminal
Fractionator
Natural Gas Pipeline
Crude Oil Pipeline
NGL Pipeline
Third Party
Ethylene Cracker
Illustrative Y-Grade Flows
Import / Export
Legend
Mont
Belvieu
Terminal
SCOOP

Market Cap

~ \$12 Billion

(1)

~ \$5 Billion

(2)

~ \$17 Billion

(1)

Enterprise Value

~ \$15 Billion

(1)

~ \$8 Billion

(2)

~ \$23 Billion

(1)

2014E EBITDA (\$MM)

\$925 - \$975 Million

\$400 - \$425 Million

\$1,325 - \$1,400 Million

2014E Capital

Expenditures (\$MM)

\$780 Million

\$400 - \$450 Million

\$1,180 - \$1,230 Million

2014E Operating

Margin by Segment

YE 2014E % Fee-

Based

68%

32%

Fixed Fee

Percent of Proceeds

35%

7%

38%

20%

Field G&P

Coastal G&P

Logistics

Marketing and Dist.

40%

60%

Texas

Oklahoma

25%

5%

27%

15%

11%

17%

Field G&P - Targa

Coastal G&P - Targa

Logistics - Targa

Marketing and Dist. - Targa

Texas - Atlas

Oklahoma - Atlas

40%

60%

Fixed Fee

Percent of Proceeds

60%

40%

Fixed Fee

Percent of Proceeds

25

Increased Size and Scale Enhance Credit Profile

Targa

Atlas

Pro Forma Targa

(1)

Represents

combined

market

cap

and

enterprise

value

for

NGLS

and

TRGP

as
of
October
10,
2014,
less
the
value
of
NGLS
units
or
PF
NGLS
units
owned
by
TRGP

(2) Represents combined market cap and enterprise value for APL and ATLS as of October 10, 2014 based on transaction cons

(3) Includes keep-whole at 1% of total margin

(3)

26
Pro Forma Organizational and Capital Structure
Targa Resources Corp.
(NYSE: TRGP)
(TRC
or the Company)
PF
Standalone

Leverage

(1)

:

3.8x

PF

Consolidated

Leverage

(2)

:

3.9x

Targa Resources

GP LLC

Targa Resources Partners LP

(NYSE: NGLS)

(TRP

or the Partnership)

PF Leverage

(3)

: 3.3x

Lenders

Lenders

Public Shareholders

Legacy TRGP: 80%

Legacy ATLS: 20%

Public Unitholders

Legacy NGLS: 59%

Legacy APL: 32%

\$750 million of new Term Loan B borrowings

\$92 million of existing revolver borrowings

plus \$115 million of new revolver borrowings

under new \$350 million revolver

\$3.0 billion of existing debt at NGLS

\$1.8 billion of debt from APL

\$0.2 billion of new revolver borrowings

100% Interest

(52.5 million shares)

100% Indirect

Ownership

9% LP Interest

(16.3 million LP Units)

2% General

Partner Interest & IDRs

\$5.0 billion

of debt

91% LP Interest

(158.5 million LP units)

\$957 million

of debt

Note: Debt balances as of September 30, 2014. Transaction adjustments include estimated fees and expenses

(1)

Based
on
PF
TRGP
Debt
/
2014E
EBITDA.
TRGP
EBITDA
based
on
cash
distributions
received
from
LP
units,
GP
units
and
IDRs
less
TRGP
G&A

(2) Based on PF total NGLS and TRGP debt divided by 2014E PF NGLS Compliance EBITDA

(3) Based on PF total NGLS Debt / 2014E PF NGLS Compliance EBITDA

Targa Business Division and Segment Review

28

Approximately 900 MMcf/d of gross processing capacity at the end of 2013, expanding to approximately 1,340 MMcf/d in 2014

(2)

Permian Basin activity dominated by oil shale / resource plays; SAOU, Sand Hills and Versado are gathering from oil wells with associated gas and NGLs

North Texas assets are located in oiler portion of Barnett Shale where drilling activity remains active

Bakken activity also dominated by oil shale / resource plays

Field G&P Highlights

Meaningful Increase in Plant Inlet Volumes

North Texas

278

200

478

SAOU

169

200

369

Sand Hills

175

0

175

Versado

240

0

240

Badlands

38

40

78

Total

900

1,340

Gross Processing

Capacity

(MMcf/d)

Expansions

2014

(MMcf/d)

Capacity

Post-Expansions

(MMcf/d)

(1)

(1)

As of YE 2013

(2)

Additional Badlands plant estimated completion YE 2014 and in-service early 2015

(2)

Note: Gross processing capacity varies as GPM increases and decreases

(1) As of Q3 2014

Targa's Permian Basin Systems Across Broad Active Plays

29

2014 inlet volumes are expected to be
meaningfully higher than 2013 in each of

SAOU, Sand Hills and Versado

More horizontal wells are accelerating

production growth
200 MMcf/d High Plains Plant placed in
service in June 2014
35 mile Midland County Pipeline placed in
service in June 2014
Recently approved construction of new 300
MMcf/d gas processing plant in Delaware Basin
expected to be in-service at the end of Q1 2016
Permian Growth Continues
Addition of 200 MMcf/d
High Plains Plant
in June 2014
Targa s Permian Basin Throughput and Capacity
Gross Processing
Capacity (MMcf/d)
Q3 2014 Inlet
Volume (MMcf/d)
Pipeline
Miles
Q3 2014
Recovered
GPM
SAOU
369
207
1,800
5.3
Sand Hills
175
167
1,500
4.4
Versado
240
172
3,350
5.4
Total
784
546
6,650
(1)

North Texas

Well Positioned for Growth

30

Liquids-Rich Barnett Shale and
Marble Falls Driving Growth

Targa's assets are well positioned to
access the active liquids-rich portion of
the Barnett Shale and the Marble Falls

play

200 MMcf/d Longhorn Plant placed
in service in May 2014

Barnett volumes continue to trend
higher as improvements in horizontal
drilling and multi-staged frac
completions result in higher initial
production rates

Producers starting to show increased
activity in Clay County

Marble Falls play in Jack and Palo Pinto
counties leverages existing system,
while providing expansion opportunities

Rig

Activity

in

North

Texas

(1)

(1)

Source: Drillinginfo; includes Archer, Clay, Cooke, Denton, Eastland, Haskell, Jack, Jones, Montague, Palo Pinto, Parker, Sha
Young Counties, TX

Badlands
High-Quality, Fee-Based Assets
31
System Map
Crude Oil Assets
Completed pipelines
Proposed Pipelines
Terminals

Natural Gas Assets
Completed Pipelines
Processing Plant
Proposed Pipelines
Little Missouri Phase 3
Legend

Coastal Gathering and Processing Segment Overview

Positioned on mainline gas pipelines processing volumes of gas collected from multiple offshore producing areas

VESCO is now processing rich gas from Shell's Mars B / Olympus development

Coastal Straddles (including VESCO)

Processing Plants: Gillis (180 MMcf/d), Acadia (80

MMcf/d) and Big Lake (180 MMcf/d)

Fractionation interconnected to LCF

Traditional wellhead volumes have been declining
but inlet volumes have longer term upside potential

Other

interconnected

straddle

volumes

32

LOU (Louisiana Operating Unit)

Coastal G&P Segment Volumes

Logistics Assets

Extensive Gulf Coast Footprint

33

(1)

Recently commenced construction on Train 5, a 100 MBbl/d expansion

(2)

Net

capacity

is
calculated
based
on
TRP s
88%
ownership
of
CBF
and
39%
ownership
of
GCF
(3)
Phase II expansion now fully complete
Galena Park Marine Terminal
Products
MMBbl/
Month
Export Capacity
(3)
LEP / HD5 / NC4
~6.5
Other Assets
700 MBbls in Above Ground Storage Tanks
4 Ship Docks

0
50
100
150
200
250
300
Loading Rates

MBbl/d

5000 BPH Fully-Ref #1 Chiller

5000 BPH Fully-Ref #2 Chiller

2500 BPH Semi-Ref Chiller

Effective Capacity

70%

Galena Park Loading Rates

Targa's Galena Park Marine Terminal Effective Export Capacity

34

Phase I expansion completed in September 2013

Phase II was fully completed in September 2014

Phase II expansion was completed in stages

Additional 12

pipeline, refrigeration, and new VLGC-

capable dock were placed in-service in Q1 and Q2 2014

Additional de-ethanizer at Mont Belvieu was placed in-

service in Q3 2014

Targa's nameplate refrigeration capacity is

~12,500 Bbl/h or ~300 MBbl/d or ~9 MMBbl/month

Effective capacity for Targa and others is

primarily a function of:

Equipment run-time and efficiencies

Dock space and ship staging

Storage and product availability

Targa's effective capacity of 6.5 MMBbl/month is

~70% of the nameplate

Demand for Exports Continues to Increase

Long term incentive to export continues as expected supply growth exceeds domestic demand

U.S. Propane

(1)

U.S. Butane

(1)

(2)

Historically, U.S. Gulf Coast propane

and butane have been favorably priced compared to world markets

Year to date 2014, the spread between the Saudi Contract propane price and Mont Belvieu propane price narrowed versus the levels experienced in 2012 and 2013, but demand for long-term and short-term

cargoes remains strong

Targa owns one of only two operating commercial LPG export facilities on the Gulf Coast

Currently exporting low ethane propane, HD5 and butane

Targa can service small, mid-sized and VLGC vessels

Targa's Phase II expansion is now complete and has increased effective capacity to export to approximately 6.5 MMBbl/month

(1)

Source: IHS

(2)

CP = Saudi Contract Price

35

(2)

36

Petroleum Logistics

Highlights

Expanding TRP's Channelview Terminal

In March 2014, announced the approval to construct a 35

MBbl/d condensate splitter at TRP's Channelview

Terminal (Houston)

TRP has filed the permit, and expects the splitter

to be in-service late 2016 or early 2017,
depending on permit timing
Supported by a long-term fee-based arrangement with
Noble Americas Corp., a subsidiary of Noble Group Ltd.
Continuing to expand TRP's Sound Terminal
Expanded in Q1 2013 with connection to a local products
pipeline
Added storage capacity in Q2 2014, and added ethanol,
biodiesel and gasoline blending to the truck loading rack
The acquisition announced in January 2013 of
Patriot on the Houston Ship Channel provides
additional growth opportunities
Potential location for an additional condensate splitter
Clean product storage and terminaling
Expansion potential for LPG exports
Connectivity to local pipelines and Targa Galena Park
Growing backlog of additional organic growth
projects
Terminal
Current
Storage
Products
Capabilities
Targa Channelview
Houston, TX
556 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 truck transport;
fuel oils, LPGs, ethanol,
biodiesel
Ship, barge, pipe, rail, and
Blending and heating;
Vapor controls
Targa Baltimore
Baltimore, MD
505 MBbl
Asphalt, fuel oil; ability to
expand product handling
Truck and barge transport;

Blending and heating;
Can add rail, pipe, and ship
Total
2,518MBbl

Marketing and Distribution Segment

37

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

Sell propane and butane for international export

Buy and sell natural gas to optimize Targa assets

Wholesale Propane

Sell propane to multi-state, independent retailers and industrial accounts on a fixed or posted price at delivery
Tightly managed inventory sold at an index plus

Refinery Services

Balance refinery NGL supply and demand requirements
Propane, normal butane, isobutane, butylenes
Contractual agreements with major refiners to market NGLs
by barge, rail and truck
Margin-based fees with a fixed minimum per gallon

Commercial Transportation

All fee-based

686 railcars leased and managed

75 owned and leased transport tractors

22 pressurized NGL barges

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

Operating Margin vs. NGL Price

Marketing and Distribution Highlights

Appendix

39
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

40
Adjusted
EBITDA

The
Partnership
and
Targa

define

Adjusted

EBITDA

as

net

income

attributable

to

Targa

Resources Partners LP before: interest; income taxes; depreciation and amortization; gains or losses on debt repurchases

and

redemptions;

early

debt

extinguishment

and

asset

disposals;

non-cash

risk

management

activities related to derivative instruments; changes in the fair value of the Badlands acquisition contingent consideration and the non-controlling interest portion of depreciation and amortization expenses. 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. 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.

Adjusted EBITDA is a non-GAAP financial measure. The GAAP measures most directly comparable to Adjusted EBITDA are net cash provided by operating activities and net income (loss) attributable to Targa Resources Partners LP. Adjusted EBITDA should not be considered as an alternative to GAAP net cash provided by operating activities or 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 net cash provided by operating activities 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

41
Non-GAAP Reconciliation
2014 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:

2014

2013

Reconciliation of net income (loss) attributable to Targa
Resources Partners LP to Adjusted EBITDA:

Net income to Targa Resources Partners LP

128.3

\$

59.7

\$

Add:

Interest expense, net

36.0

32.6

Income tax expense

1.3

0.7

Depreciation and amortization expense

87.5

68.9

(Gain) Loss on sale or disposal of assets

(4.4)

(0.7)

Loss on debt redemption and early debt extinguishments

-

7.4

Change in contingent consideration

-

(9.1)

Risk management activities

1.5

(0.3)

Noncontrolling interest adjustment

(3.5)

(3.3)

Adjusted EBITDA

246.7

\$

155.9

\$

2014

2013

Reconciliation of gross margin and operating

margin to net income (loss):

Gross margin

407.9

\$

297.1

\$

Operating expenses

(112.8)

(97.6)

Operating margin

295.1

199.5

Depreciation and amortization expenses

(87.5)

(68.9)

General and administrative expenses

(40.5)

(35.4)

Interest expense, net

(36.0)

(32.6)

Income tax expense

(1.3)

(0.7)

(Gain) Loss on sale or disposal of assets

4.4

0.7

Loss on debt redemption and early debt extinguishments

-

(7.4)

Change in contingent consideration

-

9.1

Other, net

4.0

0.7

Net income

138.2

\$

65.0

\$

(\$ in millions)

(\$ in millions)

Three Months Ended

Three Months Ended

September 30,

September 30,

42
Non-GAAP Reconciliation
2014 EBITDA
The following table presents a reconciliation of 2014 projected Adjusted EBITDA to net income for NGLS:
Low Range
High Range
(\$ in millions)
Reconciliation of net income attributable to Targa

Resources Partners LP to Adjusted EBITDA:

Net income attributable to Targa Resources Partners LP

444.5

\$

494.5

\$

Add:

Interest expense, net

150.0

150.0

Income tax expense

4.0

4.0

Depreciation and amortization expenses

340.0

340.0

Noncontrolling interests adjustment

(13.5)

(13.5)

Adjusted EBITDA

925.0

\$

975.0

\$

Twelve Months Ended 12/31/2014

43

Non-GAAP Reconciliation

DCF

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

(\$ in millions)

31-Mar

30-Jun

30-Sep
31-Dec
31-Mar
30-Jun
30-Sep
2013
2013
2013
2013
2014
2014
2014

Reconciliation of net income (loss) attributable to
Targa Resources Partners LP to distributable cash flow:
Net income (loss) attributable to Targa Resources Partners LP

38.9

\$

26.3

\$

59.7

\$

108.6

\$

122.4

\$

108.8

\$

128.3

Add:

Depreciation and amortization expense

63.9

65.7

68.9

73.1

79.5

85.8

87.5

Deferred income tax (expense) benefit

0.4

0.4

-

0.1

0.4

0.3

0.4

Amortization in interest expense

4.0

4.0

3.8

3.7

3.4

3.3

2.2

Loss (gain) on debt redemption and early debt extinguishments

-

7.4

7.4

-

-

-

-

Change in contingent consideration

0.3

(6.5)

(9.1)

-

-

-

-

Loss (gain) on disposal of assets
(0.1)

3.9

(0.7)

0.8

(0.8)

(0.5)

(4.4)

Risk management activities
(0.2)

0.2

(0.3)

(0.3)

(0.2)

(0.4)

1.5

Maintenance capital expenditures
(21.7)

(21.8)

(17.0)

(19.5)

(13.7)

(20.0)

(21.9)

Other

-

(0.6)

(1.9)

(1.6)

(2.0)

(2.0)

(1.1)

Distributable cash flow

\$ 85.5

\$ 79.0

\$ 110.8

\$ 164.9

\$ 189.0

\$ 175.3

\$ 192.5

Distributions Declared

95.7

102.4

108.5

115.8

121.3

125.7

130.9

Distribution Coverage

0.9x

0.8x

1.0x

1.4x

1.6x

1.4x

1.5x

Three Months Ended

44

Non-GAAP Reconciliation

2010-2011 Fee-Based Margin

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

3/31/2010

6/30/2010

9/30/2010

12/31/2010

3/31/2011

6/30/2011

9/30/2011

12/31/2011

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

\$

Operating expenses

(62.2)

(62.0)

(66.0)

(69.4)

(65.9)

(71.6)

(76.5)

(72.9)

Operating margin

123.7

117.9

118.8

152.4

148.0

176.6

150.7

185.9

Depreciation and amortization expenses

(42.0)

(43.0)

(43.3)

(47.8)

(42.7)

(44.5)

(45.0)

(46.0)

General and administrative expenses

(25.0)

(28.4)

(26.7)

(42.5)

(31.8)

(33.2)

(33.7)

(29.2)

Interest expense, net

(31.1)

(27.5)

(27.2)

(25.1)

(27.5)

(27.2)

(25.7)

(27.3)

Income tax expense

(1.4)

(0.9)

(1.6)

(0.1)

(1.8)

(1.9)

(1.5)

0.9

Loss (gain) on sale or disposal of assets

-

-

-

-

-

-

0.3

(0.6)

(Loss) gain on debt redemption and early debt extinguishments

-

-

(0.8)

0.8

-

-

-

-

Change in contingent consideration

-

-

-

-

-

-

-

-

Risk management activities

25.4

2.5

(1.9)

-

-

(3.2)

(1.8)

-

Equity in earnings of unconsolidated investments

0.3

2.4

1.1

1.7

1.7

1.3

2.2

-

Other Operating income (loss)

-

-

-

3.3

-

-

-

-

Other, net

-

0.1

-

0.1

(0.2)

0.1

(0.6)

3.2

Net income

49.9

\$

22.9

\$

18.4

\$
42.8
\$
45.7
\$
68.0
\$
44.9
\$
86.9
\$
Fee Based operating margin percentage
19%
25%
31%
31%
25%
28%
30%
30%
Fee Based operating margin
\$ 23.0
\$ 30.0
\$ 36.9
\$ 47.1
\$ 37.3
\$ 48.8
\$ 44.8
\$ 55.3
Three Months Ended
(\$ in millions)

45

Non-GAAP Reconciliation

2012-2014 Fee-Based Margin

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

46
1000 Louisiana
Suite 4300
Houston, TX 77002
Phone: (713) 584-1000
Email: InvestorRelations@targaresources.com
Website: www.targaresources.com