

pension plan prior to January 1, 2021 will continue to receive the interest component of the plan but will no longer receive the service component. For the 2021 periodic benefit cost, the expected return assumed was reduced from 6.50% to 5.10%.

Using the assumed rates discussed above, we recorded total benefit cost of \$9 million in 2020 related to our pension and other postretirement benefit plans. Due to the significance of the discount rate and expected long-term rate of return, the following sensitivity analysis demonstrates the effect that a 0.5% change in those assumptions would have had on our 2020 pension expense:

(in millions)	Increase (Decrease) of Annual Pension Expense	
	0.5% Increase	0.5% Decrease
Discount rate	\$ (1)	\$ 1
Expected long-term rate of return	\$ —	\$ —

As of December 31, 2020, we recognized a liability of \$46 million, compared to \$43 million at December 31, 2019, related to our pension and other postretirement benefit plans. During 2020, we made cash contributions totaling \$13 million to fund our pension and other postretirement benefit plans.

Long-term Incentive Compensation

Our long-term incentive compensation plans consist of a combination of stock-based awards that derive their value directly or indirectly from our common stock price, and cash-based awards that are fixed in amount, but subject to meeting annual performance thresholds. In March 2020, we issued our first long-term fixed cash-based awards.

We account for long-term incentive compensation transactions using a fair value method and recognize an amount equal to the fair value of the stock-based awards and cash-based awards cost in either the consolidated statement of operations or capitalize the cost into natural gas and oil properties included in property and equipment. Costs are capitalized when they are directly related to the acquisition, exploration and development activities of our natural gas and oil properties. We use models to determine fair value of stock-based compensation, which requires significant judgment with respect to forfeitures, volatility and other factors. The performance cash awards granted in 2020 include a performance condition determined annually by the Company. If we, in our sole discretion, determine that the threshold was not met, the amount for that vesting period will not vest and will be cancelled.

Our stock-based compensation is classified as either an equity award or a liability award in accordance with generally accepted accounting principles. The fair value of an equity-classified award is determined at the grant date and is amortized on a straight-line basis over the vesting life of the award. The fair-value of a liability-classified award is determined on a quarterly basis through the final vesting date and is amortized based on the current fair value of the award and the percentage of vesting period incurred to date. See [Note 14](#) to the consolidated financial statements included in this Annual Report for further discussion and disclosures regarding our long-term incentive compensation.

New Accounting Standards

Refer to [Note 1](#) to the consolidated financial statements included in this Annual Report for further discussion of our significant accounting policies and for discussion of accounting standards that have been implemented in this report, along with a discussion of relevant accounting standards that are pending adoption.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

All statements, other than historical fact or present financial information, may be deemed to be 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 that address activities, outcomes and other matters that should or may occur in the future, including, without limitation, statements regarding the financial position, business strategy, production and reserve growth and other plans and objectives for our future operations, are forward-looking statements. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. We have no obligation and make no undertaking to publicly update or revise any forward-looking statements, except as may be required by law.

Forward-looking statements include the items identified in the preceding paragraph, information concerning possible or assumed future results of operations and other statements in this Annual Report identified by words such as “anticipate,” “intend,” “plan,” “project,” “estimate,” “continue,” “potential,” “should,” “could,” “may,” “will,” “objective,” “guidance,” “outlook,” “effort,” “expect,” “believe,” “predict,” “budget,” “projection,” “goal,” “forecast,” “model,” “target” or similar words. Statements may be forward-looking even in the absence of these particular words.