

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED OPERATIONS
YEARS ENDED DECEMBER 31,

	2018	2017	2016
	(Thousands except per share amounts)		
Operating revenues:			
Sales of natural gas, oil and NGLs	\$ 4,695,519	\$ 2,651,318	\$ 1,594,997
Net marketing services and other	40,940	49,681	41,048
(Loss) gain on derivatives not designated as hedges	(178,591)	390,021	(248,991)
Total operating revenues	4,557,868	3,091,020	1,387,054
Operating expenses:			
Transportation and processing	1,697,001	1,164,783	880,191
Production	195,775	181,349	174,170
Exploration	6,765	17,565	4,663
Selling, general and administrative	284,220	208,986	218,946
Depreciation and depletion	1,569,038	970,985	856,451
Impairment/loss on sale of long-lived assets	2,709,976	—	—
Impairment of goodwill	530,811	—	—
Lease impairments and expirations	279,708	7,552	15,686
Transaction costs	26,331	152,188	—
Amortization of intangible assets	41,367	5,400	—
Total operating expenses	7,340,992	2,708,808	2,150,107
Gain on sale of assets	—	—	8,025
Operating (loss) income	(2,783,124)	382,212	(755,028)
Other expense	65,349	2,987	8,075
Loss on debt extinguishment	—	12,641	—
Interest expense	228,958	167,971	131,159
(Loss) income from continuing operations before income taxes	(3,077,431)	198,613	(894,262)
Income tax (benefit)	(696,511)	(1,188,416)	(362,769)
(Loss) income from continuing operations	(2,380,920)	1,387,029	(531,493)
Income from discontinued operations, net of tax (see Note 2)	373,762	471,113	400,430
Net (loss) income	(2,007,158)	1,858,142	(131,063)
Less: Net income from discontinued operations attributable to noncontrolling interests	237,410	349,613	321,920
Net (loss) income attributable to EQT Corporation	\$ (2,244,568)	\$ 1,508,529	\$ (452,983)
Amounts attributable to EQT Corporation:			
(Loss) income from continuing operations	\$ (2,380,920)	\$ 1,387,029	\$ (531,493)
Income from discontinued operations, net of tax	136,352	121,500	78,510
Net (loss) income attributable to EQT Corporation	\$ (2,244,568)	\$ 1,508,529	\$ (452,983)
Earnings per share of common stock attributable to EQT Corporation:			
Basic:			
Weighted average common stock outstanding	260,932	187,380	166,978
(Loss) income from continuing operations	\$ (9.12)	\$ 7.40	\$ (3.18)
Income from discontinued operations	0.52	0.65	0.47
Net (loss) income	\$ (8.60)	\$ 8.05	\$ (2.71)
Diluted:			
Weighted average common stock outstanding	260,932	187,727	166,978
(Loss) income from continuing operations	\$ (9.12)	\$ 7.39	\$ (3.18)
Income from discontinued operations	0.52	0.65	0.47
Net (loss) income	\$ (8.60)	\$ 8.04	\$ (2.71)

See notes to consolidated financial statements.

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
YEARS ENDED DECEMBER 31,

	2018	2017	2016
	(Thousands)		
Cash flows from operating activities:			
Net (loss) income	\$ (2,007,158)	\$ 1,858,142	\$ (131,063)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred income taxes (benefit)	(510,405)	(1,050,612)	(180,261)
Depreciation and depletion	1,729,739	1,077,559	927,920
Amortization of intangibles assets	77,374	10,940	—
Amortization of financing costs and accretion expense	17,914	—	—
Asset and lease impairments and exploratory well costs	2,989,684	20,327	75,434
Goodwill impairment	798,689	—	—
Gain on sale of assets	—	—	(8,025)
Loss on debt extinguishment	—	12,641	—
Provision for (recoveries of) losses on accounts receivable	3,078	(979)	3,856
Non-cash other expense (income)	18,335	(24,955)	(31,693)
Share-based compensation expense	25,189	94,592	44,605
Loss (gain) on derivatives not designated as hedges	178,591	(390,021)	248,991
Cash settlements (paid) received on derivatives not designated as hedges	(225,279)	40,728	279,425
Pension settlement charge	—	—	9,403
Changes in other assets and liabilities:			
Accounts receivable	(439,062)	(8,979)	(165,507)
Accounts payable	457,113	(16,680)	40,548
Tax receivable	(117,188)	(12,285)	34,880
Other items, net	(20,358)	27,280	(84,193)
Net cash provided by operating activities	2,976,256	1,637,698	1,064,320
Cash flows from investing activities:			
Capital expenditures	(2,964,924)	(1,549,351)	(942,810)
Cash payments for Rice Merger (as defined in Note 3), net of cash acquired	—	(1,560,272)	—
Capital expenditures for other acquisitions	(34,113)	(828,657)	(1,061,735)
Capital expenditures from discontinued operations	(732,727)	(380,151)	(584,819)
Net sales of (investments in) trading securities	—	283,758	(284,882)
Proceeds from sale of assets	583,381	3,573	75,000
Exploratory dry hole costs	—	(11,420)	(1,369)
Capital contributions to Mountain Valley Pipeline, LLC, net of sales of interest (Note 2)	(820,943)	(159,550)	(85,866)
Other investing activities	(9,778)	—	—
Net cash used in investing activities	(3,979,104)	(4,202,070)	(2,886,481)
Cash flows from financing activities:			
Net proceeds from the issuance of common shares of EQT Corporation	—	—	1,225,999
Net proceeds from the issuance of common units of EQM Midstream Partners, LP	—	—	217,102
Proceeds from issuance of debt	2,500,000	3,000,000	500,000
Increase in borrowings on credit facilities	8,637,500	2,063,000	740,000
Repayment of borrowings on credit facilities	(8,953,500)	(1,076,500)	(1,039,000)
Dividends paid	(31,375)	(20,827)	(20,156)
Distributions to noncontrolling interests	(380,651)	(236,123)	(189,981)
Net cash transferred at Separation and Distribution (Note 2)	(129,008)	—	—
Contribution to Strike Force Midstream LLC by minority owner, net of distribution	—	6,738	—
Acquisition of 25% of Strike Force Midstream LLC	(175,000)	—	—
Repayments and retirements of debt	(8,376)	(2,000,000)	(5,119)
Proceeds and excess tax benefits from awards under employee compensation plans	1,946	244	6,165
Cash paid for taxes related to net settlement of share-based incentive awards	(22,647)	(72,116)	(26,931)
Debt issuance costs and revolving credit facility origination fees	(40,966)	(41,876)	(8,580)
Premiums paid on debt extinguishment	—	(89,363)	—
Repurchase and retirement of common stock	(538,876)	—	—
Repurchase of common stock	(27)	(30)	(30)

Net cash provided by financing activities	859,020	1,533,147	1,399,469
Net change in cash and cash equivalents	(143,828)	(1,031,225)	(422,692)
Cash, cash equivalents and restricted cash at beginning of year	147,315	1,178,540	1,601,232
Cash, cash equivalents and restricted cash at end of year	\$ 3,487	\$ 147,315	\$ 1,178,540
Cash paid (received) during the year for:			
Interest, net of amount capitalized	\$ 260,959	\$ 189,371	\$ 144,657
Income taxes, net	\$ (3,675)	\$ 3,637	\$ (41,142)

See notes to consolidated financial statements. See Note 1 for supplemental cash flow information.

EQT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

	2018	2017
	(Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,487	\$ 26,311
Accounts receivable (less accumulated provision for doubtful accounts: \$8,648 in 2018; \$7,780 in 2017)	1,241,843	664,685
Derivative instruments, at fair value	481,654	241,952
Tax receivable	131,573	14,385
Prepaid expenses and other	111,107	59,462
Current assets of discontinued operations	—	156,260
Total current assets	1,969,664	1,163,055
Property, plant and equipment	22,148,012	25,396,026
Less: accumulated depreciation and depletion	4,755,505	5,666,018
Net property, plant and equipment	17,392,507	19,730,008
Intangible assets, net	77,333	118,700
Goodwill	—	470,849
Investment in Equitrans Midstream Corporation	1,013,002	—
Other assets	268,838	250,734
Noncurrent assets of discontinued operations	—	7,789,258
Total assets	\$ 20,721,344	\$ 29,522,604

EQT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

	2018	2017
	(Thousands)	
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of debt	\$ 704,390	\$ 12,406
Accounts payable	1,059,873	726,433
Derivative instruments, at fair value	336,051	139,089
Other current liabilities	254,687	274,276
Current liabilities of discontinued operations	—	80,033
Total current liabilities	2,355,001	1,232,237
Credit facility borrowings	800,000	1,295,000
Senior Notes	3,882,932	4,575,203
Notes payable to EQM Midstream Partners, LP	110,059	114,720
Deferred income taxes	1,823,381	1,889,962
Other liabilities and credits	791,742	752,837
Noncurrent liabilities of discontinued operations	—	1,248,032
Total liabilities	9,763,115	11,107,991
Shareholders' Equity:		
Common stock, no par value, authorized 320,000 shares, shares issued: 257,225 in 2018 and 267,871 in 2017	7,828,554	9,388,903
Treasury stock, shares at cost: 2,753 in 2018 (no shares held in rabbi trust) and 3,551 in 2017 (including 253 held in rabbi trust)	(49,194)	(63,602)
Retained earnings	3,184,275	3,996,775
Accumulated other comprehensive loss	(5,406)	(2,458)
Total common shareholders' equity	10,958,229	13,319,618
Noncontrolling interests in discontinued operations	—	5,094,995
Total shareholder's equity	10,958,229	18,414,613
Total liabilities and shareholders' equity	\$ 20,721,344	\$ 29,522,604

See notes to consolidated financial statements.