



Cabot Oil & Gas Corporation



First-Quarter 2019 Earnings Call

April 26, 2019



Forward-Looking Statements and Other Disclosures

This presentation includes 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. The statements regarding future financial and operating performance and results, returns to shareholders, strategic pursuits and goals, market prices, future hedging and risk management activities, and other statements that are not historical facts contained in this report are forward-looking statements. The words “expect”, “project”, “estimate”, “believe”, “anticipate”, “intend”, “budget”, “plan”, “forecast”, “outlook”, “target”, “predict”, “may”, “should”, “could”, “will” and similar expressions are also intended to identify forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, market factors, market prices (including geographic basis differentials) of natural gas and crude oil, results of future drilling and marketing activity, future production and costs, legislative and regulatory initiatives, electronic, cyber or physical security breaches and other factors detailed herein and in our other Securities and Exchange Commission (SEC) filings. See “Risk Factors” in Item 1A of the Form 10-K and subsequent public filings for additional information about these risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Any forward-looking statement speaks only as of the date on which such statement is made, and Cabot Oil & Gas (the “Company” or “Cabot”) does not undertake any obligation to correct or update any forward-looking statement, whether as the result of new information, future events or otherwise, except as required by applicable law.

This presentation may contain certain terms, such as resource potential, risked or unrisked resources, potential locations, risked or unrisked locations, EUR (estimated ultimate recovery) and other similar terms that describe estimates of potentially recoverable hydrocarbons that the SEC rules prohibit from being included in filings with the SEC. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and may not constitute “reserves” within the meaning of SEC rules and accordingly, are subject to substantially greater risk of being actually realized. These estimates are based on the Company’s existing models and internal estimates. Actual locations drilled and quantities that may be ultimately recovered from the Company’s interests could differ substantially. Factors affecting ultimate recovery include the scope of the Company’s ongoing drilling program, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals, actual drilling results, including geological and mechanical factors affecting recovery rates, and other factors. These estimates may change significantly as development of the Company’s assets provide additional data. Investors are urged to consider carefully the disclosures and risk factors about Cabot’s reserves in the Form 10-K and other reports on file with the SEC.

This presentation also refers to Discretionary Cash Flow, EBITDAX, Free Cash Flow, Adjusted Net Income (Loss), Return on Capital Employed (ROCE) and Net Debt calculations and ratios. These non-GAAP financial measures are not alternatives to GAAP measures, and should not be considered in isolation or as an alternative for analysis of the Company’s results as reported under GAAP. For additional disclosure regarding such non-GAAP measures, including definitions of these terms and reconciliations to the most directly comparable GAAP measures, please refer to Cabot’s most recent earnings release at www.cabotog.com and the Company’s related 8-K on file with the SEC.

First-Quarter 2019 Highlights

- Net income of \$262.8 million (or \$0.62 per share); adjusted net income (non-GAAP) of \$307.8 million (or \$0.73 per share)
- Net cash provided by operating activities of \$585.3 million; discretionary cash flow (non-GAAP) of \$505.9 million
- Free cash flow (non-GAAP) of \$308.4 million
- Return on capital employed (ROCE) (non-GAAP) for the trailing twelve months of 20.4 percent
- Daily equivalent production of 2,276 million cubic feet equivalent (Mmcf) per day, an increase of 21 percent relative to the prior-year comparable quarter (25 percent on a divestiture-adjusted basis)
- Improved operating expenses per unit by six percent relative to the prior-year comparable quarter
- **Announced a 29 percent dividend increase, the Company's fourth dividend increase in the last two years**

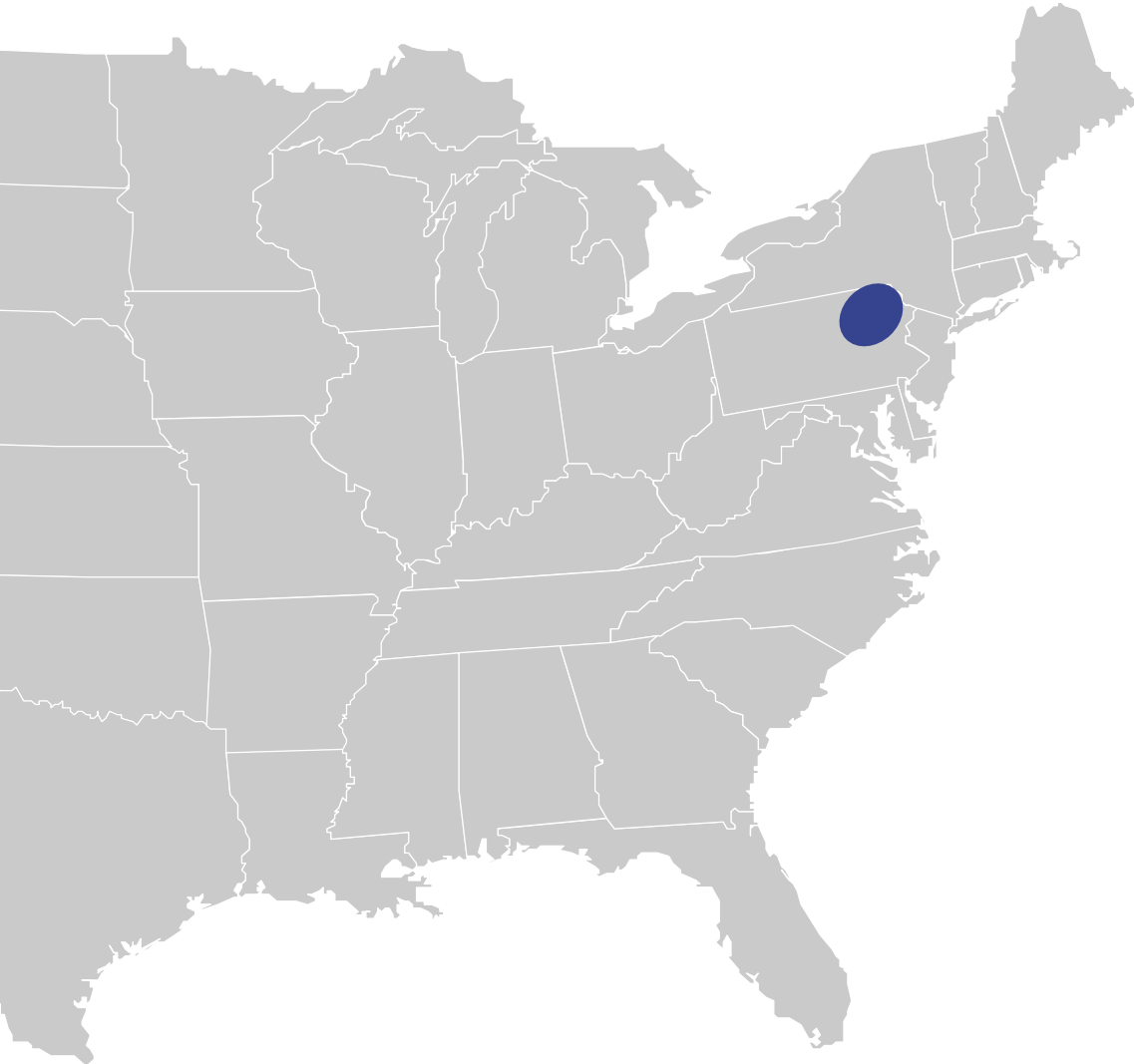
	Q1 2019	Q4 2018	Q1 2018
Equivalent Production (Mmcf/d)	2,276	2,243	1,884
Realized Gas Price (Incl. Hedges) (\$/Mcf)	\$3.35	\$3.11	\$2.44
Realized Gas Price (Excl. Hedges) (\$/Mcf)	\$3.09	\$3.22	\$2.50
Net Income (\$mm)	\$262.8	\$275.0	\$117.2
Adjusted Net Income (non-GAAP) (\$mm)	\$307.8	\$235.8	\$128.5
Discretionary Cash Flow (non-GAAP) (\$mm)	\$505.9	\$492.8	\$280.3
Free Cash Flow (non-GAAP) (\$mm)	\$308.4	\$241.4	\$88.6
EBITDAX (non-GAAP) (\$mm)	\$513.7	\$463.1	\$278.6
Operating Expenses ¹ (\$/Mcf)	\$1.48	\$1.87	\$1.58
LTM Net Debt / EBITDAX (non-GAAP)	0.6x	1.0x	1.0x
TTM ROCE (non-GAAP)	20.4%	15.9%	8.3%

Note: See supplemental tables at the end of the presentation for a reconciliation of non-GAAP measures

¹ Includes direct operations, transportation and gathering, taxes other than income, exploration, DD&A, general and administrative, and interest expense



Cabot Oil & Gas Overview



Marcellus Shale

~2,900 Remaining Undrilled Locations¹

Year-End 2018 Net Operated Producing Horizontal Wells: 647

2018 Wells Placed on Production: 84 Net Wells

2019E Wells Placed on Production: 80 - 85 Net Wells

2018 Year-End Proved Reserves: 11.6 Tcfe
(19% growth year-over-year, 25% per debt-adjusted share²)

2018 Production: 2,014 Mmcfe/d
(7% growth year-over-year, 12% per debt-adjusted share²)

2019E Production Growth: 20%
(27% per debt-adjusted share²)

2019E Capital Expenditures: \$800 million

¹ As of year-end 2018

² Debt-adjusted share count is calculated as the sum of the annual weighted average shares outstanding plus the incremental "debt shares" by dividing average total debt by the average annual share price



Cabot Oil & Gas Strategy

Disciplined capital allocation focused on:

- Delivering growth per debt-adjusted share
- Generating positive free cash flow
- Improving corporate returns on capital employed
- Increasing return of capital to shareholders
- Maintaining a strong balance sheet

<p>Deliver growth in production and reserves per debt-adjusted share while generating positive free cash flow</p>	<ul style="list-style-type: none"> • 2018 production growth of 7% (12% per debt-adjusted share¹) • 2018 reserve growth of 19% (25% per debt-adjusted share¹) • 2018 free cash flow generation of \$297mm • 2019E production growth of 20% (27% per debt-adjusted share¹) • 2019E free cash flow generation of \$600 - \$650mm at \$2.75 NYMEX (~6% yield²)
<p>Generate an improving return on capital employed (ROCE) that exceeds our cost of capital</p>	<ul style="list-style-type: none"> • TTM Q1 2019 ROCE of 20.4%, an increase of over 1200 basis points relative to TTM Q1 2018 • 2019E ROCE of 22% - 23% at \$2.75 NYMEX
<p>Increase the return of capital to shareholders through dividends and share repurchases</p>	<ul style="list-style-type: none"> • Increased dividend by 29 percent, the Company's fourth dividend increase in the last two years • Returned over \$1.0bn of capital in 2018 • Repurchased approximately 38.5mm shares in 2018 • Cabot is committed to returning >50% of free cash flow to shareholders annually through dividends and share repurchases
<p>Maintain a strong balance sheet to maximize financial flexibility</p>	<ul style="list-style-type: none"> • Net debt / LTM EBITDAX of 0.6x as of 3/31/2019 • Liquidity of ~\$1.8bn as of 4/22/2019³, including \$315mm of cash on hand • Paid down \$304mm of senior notes at maturity in 2018, resulting in annualized interest expense savings of \$21.8mm

Note: See supplemental tables at the end of the presentation for a reconciliation of non-GAAP measures

¹ Debt-adjusted share count is calculated as the sum of the annual weighted average shares outstanding plus the incremental "debt shares" by dividing average total debt by the average annual share price

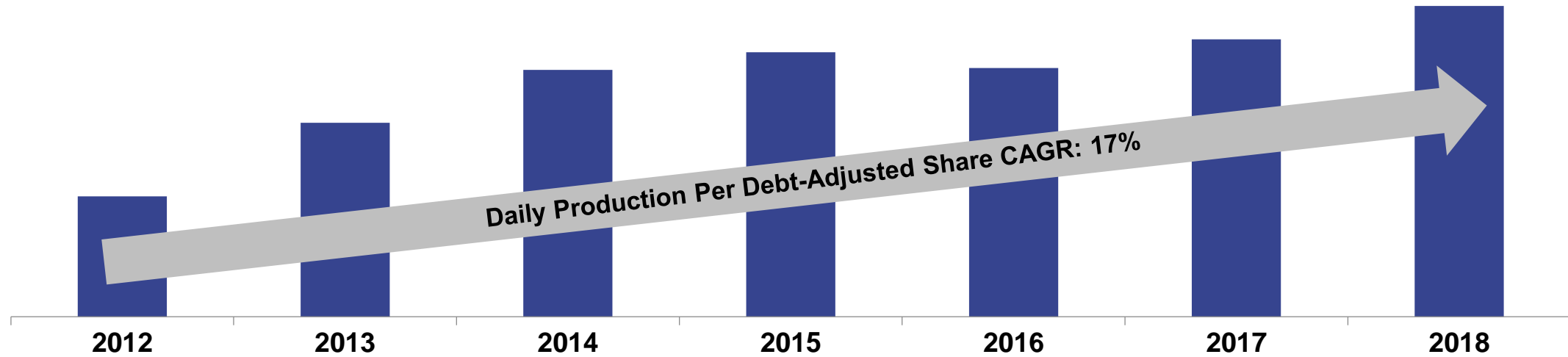
² Based on market capitalization as of April 23, 2019 and midpoint of guidance range

³ As of closing of amended and restated unsecured revolving credit facility

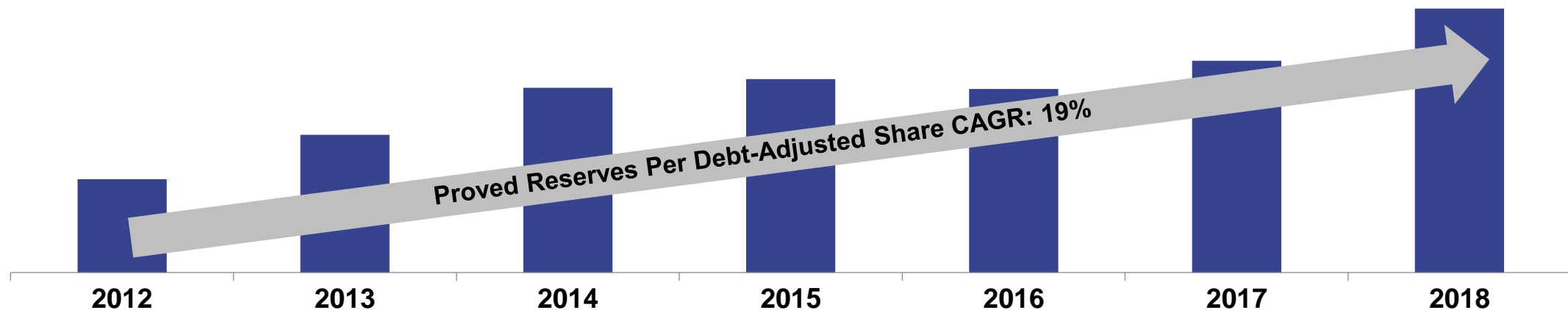


Proven Track Record of Debt-Adjusted per Share Growth

Daily Production Per Debt-Adjusted Share¹



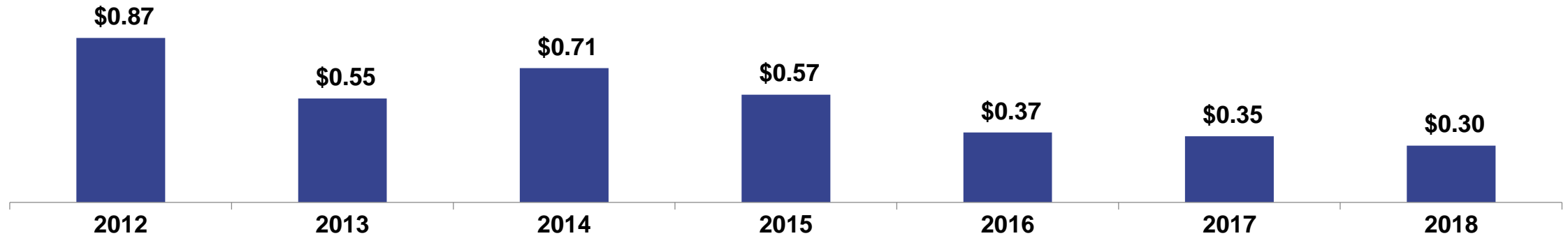
Year-End Proved Reserves Per Debt-Adjusted Share¹



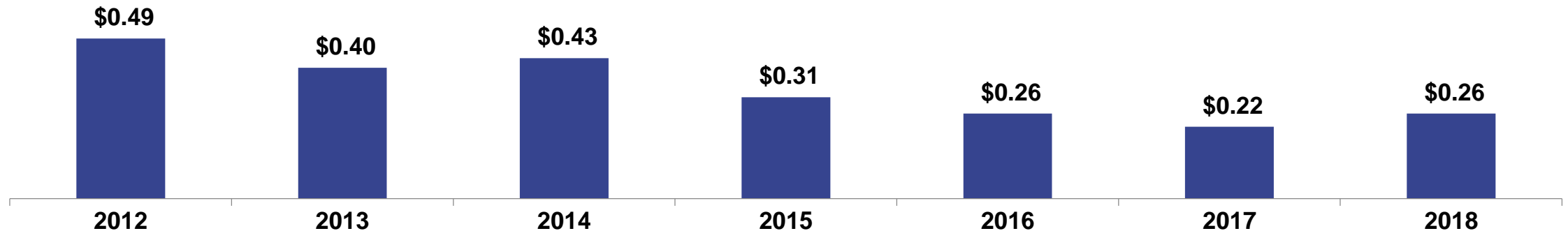
¹ Debt-adjusted share count is calculated as the sum of the annual weighted average shares outstanding plus the incremental "debt shares" by dividing average total debt by the average annual share price

Industry-Leading Cost Structure Continues to Improve...

Total Company All-Sources Finding & Development Costs (\$/Mcf)

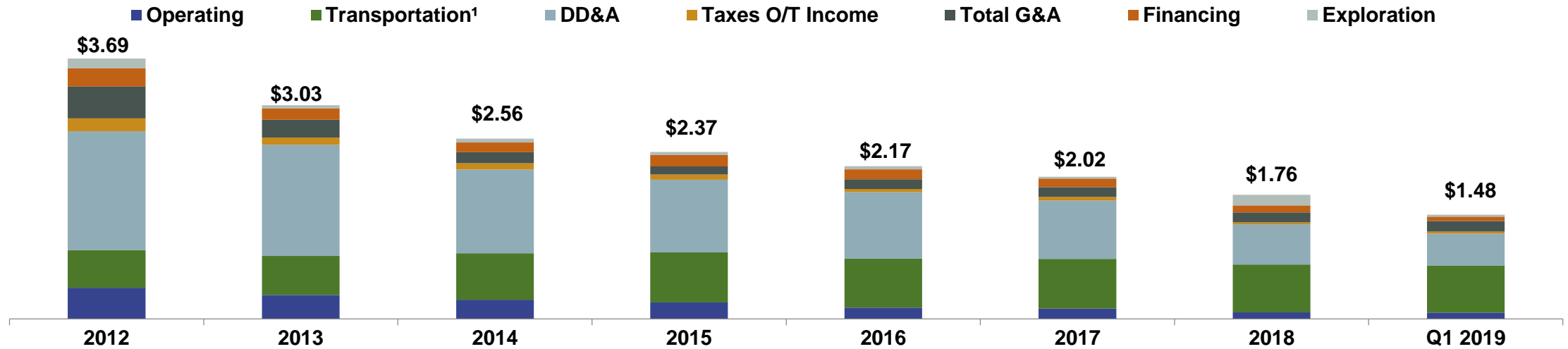


Marcellus All-Sources Finding & Development Costs (\$/Mcf)

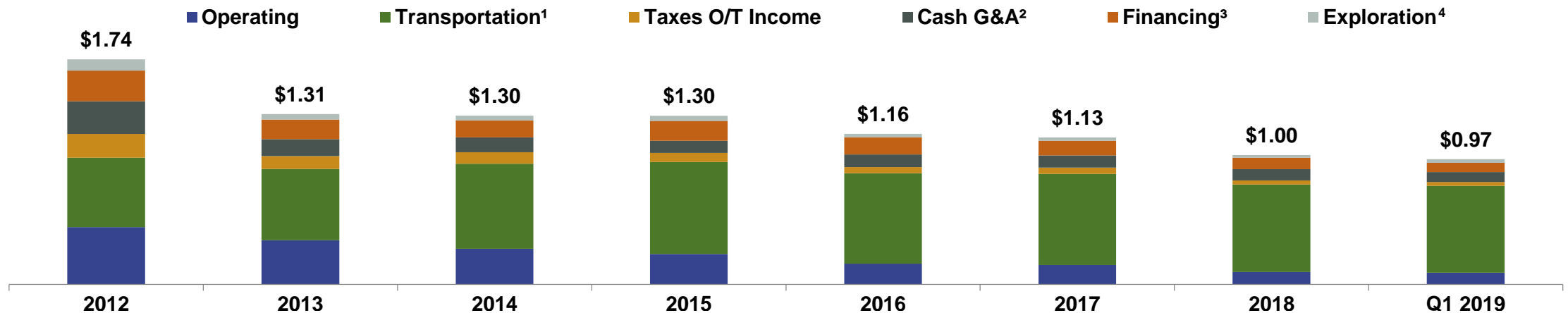


...Resulting in a Continued Reduction in Breakeven Prices

All-In Operating Expenses (Including Non-Cash Expenses) (\$/Mcf)



Cash Operating Expenses (\$/Mcf)



¹ Includes all demand charges and gathering fees

² Excludes stock-based compensation

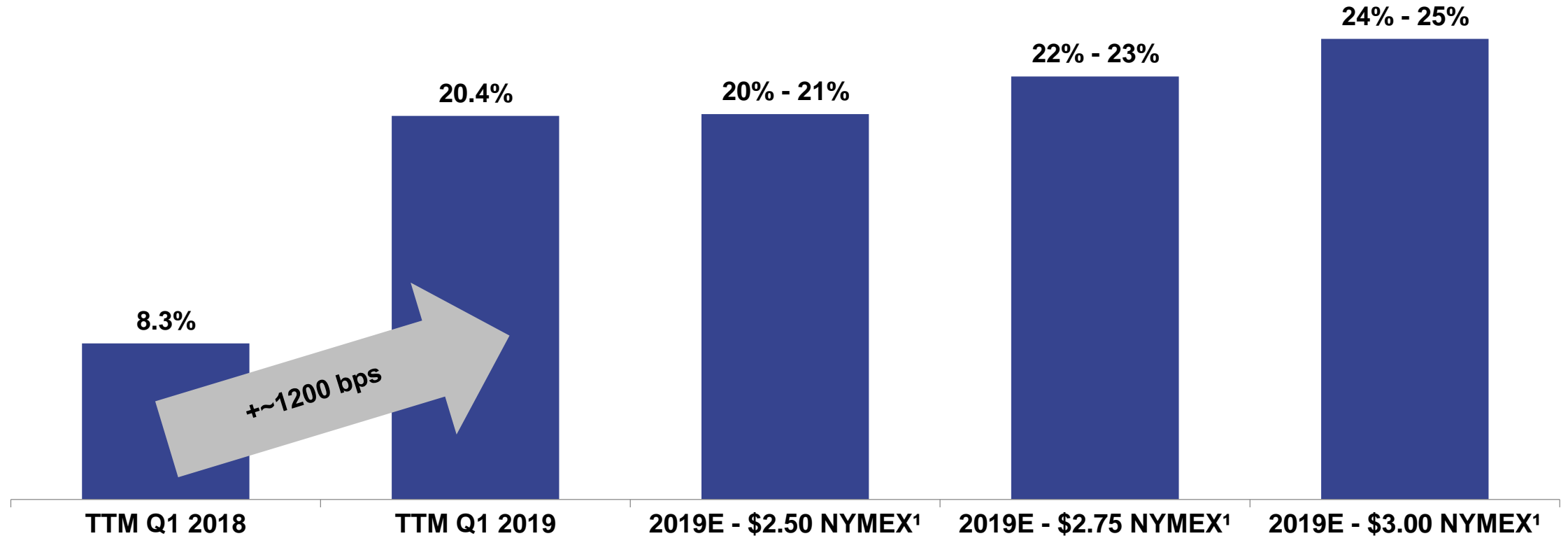
³ Excludes non-cash interest expense associated with income tax reserves and amortization of deferred financing cost

⁴ Excludes dry hole cost



Cabot's 2019 Operating Plan is Expected to Deliver Continued Improvement in ROCE...

Return on Capital Employed (ROCE)



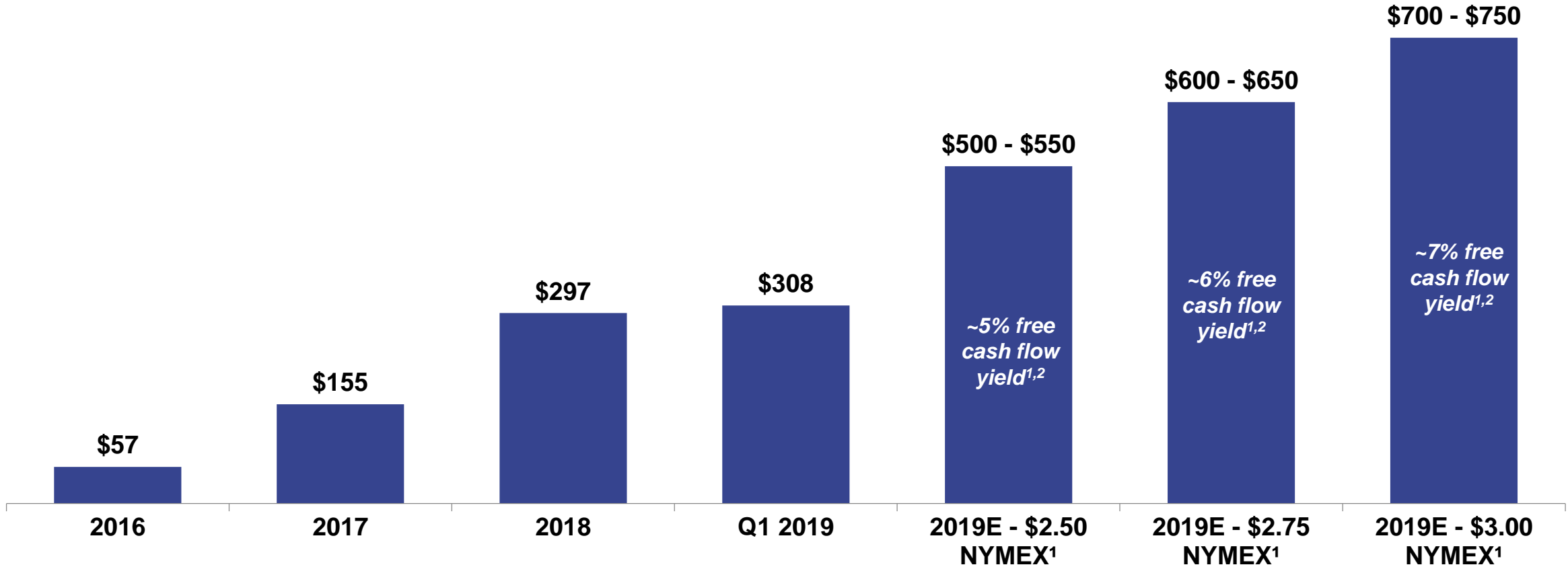
Note: See supplemental tables at the end of the presentation for a reconciliation of non-GAAP measures

¹ Estimated ROCE ranges based on operating expense guidance ranges



...and a Significant Expansion of Free Cash Flow

Free Cash Flow (\$mm)



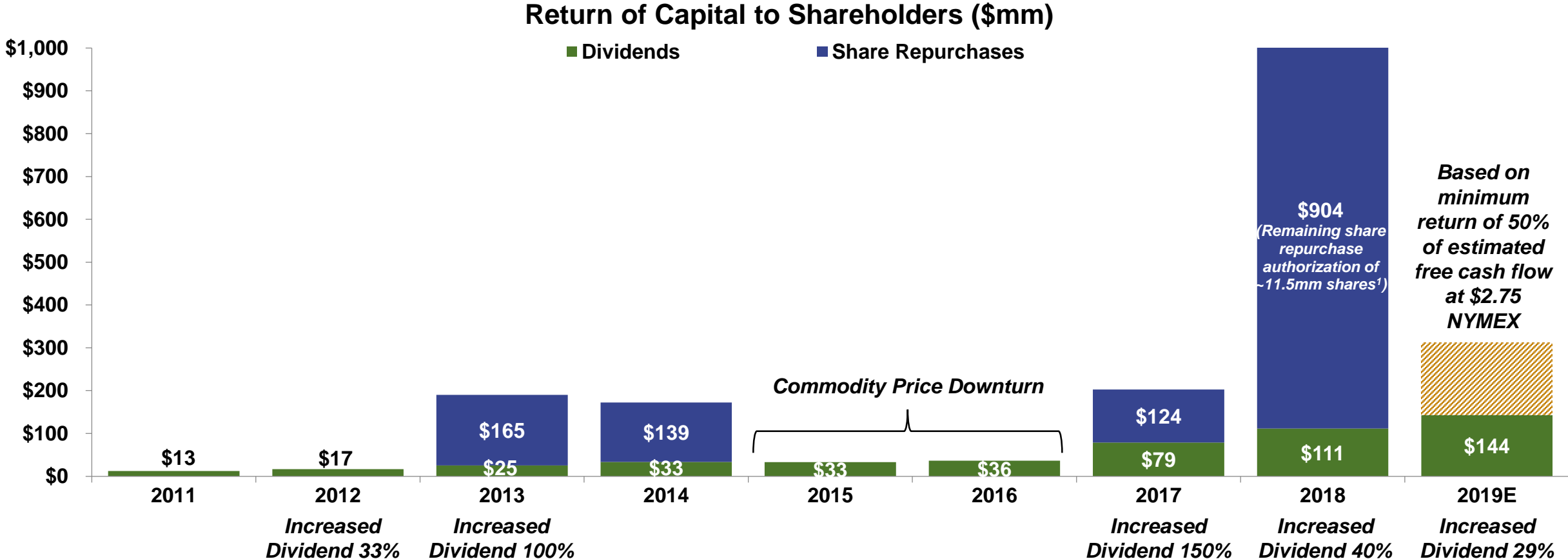
Note: See supplemental tables at the end of the presentation for a reconciliation of non-GAAP measures

¹ Estimated free cash flow ranges based on operating expense guidance ranges

² Estimated free cash flow yields are based on market capitalization as of April 23, 2019 and the midpoint of the estimated free cash flow range



Cabot is Committed to Returning Capital to Shareholders



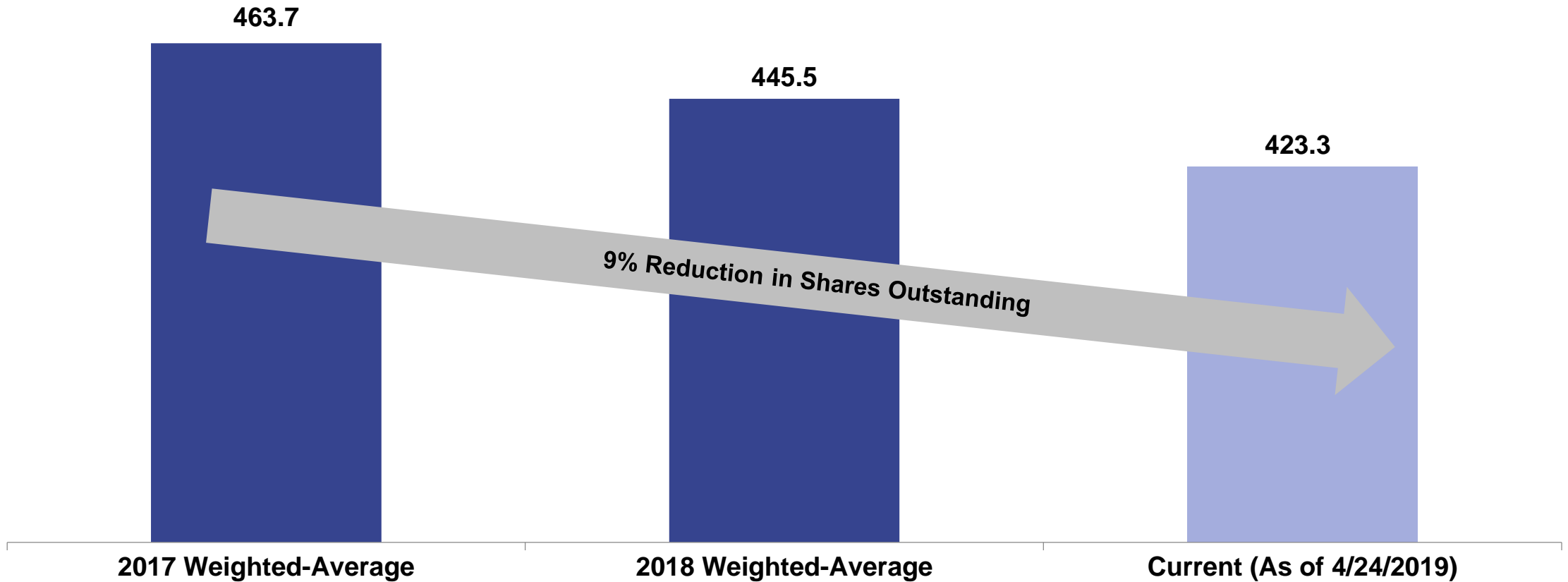
Cabot is committed to returning >50% of free cash flow to shareholders annually through dividends and share repurchases



¹ As of April 23, 2019
 Note: The chart above excludes the Company's 2016 equity issuance

Since 2017, Cabot Has Reduced its Shares Outstanding by Nine Percent

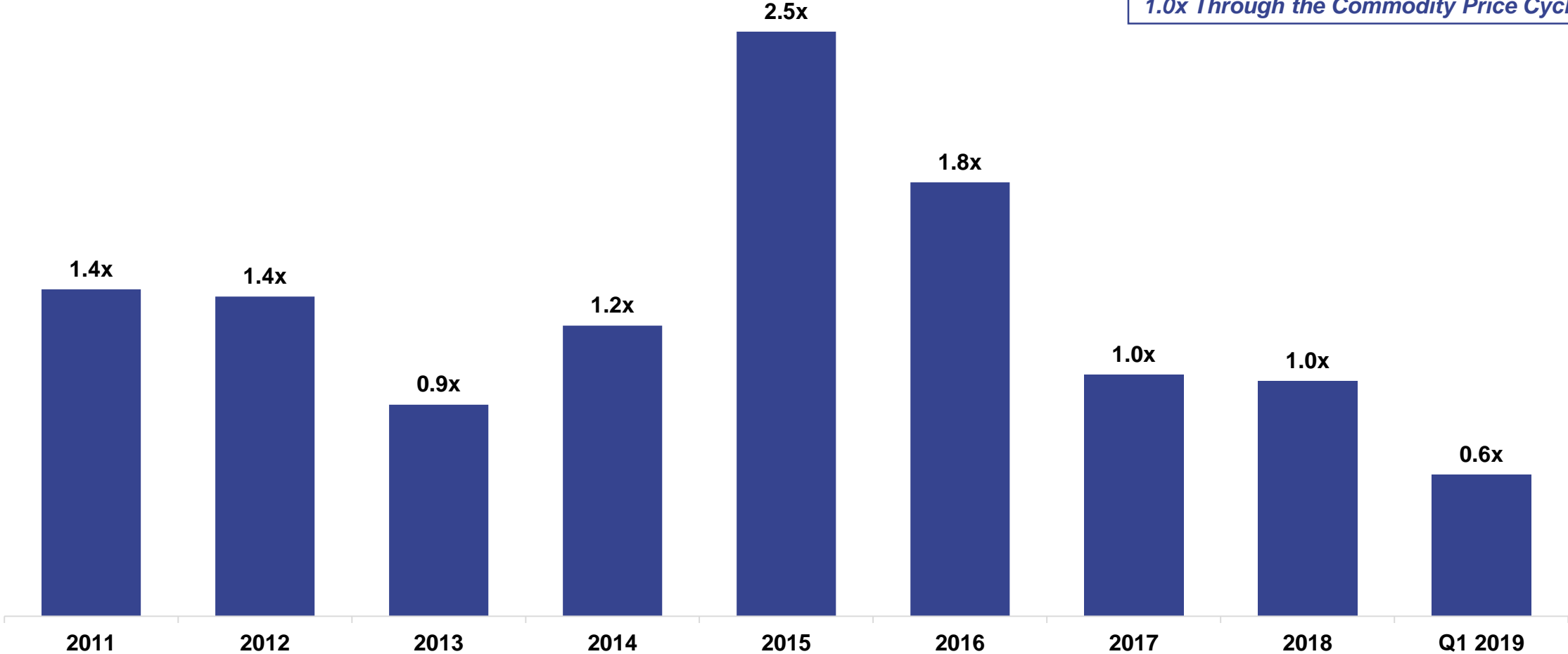
Common Shares Outstanding (in millions)



Cabot's Balance Sheet Provides Financial Flexibility Through the Commodity Price Cycle

Net Debt to LTM EBITDAX

Target Leverage Ratio:
1.0x Through the Commodity Price Cycle

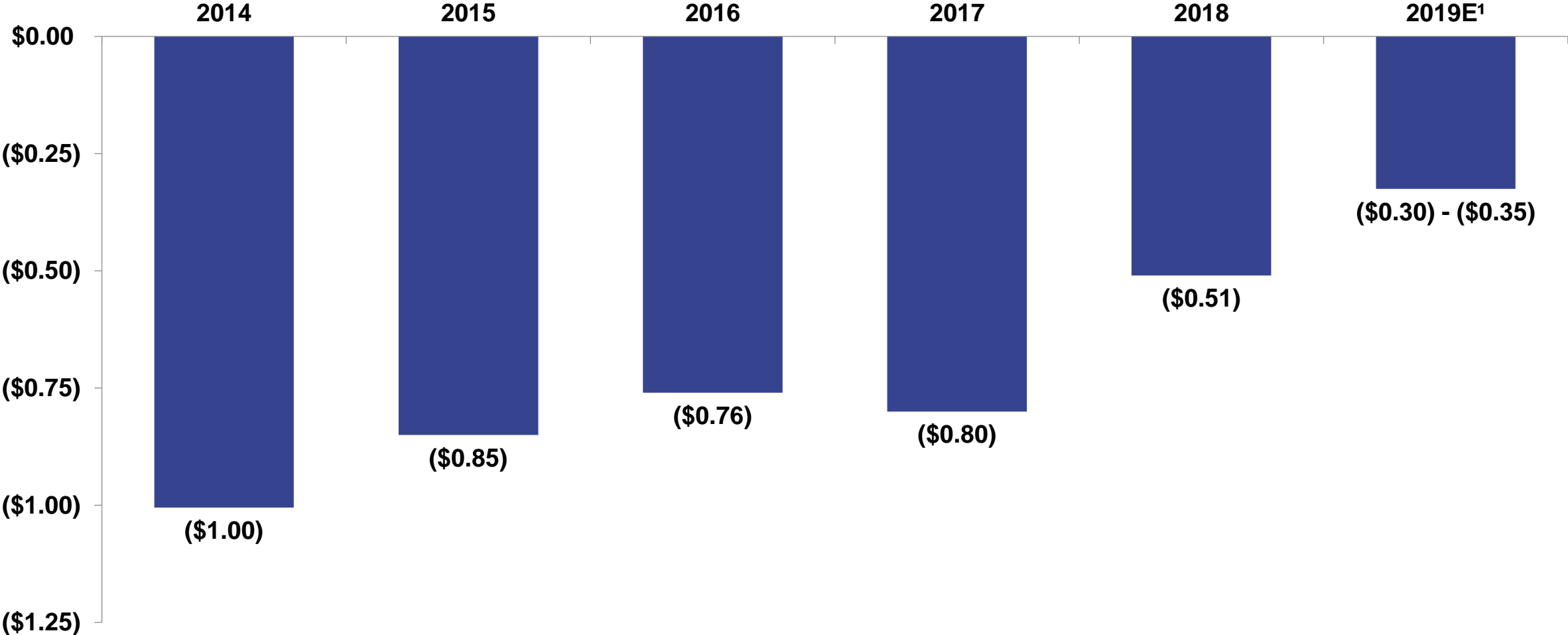


Note: See supplemental tables at the end of the presentation for a reconciliation of non-GAAP measures



Cabot's Differentials Continue to Improve, Driven by New Infrastructure Projects and In-Basin Demand Growth

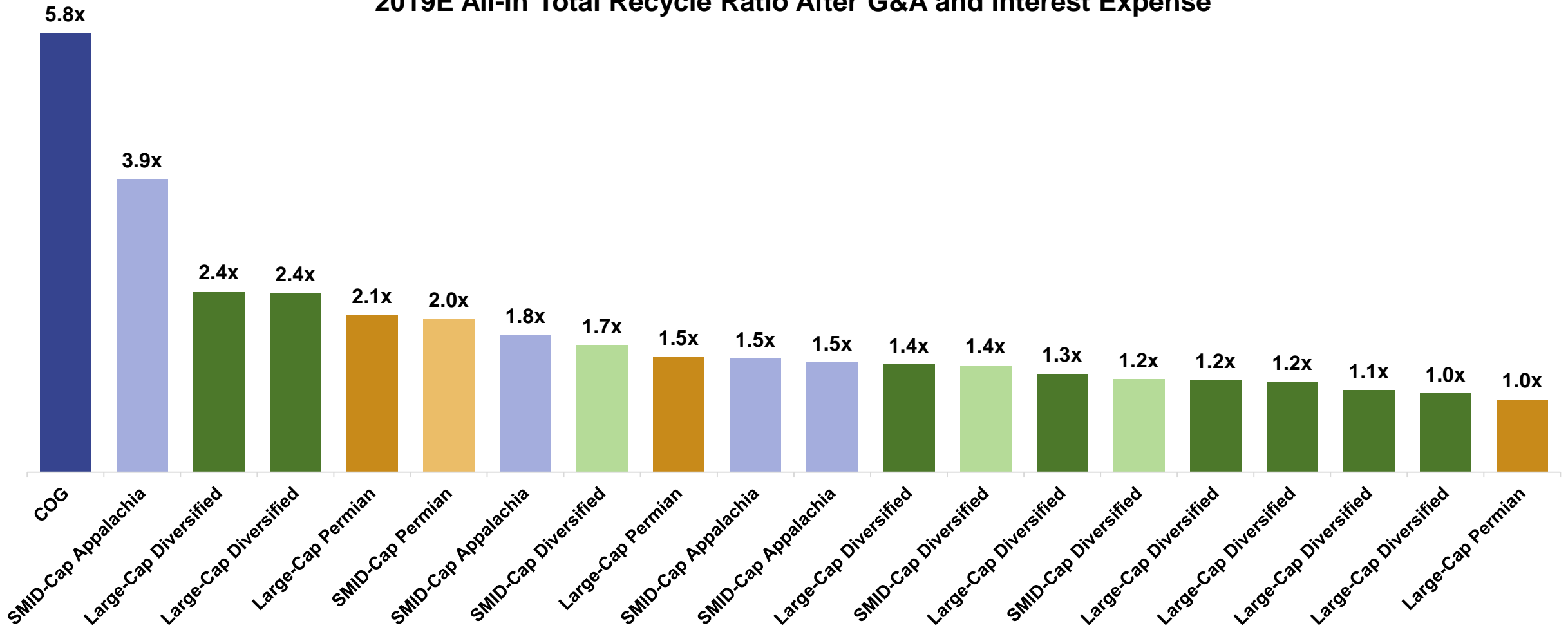
Weighted-Average Differential to NYMEX Before Hedges (\$/Mcf)



¹Based on forward curves as of 4/23/2019

Cabot's Recycle Ratio is Unrivaled Across Both Oil and Gas Peers

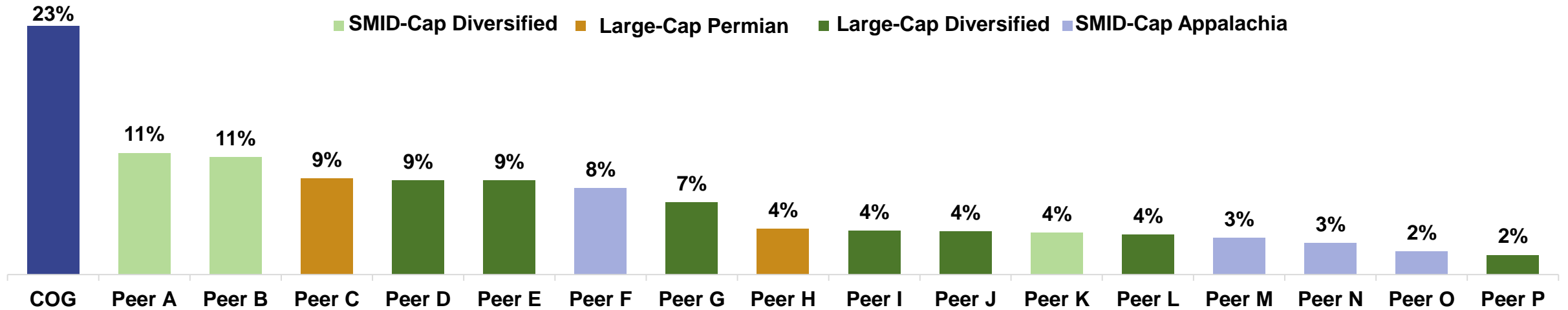
2019E All-In Total Recycle Ratio After G&A and Interest Expense



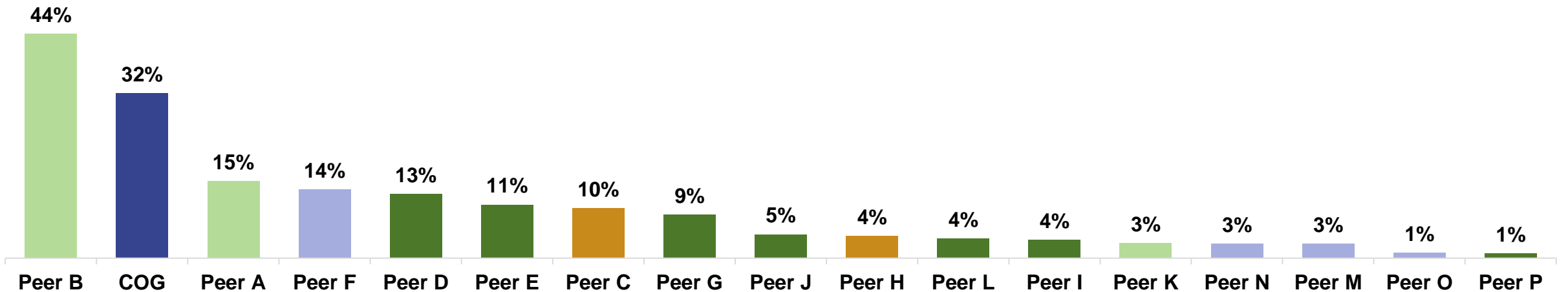
Source: BMO Capital Markets report "2018 Reserve Data Suggests Higher F&D and Breakevens" dated March 7, 2019.
 Assumes Henry Hub of \$2.98/Mmbtu, WTI of \$50.29/Bbl, Brent of \$57.67/Bbl, and NGLs of \$25.90/Bbl
 Peers include: APA, APC, AR, CHK, CLR, CXO, DVN, EOG, EQT, FANG, HES, MRO, NBL, PE, PXD, RRC, SWN, WPX, and XEC
 Large-cap defined as >\$10 billion of market capitalization; SMID-cap defined as <\$10 billion of market capitalization

Cabot's 2019 Program Delivers Peer-Leading Returns...

2019E Return on Capital Employed (ROCE)



2019E Return on Equity (ROE)

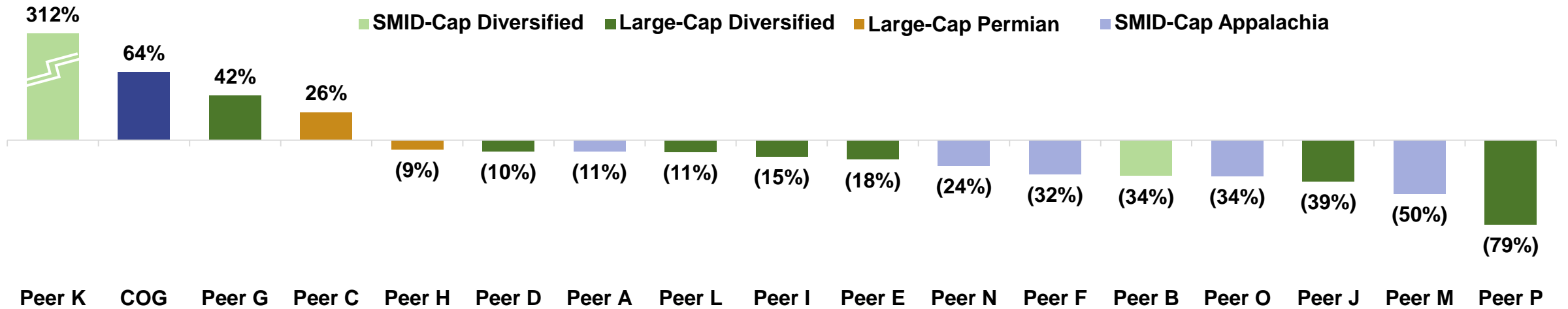


Source: Company filings; FactSet median consensus estimates as of April 23, 2019. ROCE calculated as Net Income plus tax-adjusted Interest Expense divided by the sum of Total Debt and Stockholders' Equity. Assumes a 21% tax rate for tax-adjusted interest expense. Return on Equity calculated as Net Income divided by Stockholders' Equity.

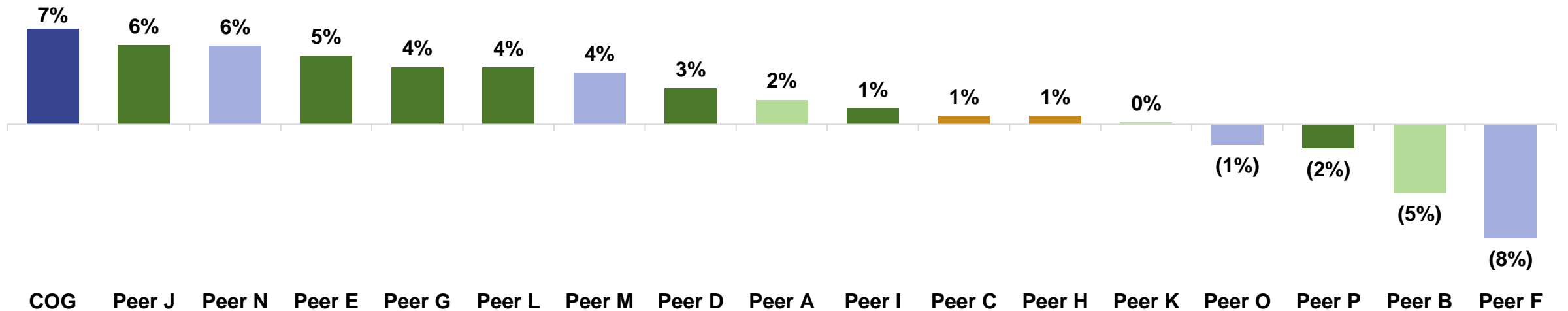
Peers include: APA, AR, CHK, CLR, CXO, DVN, ECA, EQT, MRO, MUR, NBL, PXD, RRC, SWN, WPX, and XEC
 Large-cap defined as >\$10 billion of market capitalization; SMID-cap defined as <\$10 billion of market capitalization

...in addition to Top-Tier Earnings Per Share Growth and Free Cash Flow Yield

2018 – 2019E Earnings Per Share Growth



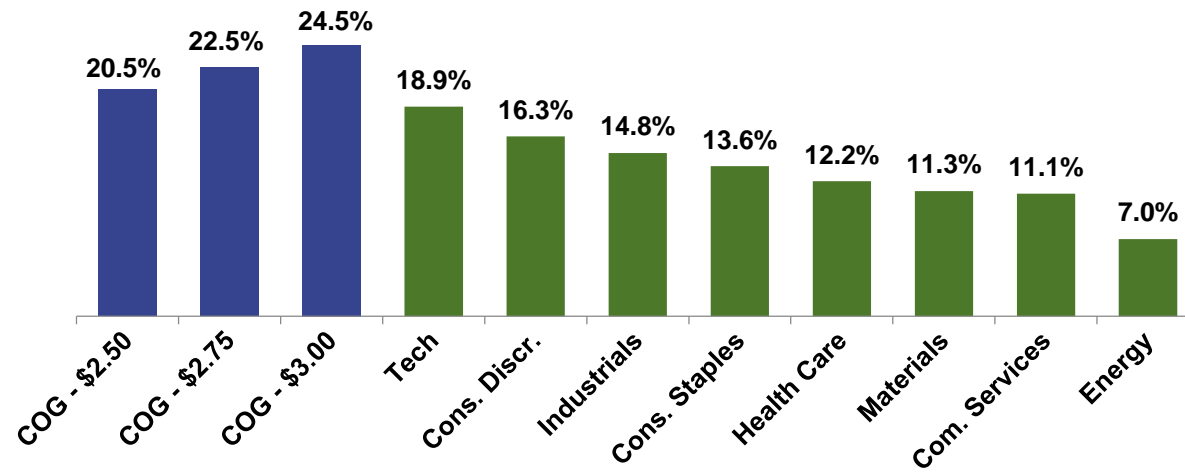
2019E Free Cash Flow Yield



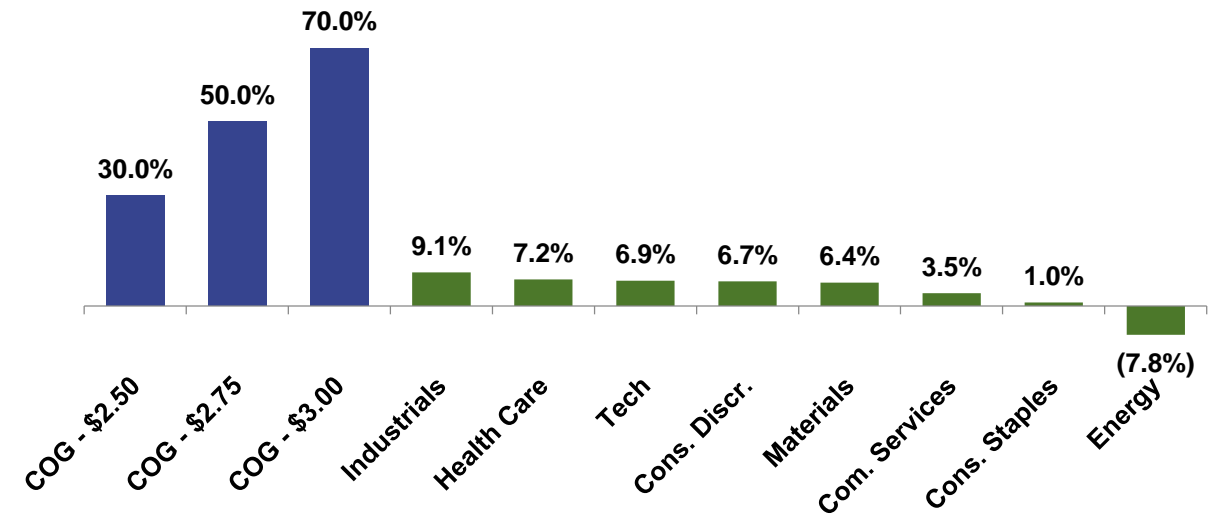
Source: Company filings; FactSet median consensus estimates as of April 23, 2019. The calculation for 2018 - 2019E EPS growth utilizes "adjusted EPS" from continuing operations for 2018 actuals. Free Cash Flow Yield calculated as Cash From Operations less Capital Expenditures divided by Market Capitalization. Peers include: APA, AR, CHK, CLR, CXO, DVN, ECA, EQT, MRO, MUR, NBL, PXD, RRC, SWN, WPX, and XEC. Large-cap defined as >\$10 billion of market capitalization; SMID-cap defined as <\$10 billion of market capitalization.

Between \$2.50 and \$3.00 NYMEX, Cabot Delivers Financial Metrics that Meet or Exceed the Broader Market

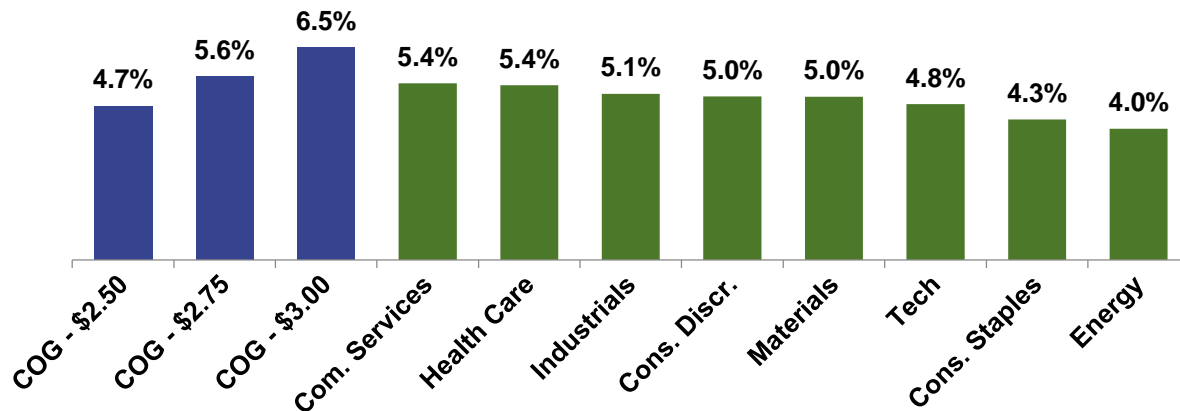
2019E Return on Capital Employed¹



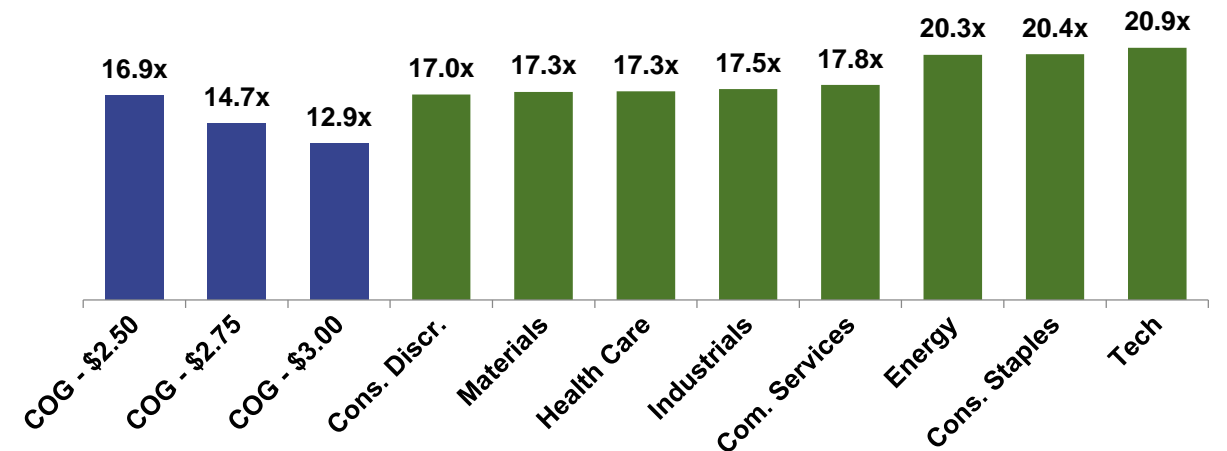
2018 – 2019E Earnings Per Share Growth¹



2019E Free Cash Flow Yield¹



Price / 2019E Earnings Per Share¹



Source: FactSet median consensus estimates as of April 23, 2019. ROCE calculated as Net Income plus tax-adjusted Interest Expense divided by the sum of Total Debt and Stockholders' Equity. Assumes a 21% tax rate for tax-adjusted interest expense. Free Cash Flow Yield calculated as Cash From Operations less Capital Expenditures divided by Market Capitalization.
¹ Metrics for COG are based on the midpoint of guidance ranges. Metrics for S&P sectors are based on the median of each respective sector.



Cabot Oil & Gas Corporation



Appendix

2019 Guidance

2019 Guidance

- Full-year 2019E daily production growth guidance: 20% (27% per debt-adjusted share¹)
 - Q2 2019E production guidance: 2,300 – 2,350 Mmcfe/d
- 2019E total program spending: \$800 million
- 2019E weighted-average natural gas price differential²: (\$0.30) to (\$0.35) per Mcf
- 2019E Marcellus Shale wells drilled and completed: 85 - 90 net wells
- 2019E Marcellus Shale wells placed on production: 80 - 85 net wells
- 2019E income tax rate guidance: 23% - 24%
- 2019E deferred tax rate guidance: 100%+

Q2 2019E Natural Gas Price Exposure By Index

NYMEX (less \$0.30)	27%
Fixed Price (~\$2.90)	19%
Transco Z6 NNY (less \$0.65)	18%
TGP Z4 –300 Leg	13%
Leidy Line	11%
Power Pricing	8%
Dominion	3%
Millennium	1%

Note: Fixed price percentages above include volumes associated with sales agreements that have floor prices. An additional deduct of ~\$0.05 per Mcf should be applied to account for fuel use.

Q2 2019E Cost Assumptions (\$/Mcf, unless otherwise noted)

Direct operations	\$0.08 - \$0.09
Transportation and gathering	\$0.66 - \$0.68
Taxes other than income	\$0.02 - \$0.03
Depreciation, depletion and amortization	\$0.44 - \$0.48
Interest expense	\$0.07 - \$0.08
Exploration ³	\$0.02 - \$0.03
General and administrative (\$mm) ⁴	\$15.5 - \$16.5



(1) Debt-adjusted share count is calculated as the sum of the annual weighted average shares outstanding plus the incremental "debt shares" by dividing average total debt by the average annual share price
 (2) Based on forward curves as of 4/23/2019
 (3) Excluding exploratory dry hole costs; includes exploration administration expense and geophysical expenses
 (4) Excluding stock-based compensation

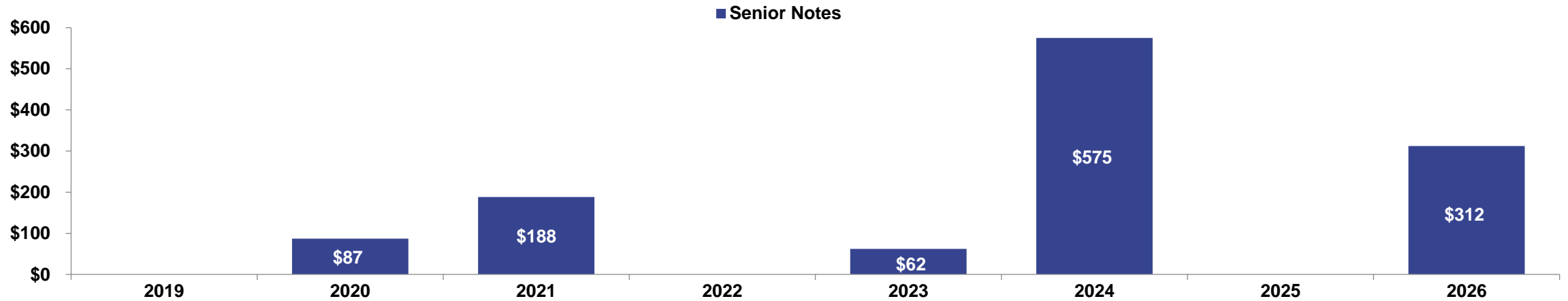
2019 Hedge Summary

Pricing Index	Total Mmbtu	Swaps Weighted-Average	Basis Swaps Weighted-Average
Q2 2019			
Transco Zone 6 NNY	2,730,000		\$0.41
Transco Zone 6 NNY	13,650,000	\$2.61	
Leidy	13,650,000		(\$0.53)
LDS NYMEX	31,850,000	\$2.85	
LDS NYMEX	27,300,000	\$2.79	
Q3 2019			
Transco Zone 6 NNY	2,760,000		\$0.41
Transco Zone 6 NNY	13,800,000	\$2.61	
Leidy	13,800,000		(\$0.53)
LDS NYMEX	32,200,000	\$2.85	
LDS NYMEX	27,600,000	\$2.78	
Q4 2019			
Transco Zone 6 NNY	2,760,000		\$0.41
Transco Zone 6 NNY	4,650,000	\$2.61	
Leidy	13,800,000		(\$0.53)
LDS NYMEX	10,850,000	\$2.85	
LDS NYMEX	27,600,000	\$2.86	



Financial Position and Risk Management Profile

Debt Maturity Schedule (\$mm) as of 3/31/2019



Capitalization / Liquidity

As of 3/31/2019 (except as noted)	\$bn
Cash and Cash Equivalents	\$0.3
Debt	\$1.2
Net Debt	\$0.9
Net Capitalization	\$3.2
Liquidity¹	\$1.8
Net Debt / Capitalization	28.0%
Net Debt / LTM EBITDAX	0.6x



¹ As of closing of amended and restated unsecured revolving credit facility on April 22, 2019

Reconciliation of Net Income to Adjusted Net Income and Adjusted Earnings Per Share

Reconciliation of Net Income to Adjusted Net Income and Adjusted Earnings Per Share

Adjusted Net Income and Adjusted Earnings per Share are presented based on our belief that these non-GAAP measures enable a user of the financial information to understand the impact of these items on reported results. Additionally, this presentation provides a beneficial comparison to similarly adjusted measurements of prior periods. Adjusted Net Income and Adjusted Earnings per Share are not measures of financial performance under GAAP and should not be considered as alternatives to net income and earnings per share, as defined by GAAP.

(In thousands, except per share amounts)	Three Months Ended March 31,	
	2019	2018
As reported - net income	\$ 262,763	\$ 117,231
Reversal of selected items:		
Loss on sale of assets	1,500	41,049
(Gain) loss on derivative instruments ⁽¹⁾	44,723	(31,708)
Stock-based compensation expense	15,132	5,447
Interest expense related to income tax reserves	(3,052)	—
Tax effect on selected items	(13,313)	(3,481)
Adjusted net income	\$ 307,753	\$ 128,538
As reported - earnings per share	\$ 0.62	\$ 0.26
Per share impact of selected items	0.11	0.02
Adjusted earnings per share	\$ 0.73	\$ 0.28
Weighted-average common shares outstanding	423,116	459,715

(1) This amount represents the non-cash mark-to-market changes of our commodity derivative instruments recorded in Gain on derivative instruments in the Condensed Consolidated Statement of Operations.

EBITDAX Calculation and Reconciliation

EBITDAX Calculation and Reconciliation

EBITDAX is defined as net income plus interest expense, other expense, income tax expense, depreciation, depletion and amortization (including impairments), exploration expense, loss on sale of assets, non-cash gain and loss on derivative instruments, earnings and loss on equity method investments, cash distributions received from equity method investments, and stock-based compensation expense. EBITDAX is presented based on our belief that this non-GAAP measure is useful information to investors when evaluating our ability to internally fund exploration and development activities and to service or incur debt without regard to financial or capital structure. EBITDAX is not a measure of financial performance under GAAP and should not be considered as alternative to cash flows from operating activities or net income, as defined by GAAP, or as a measure of liquidity.

<u>(In thousands)</u>	Three Months Ended March 31,	
	2019	2018
Net income	\$ 262,763	\$ 117,231
Plus (less):		
Interest expense, net	12,181	20,058
Other expense	144	114
Income tax expense	77,871	39,641
Depreciation, depletion and amortization	92,258	82,128
Exploration	6,044	3,617
Loss on sale of assets	1,500	41,049
Non-cash (gain) loss on derivative instruments	44,723	(31,708)
(Earnings) loss on equity method investments	(3,684)	994
Equity method investment distributions	4,729	—
Stock-based compensation	15,132	5,447
EBITDAX	\$ 513,661	\$ 278,571

Net Debt Reconciliation

Net Debt Reconciliation

The total debt to total capitalization ratio is calculated by dividing total debt by the sum of total debt and total stockholders' equity. This ratio is a measurement which is presented in our annual and interim filings and we believe this ratio is useful to investors in determining our leverage. Net Debt is calculated by subtracting cash and cash equivalents from total debt. Net Debt and the Net Debt to Adjusted Capitalization ratio are non-GAAP measures which we believe are also useful to investors since we have the ability to and may decide to use a portion of our cash and cash equivalents to retire debt. Additionally, as we may incur additional expenditures without increasing debt, it is appropriate to apply cash and cash equivalents to debt in calculating the Net Debt to Adjusted Capitalization ratio.

<u>(In thousands)</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Total debt	\$ 1,219,338	\$ 1,226,104
Stockholders' equity	2,320,939	2,088,159
Total capitalization	\$ 3,540,277	\$ 3,314,263
Total debt	\$ 1,219,338	\$ 1,226,104
Less: Cash and cash equivalents	(314,889)	(2,287)
Net debt	\$ 904,449	\$ 1,223,817
Net debt	\$ 904,449	\$ 1,223,817
Stockholders' equity	2,320,939	2,088,159
Total adjusted capitalization	\$ 3,225,388	\$ 3,311,976
Total debt to total capitalization ratio	34.4%	37.0%
Less: Impact of cash and cash equivalents	6.4%	—%
Net debt to adjusted capitalization ratio	28.0%	37.0%

Discretionary Cash Flow and Free Cash Flow Calculation and Reconciliation

Discretionary Cash Flow and Free Cash Flow Calculation and Reconciliation

Discretionary Cash Flow is defined as net cash provided by operating activities excluding changes in assets and liabilities. Discretionary Cash Flow is widely accepted as a financial indicator of an oil and gas company's ability to generate cash which is used to internally fund exploration and development activities, pay dividends and service debt. Discretionary Cash Flow is presented based on our belief that this non-GAAP measure is useful information to investors when comparing our cash flows with the cash flows of other companies that use the full cost method of accounting for oil and gas producing activities or have different financing and capital structures or tax rates. Discretionary Cash Flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating activities, as defined by GAAP, or as a measure of liquidity, or an alternative to net income.

Free Cash Flow is defined as Discretionary Cash Flow (defined above) less capital expenditures and investment in equity method investments. Free Cash Flow is an indicator of a company's ability to generate cash flow after spending the money required to maintain or expand its asset base. Free Cash Flow is presented based on our belief that this non-GAAP measure is useful information to investors when comparing our cash flows with the cash flows of other companies. Free Cash Flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating activities, as defined by GAAP, or as a measure of liquidity, or an alternative to net income.

(In thousands)	Three Months Ended March 31,	
	2019	2018
Net cash provided by operating activities	\$ 585,287	\$ 272,760
Changes in assets and liabilities	(79,420)	7,540
Discretionary cash flow	505,867	280,300
Capital expenditures	(195,650)	(156,257)
Investment in equity method investments	(1,828)	(35,418)
Free cash flow	\$ 308,389	\$ 88,625

Return on Capital Employed Calculation

Return on Capital Employed

Return on Capital Employed (ROCE) is defined as adjusted net income (defined above) plus after-tax net interest expense divided by average capital employed, which is defined as total debt plus stockholders' equity. ROCE is presented based on our belief that this non-GAAP measure is useful information to investors when comparing our profitability and the efficiency with which we have employed capital over time relative to other companies. ROCE is not a measure of financial performance under GAAP and should not be considered an alternative to net income.

(In thousands)	Twelve Months Ended March 31,	
	2019	2018
Interest expense, net	\$ 65,324	\$ 81,418
Interest expense related to income tax reserves ⁽¹⁾	(64)	—
Tax benefit	(15,140)	(27,393)
After-tax interest expense, net (A)	50,120	54,025
As reported - net income (loss)	702,575	111,904
Adjustments to as reported - net income, net of tax	7,753	172,096
Adjusted net income (B)	710,328	284,000
Adjusted net income before interest expense, net (A + B)	\$ 760,448	\$ 338,025
Total debt - beginning of twelve month period	\$ 1,522,231	\$ 1,520,870
Stockholders' equity - beginning of twelve month period	2,406,516	2,707,179
Capital employed - beginning of twelve month period	3,928,747	4,228,049
Total debt - end of twelve month period	1,219,338	1,522,231
Stockholders' equity - end of twelve month period	2,320,939	2,406,516
Capital employed - end of twelve month period	3,540,277	3,928,747
Average capital employed (C)	\$ 3,734,512	\$ 4,078,398
Return on average capital employed (ROCE) (A+B) / C	20.4%	8.3%

(1) Interest expense related to income tax reserves is included in the adjustments to as reported - net income, net of tax.