

The following table presents a summary of the restructuring charges related to workforce reduction plans included in Operating Income (Loss) for the year ended December 31, 2020, 2019 and 2018:

(in millions)	For the years ended December 31,		
	2020	2019	2018
Severance (including payroll taxes)	\$ 16	\$ —	\$ 21
Outplacement services, other	—	—	2
Total reduction in workforce-related restructuring charges <sup>(1)</sup>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ 23</u>

(1) Total restructuring charges were \$16 million for the Company's E&P segment for the year ended December 31, 2020. Total restructuring charges for the Company's E&P and Marketing segments were \$21 million and \$2 million, respectively, for the year ended December 31, 2018.

### **Fayetteville Shale Sale-Related**

In December 2018, the Company closed on the sale of the equity in certain of its subsidiaries that owned and operated its Fayetteville Shale E&P and related midstream gathering assets in Arkansas. As part of this transaction, most employees associated with those assets became employees of the buyer although the employment of some was terminated. All affected employees were offered a severance package, which included a one-time cash payment depending on length of service and, if applicable, the current value of a portion of equity awards that were forfeited. The Company had substantially completed the Fayetteville Shale sale-related employment terminations by December 31, 2019.

As a result of the Fayetteville Shale sale, the Company relocated certain employees and infrastructure to other locations and began the process of consolidating and reorganizing its office space. Approximately \$2 million in charges related to office consolidation and reorganization were recognized as restructuring charges.

In July 2019, the Company terminated its existing lease agreement in its headquarters office building and entered into a new 10-year lease agreement for a smaller portion of the building. Approximately \$3 million of the fees associated with the Company's headquarters office consolidation and \$1 million in other office consolidation expenses are reflected as restructuring charges for the year ended December 31, 2019. The Company also recognized additional severance costs in the third and fourth quarters of 2019, related to continued organizational restructuring. The following table presents a summary of the restructuring charges related to the consolidation and reorganization associated with the Fayetteville Shale sale included in Operating Income on the condensed statements of operations for the years ended December 31, 2019 and 2018:

(in millions)	For the years ended December 31,	
	2019	2018
Severance (including payroll taxes)	\$ 5	\$ 12
Office consolidation	6	4
Total Fayetteville Shale sale-related charges <sup>(1) (2)</sup>	<u>\$ 11</u>	<u>\$ 16</u>

(1) Total restructuring charges were \$11 million and \$16 million for the Company's E&P segment for the years ended December 31, 2019 and 2018, respectively.

(2) Does not include a \$4 million gain for the year ended December 31, 2018 related to the curtailment of the other postretirement benefit plan presented in Other Income (Loss), net on the consolidated statements of operations.

See [Note 3](#) for a discussion of the Company's Fayetteville Shale sale.

### **(3) ACQUISITIONS AND DIVESTITURES**

#### **Montage Resources Merger**

On August 12, 2020, Southwestern entered into an Agreement and Plan of Merger with Montage Resources Corporation ("Montage") whereby Montage would merge with and into Southwestern, with Southwestern continuing as the surviving company (the "Merger"). On November 12, 2020, Montage's stockholders voted to approve the Merger and it was made effective on November 13, 2020. The Merger added to Southwestern's oil and gas portfolio in Appalachia.

In exchange for each share of Montage common stock, Montage stockholders received 1.8656 shares of Southwestern common stock, plus cash in lieu of any fractional share of Southwestern common stock that otherwise would have been issued, based on the average price of \$3.05 per share of Southwestern common stock on the NYSE on November 13, 2020. Following the closing of the Merger, Southwestern's existing shareholders and Montage's existing shareholders owned approximately 90% and 10%, respectively, of the outstanding shares of the combined company.

In anticipation of the Merger, in August 2020 Southwestern issued \$350 million of new senior unsecured notes and 63,250,000 shares of common stock for \$152 million after deducting underwriting discounts and offering expenses. The