

CALLON PETROLEUM CO
Form PRE 14A
March 22, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Rule 14a-101

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Callon Petroleum Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Edgar Filing: CALLON PETROLEUM CO - Form PRE 14A

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

CALLON PETROLEUM COMPANY

200 NORTH CANAL STREET

NATCHEZ, MISSISSIPPI 39120

NOTICE OF THE 2016 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD THURSDAY, MAY 12, 2016

To Our Stockholders:

Notice is hereby given and you are cordially invited to attend the 2016 Annual Meeting of Stockholders (the “Annual Meeting”) of Callon Petroleum Company (“Callon,” the “Company,” “us,” “we,” “our” or like terms), a Delaware corporation, which will be held in Natchez, Mississippi, on Thursday, May 12, 2016, at 9:00 a.m. Central Daylight Time (“CDT”), in the Grand Ballroom of the Natchez Grand Hotel, 111 Broadway Street, Natchez, Mississippi 39120, to consider and vote on the following proposals:

- The election of three Class I Directors, Messrs. Larry D. McVay, John C. Wallace and Michael L. Finch, for a three-year term;
- The approval, by non-binding advisory vote, of the compensation of our named executive officers (“NEOs”);
- The ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
- The approval of an amendment to Article Four of the Company’s Certificate of Incorporation increasing the number of authorized shares of Common Stock of the Company (“Common Stock”) from 150 million shares to 300 million shares; and
- The transaction of other business as may properly come before the Annual Meeting or any adjournment(s) thereof.

We describe these proposals in detail within the accompanying proxy materials. Only holders of record of our common stock at the close of business on March 18, 2016 (the “Record Date”), are entitled to notice of and to attend the Annual Meeting and to vote on the above listed matters. Beginning on or about April 1, 2016, we mailed a Notice Regarding the Internet Availability of Proxy Materials (the “Notice”) to our stockholders. The Notice contained instructions on how to access the proxy statement and related materials online and how to vote your shares. Instructions for requesting a paper copy of the proxy materials are contained in the Notice. A list of stockholders entitled to vote at the Annual Meeting will be available at our office at 200 North Canal Street, Natchez, MS 39120 during normal business hours for a period of ten days prior to the meeting and will also be available for inspection at the Annual Meeting.

Whether or not you plan to attend the meeting, please vote electronically via the Internet or by telephone, or please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid envelope as soon as possible. See “Information About Voting and The Meeting” in the proxy statement for more details.

We look forward to seeing you at the meeting.

By Order of the Board of Directors

By: /s/ B.F. Weatherly

Natchez, Mississippi B.F. Weatherly

April 1, 2016 Corporate Secretary

1

YOUR VOTE IS IMPORTANT!

Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to be held on May 12, 2016:

This proxy statement and our 2015 Annual Report on Form 10-K are available at
<https://www.iproxydirect.com/CPE> and www.callon.com

If you have any questions or need assistance voting your shares, please call our proxy solicitor:

Morrow & Co., LLC

470 West Avenue - 3rd Floor

Stamford, CT 06902

Banks and Brokerage Firms, please call (203) 658-9400.

Stockholders, please call toll free (800) 414-4313.

2

PROXY SUMMARY

This summary is included to provide an introduction and overview of the information contained in the Proxy Statement. This is a summary only and highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider and is not a form for voting. You should read the entire Proxy Statement carefully before voting.

2016 Annual Meeting of Stockholders

Date and Time: May 12, 2016, at 9:00 a.m., Central Daylight Time

Location: Natchez Grand Hotel, 111 Broadway Street, Natchez, Mississippi 39120

Record Date: March 18, 2016

Proxy Voting: Stockholders as of the close of business on the Record Date are entitled to vote. Each share of Common Stock is entitled to one vote at the Annual Meeting

Voting Matters and Board Recommendation

	Board Recommendation
Proposal	
No. 1: Election of Three Director Nominees to Serve for a Three-Year Term Expiring in 2019	FOR
No. 2: Advisory Vote to Approve Named Executive Officer Compensation	FOR
No. 3: Amendment to the Certificate of Incorporation to Increase Authorized Shares of Common Stock from 150 million to 300 million	FOR
No. 4: Ratification of the Appointment of Grant Thornton, LLC as the Company's Independent registered Public Accounting Firm for 2016	FOR

Executive Compensation Highlights

Our Board has a “pay-for-performance” philosophy and recognizes the leadership of Mr. Fred L. Callon, our Chairman, President and Chief Executive Officer, and our other executive officers in contributing to the Company’s success in 2015. Our compensation program is designed to reward, in both the short-term and the long-term, performance that contributes to the implementation of our business strategies, maintenance of our culture and values and the achievement of our objectives. In addition, we reward qualities that we believe help achieve our business strategies, such as teamwork, individual performance in light of general economic and industry-specific conditions, relationships

with shareholders and vendors, the ability to manage and enhance production from our existing assets, the ability to explore new opportunities to increase oil and natural gas production, the ability to identify and acquire additional acreage, the ability to increase year-over-year proved reserves, the ability to control unit production costs, level of job responsibility, industry experience and general professional growth.

- As a result of the achievements listed above, the Committee awarded bonuses above target for our NEOs for 2015 performance;
- In May 2015, the Committee granted long-term incentives to our NEOs, 60% of which were tied to total stockholder return, or TSR;
- The Committee certified the results of the 2013 grants of TSR phantom shares, which measured Callon's TSR against its peers for the 2013-2015 time period. Callon ranked first out of 13 peers, resulting in 200% of the targeted number of phantom shares vesting; and
- No changes were made to NEO base salaries in 2015.

In 2015, approximately 96% of the shares voted at last year's annual meeting approved our 2014 executive compensation by supporting our "Say-on-Pay" proposal.

Key Elements of our Executive Compensation

- “Pay-for-Performance” philosophy linking compensation directly to performance, with a significant portion of total annual compensation placed “at risk”
 - Competitive base salary
- Annual cash bonus incentive tied to the achievement of specified Company performance targets
- Long-term equity or equity-based incentive awards and performance share program based on relative TSR
- Other benefit plans and programs, such as retirement, health benefits and severance protection

Governance Highlights

- Board meetings in 2015: 5
- Committee meetings: Audit – 9; Compensation – 5; Nominating and Corporate Governance – 3; Strategic Planning and Reserves – 3
- 7 out of 8 Directors are independent and committees are comprised entirely of independent Directors
- Majority vote standard in election of Directors
- Classified Board of Directors with staggered terms
- Director and Officer stock ownership guidelines
- Elimination of tax gross-ups
- “Double Trigger” severance agreements with fixed term
- Policy prohibiting hedging transactions [related to stock ownership positions]
- Recently updated governance documents, such as the Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Board Committee Charters.

PROXY STATEMENT

CALLON PETROLEUM COMPANY

200 North Canal Street

Natchez, Mississippi 39120

(601) 442-1601

2016 ANNUAL MEETING OF STOCKHOLDERS

THURSDAY, MAY 12, 2016

INFORMATION CONCERNING SOLICITATION AND VOTING

We are providing you this proxy statement in connection with the solicitation of proxies by our board of directors (the “Board” or individually “Director” and collectively “Directors”) to be voted at the 2016 annual meeting (the “Annual Meeting”) of stockholders of Callon Petroleum Company (“Callon,” the “Company,” “us,” “we,” “our” or like terms). The Annual Meeting will be held on Thursday, May 12, 2016 at 9:00 a.m. CDT in the Grand Ballroom of the Natchez Grand Hotel, 111 Broadway Street, Natchez, Mississippi 39120. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

The Board will primarily solicit proxies by mail, and we will bear all costs incurred in the solicitation of proxies, including the preparation, printing and mailing of these proxy materials. In addition to solicitation by mail, our Directors, officers and employees may solicit proxies personally or by telephone, email, facsimile or other means, without additional compensation. We may also make arrangements with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of the common stock held by such persons, and we may reimburse those brokerage houses and other custodians, nominees and fiduciaries for reasonable expenses incurred in connection therewith. In addition, to assist us with our solicitation efforts, we have retained the services of Morrow & Co., LLC for a fee of approximately \$7,500, plus out-of-pocket expenses.

INFORMATION ABOUT VOTING AND THE MEETING

Who may vote

You may vote if you are the record holder of our common stock as of the close of business on March 18, 2016, the "Record Date." On that date, 96,122,341 shares of our common stock were outstanding and are entitled to vote at the Annual Meeting. Each share of common stock is entitled to one vote on each matter considered at this meeting.

Attending the Meeting

If you meet the above criteria to vote at our Annual Meeting, you may attend the Annual Meeting. If you wish to attend the Annual Meeting in person, you must present valid, government-issued picture identification. If your shares are held in the name of a bank, broker or other nominee and you plan to attend the Annual Meeting, in order to be admitted you must present proof of your beneficial ownership of the common stock, such as a bank or brokerage account statement, indicating that you owned shares of our common stock at the close of business on the Record Date.

For safety and security reasons, no cameras, recording equipment, cellular telephones, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting. No banners, signs, firearms or weapons will be allowed in the meeting room. We reserve the right to inspect all items entering the meeting room.

Proposals

Qualifying stockholders will vote on the following four proposals at the meeting:

- 1) The election of Directors;
- 2) Advisory approval of our executive compensation;
- 3) The approval of an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock from 150 million to 300 million; and
- 4) The ratification of the appointment of Grant Thornton LLP.

Notice and Access

Rules adopted by the Securities and Exchange Commission (the "SEC") allow companies to send stockholders a notice of internet availability of proxy materials (the "Notice"), rather than mail stockholders full sets of proxy materials, often referred to as "notice and access." Consistent with the past few years, we have elected to send a separate Notice to our stockholders instead of a paper copy of the proxy materials. This approach conserves natural resources and reduces the costs of printing and distributing our proxy materials, while providing stockholders with a convenient way to access our proxy materials. This Notice includes instructions on how to access the proxy materials over the Internet or to request a paper copy of proxy materials, including a proxy card or voting instruction form. In addition and as described in the Notice, stockholders may request to receive future proxy materials in printed form by mail or electronically by email. A stockholder's election to receive proxy materials by mail or email will remain in effect until terminated by the stockholder.

Our Board has made these proxy materials available to you on the Internet on or about April 1, 2016 at <https://www.iproxydirect.com/CPE>, which is the cookies-free website described in the Notice. Accordingly, we are sending the Notice to our stockholders of record and beneficial owners of our stock, and filing the Notice with the SEC, on or about April 1, 2016. Please note that the Notice identifies the items on which stockholders will vote at the meeting, but stockholders cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote via the Internet, by telephone or by requesting and returning a paper proxy card, or by submitting a ballot in person at the meeting.

In addition to the proxy materials being available for review at <https://www.iproxydirect.com/CPE>, the site contains instructions on how to access the proxy materials on a website or to request free of charge printed materials, including a copy of our Form 10-K for the year ended December 31, 2015 as filed with the SEC. On an ongoing basis, stockholders may contact our Corporate Secretary at our principal offices in Natchez, Mississippi to request proxy materials by mail or by e-mail.

Casting your vote

There are three methods for registered stockholders to vote by proxy without attending the Annual Meeting:

- 1) By Internet. You can vote online via the Internet by going to the website address for Internet voting provided on your Notice or proxy card. You will need to use the control and request ID appearing on your proxy card to vote via the Internet. You can use the Internet to transmit your voting instructions up until 11:59 p.m. CDT on May 11, 2016. If you vote via the Internet, you do NOT need to vote by telephone or return a proxy card. Internet voting is available 24 hours a day.
- 2) By Telephone. You can also vote by telephone by calling the toll-free telephone number provided on your proxy card. You will need to use the control and request ID appearing on your proxy card to vote by telephone. You may transmit your voting instructions from any touch-tone telephone up until 11:59 p.m. CDT on May 11, 2016. Voting by telephone is available 24 hours a day.
- 3) By Mail. If you received a printed copy of the proxy card, you can vote by marking, dating and signing it, and returning it in the reply envelope provided. Please promptly mail your proxy card to ensure that we receive it prior to the closing of the polls at the Annual Meeting.

If you get more than one Notice and/or proxy statement then it means that your shares are likely registered in more than one account. Please provide voting instructions for all Notices, proxy and voting instruction cards you receive. If you send us a signed proxy card without marking your voting selections, your shares will be voted on each proposal as recommended by our Board, and in the discretion of the proxy holders as to any other matters that may properly come before the meeting or any postponement or adjournment of the meeting. The Board is not presently aware of any other proposals or any other business to be considered at the Annual Meeting.

If your shares are registered in the name of a broker, bank or other nominee (typically referred to as being held in “Street Name”), you will receive instructions from your broker, bank or other nominee that you must follow in order for your broker, bank or other nominee to vote your shares per your instructions. Many brokerage firms and banks have a process for their beneficial holders to provide instructions via the Internet or over the telephone. If Internet or telephone voting is unavailable from your broker, bank or other nominee, please complete and return the enclosed voting instruction card in the addressed, postage paid envelope provided.

In the event you do not provide instructions on how to vote shares held in Street Name, your broker may have authority to vote your shares. Under the rules that govern brokers who are voting with respect to shares that are held in Street Name, brokers have the discretion to vote such shares on routine matters, but they are not permitted to vote (a “broker non-vote”) on non-routine or non-discretionary items absent instructions from the beneficial owner. With respect to the Annual Meeting, brokers are prohibited from exercising discretionary authority in the election of Directors and the non-binding advisory proposal on executive compensation, but such brokers may exercise discretionary authority with respect to the amendment of our certificate of incorporation to increase the number of authorized shares and the ratification of the appointment of our independent registered public accounting firm. Your vote is especially important. Therefore, please promptly instruct your broker regarding how to vote your shares on these matters.

If you hold shares through a broker, bank or other nominee and wish to be able to vote in person at the meeting, you must obtain a legal proxy from your broker, bank or other nominee and present it to the inspector of election with your ballot at the meeting. If you need assistance in obtaining a legal proxy, please call Morrow & Co., LLC toll-free at (800) 414-4313. Submitting your proxy by mail will not affect your right to vote in person if you decide to attend the Annual Meeting.

Revoking a proxy

You may revoke or change a previously delivered proxy at any time before the meeting by delivering another proxy with a later date, by voting again via the Internet or by telephone, or by delivering written notice of revocation of your proxy to our Corporate Secretary at our principal offices in Natchez, Mississippi before the beginning of the meeting. You may also revoke your proxy by attending the meeting and voting in person, although attendance at the meeting will not necessarily revoke a valid proxy that was previously delivered. If you hold shares through a broker, bank or other nominee, you must contact that nominee to revoke any prior voting instructions. You also may revoke any prior

voting instructions by voting in person at the meeting if you obtain a legal proxy as described above.

Recommendation of the Board

The Board unanimously recommends you vote “FOR” each of the proposals. A proxy that is properly completed and submitted will be voted at the Annual Meeting in accordance with the instructions on the proxy. If you properly complete and submit a proxy, but do not indicate any contrary voting instructions, your shares will be voted as follows:

- “FOR” the election of each of the nominees named in this Proxy Statement to our Board of Directors;
- “FOR” the approval, on an advisory basis, of our executive compensation;
- “FOR” the approval of an amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Common Stock from 150 million to 300 million; and
- “FOR” the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016

Counting the Vote

We have appointed Issuer Direct to serve as the inspector of election and to tabulate and certify the vote.

Quorum

A quorum is the number of shares that must be present to hold the meeting. The quorum requirement for the meeting is a majority of the outstanding shares as of the Record Date, present in person or represented by proxy. We will count your shares for purposes of determining if there is a quorum if either you are present and vote in person at the meeting or have voted on the Internet, by telephone or by properly submitting a proxy card or voting instruction card by mail. Abstentions and broker non-votes also count toward the quorum.

Required Vote

Proposal 1. Election of Directors

The nominees for election as directors at the Annual Meeting who each receive a majority of the votes cast shall be elected, provided that if the number of director nominees at such meeting exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes cast. Because the number of director nominees equals the number of directors to be elected at this Annual Meeting, to be elected, each director must receive a majority of the votes cast. A majority of the votes cast means that the number of shares voted “for” a director must exceed the number of shares voted “against” that director. Abstentions and broker non-votes will not be included in determining the number of votes cast in the election of directors and will not have any effect on the outcome.

Proposal 2. Advisory Vote to Approve Named Executive Officer Compensation

The advisory vote on our executive compensation is non-binding, so no specific vote is required. Abstentions will have the same effect as a vote against this proposal, and broker non-votes will not be counted as shares present and entitled to vote, and, accordingly, will not affect the outcome of the vote on this proposal. While the law requires this advisory vote, the vote will neither be binding on us or our Board, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, us or our Board. However, the views of our stockholders are important to us, and our Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions. We urge you to read the section entitled “Compensation Discussion and Analysis” (“CD&A”), which discusses in detail how our executive compensation program implements our compensation philosophy.

Proposal 3. Approval of the Amendment to the Certificate of Incorporation

Approval of the amendment to the Company's Certificate of Incorporation requires the affirmative vote of the holders of a majority of the outstanding shares of our Common Stock. We believe that the amendment to our certificate of incorporation to increase the number of authorized shares is a "routine matter" under the rules of the NYSE, so brokers will be permitted to vote shares for which they do not receive instructions from the beneficial owners. An abstention and any broker non-votes will have the effect of a vote against this proposal.

Proposal 4. Ratification of the Appointment of the Independent Registered Public Accounting Firm

Ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the 2016 fiscal year requires the affirmative vote of a majority of the shares of common stock entitled to vote and present in person or by proxy at the Annual Meeting. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

Voting Results

We will announce the preliminary voting results at the Annual Meeting and will publish the final voting results in a current report on Form 8-K to be filed with the SEC within four business days of the meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board currently consists of eight directors, and our Certificate of Incorporation provides for a classified Board. The current Board is divided into three classes designated as Class I, Class II and Class III, with staggered, three-year terms. The following table provides information with respect to the nominees and all current directors whose terms will continue after the 2016 Annual Meeting until the election and qualification of their respective successors or until their earlier death, retirement, resignation or removal.

Name	Age	Director Since	Position (Committee Memberships)
Class I Directors (term expires in 2016)			
Larry D. McVay	68	2007	Director, Nominee (1,2,3,4)
John C. Wallace	77	1994	Director, Nominee (1,2,3,4)
Michael L. Finch	60	2015	Director, Nominee (3)
Class II Directors (term expires in 2017)			
Anthony J. Nocchiero	64	2011	Director (1,2,3,4)
Matthew Regis Bob	58	2014	Director (3,4)
James M. Trimble	67	2014	Director (2,4)
Class III Directors (term expires in 2018)			
Fred L. Callon	66	1994	Director, Chairman of the Board, President, and Chief Executive Officer (“CEO”)
L. Richard Flury	68	2004	Director (1,2,3,4)

(1) Audit Committee

(2) Compensation Committee

(3) Nominating and Corporate Governance Committee

(4) Strategic Planning and Reserves Committee

Based on the recommendations from the Nominating and Corporate Governance Committee, our Board has nominated its current Class I Directors, Messrs. Larry D. McVay, John C. Wallace and Michael L. Finch, for election to our Board as Class I Directors, with a term of office expiring at our 2019 Annual Meeting, or, in each case, until the

election and qualification of their respective successors or until their earlier death, retirement, resignation or removal. Mr. Wallace has expressed his intent to resign upon completion of the first two years of such three-year term.

Nominees

Larry D. McVay was appointed to the Board in October 2007. Mr. McVay has been a Managing Director of Edgewater Energy, LLC, a privately held oil and gas investment company, since 2007. From 2003 until 2006, he served as Chief Operating Officer of TNK-BP Holding, one of the largest oil producing companies in Russia. From 2000 to 2003, he served as Technology Vice President and Vice President of Health, Safety and Environment for BP. He also led the global E&P Operations Excellence effort for improving the operating efficiency of BP's upstream operations. Mr. McVay earned a mechanical engineering degree from Texas Tech University, where he was recognized as a Distinguished Engineer in 1995. In January 2008, Mr. McVay became a member of the board of directors of Praxair, Inc., an industrial gases company in North and South America, where he serves on the Audit Committee and is chairman of the Finance & Pension Committee. Mr. McVay is also a member of the board of directors of Chicago Bridge and Iron, N.V., a publicly traded engineering, procurement, and construction company, where he serves on the Audit Committee, the Strategic Initiatives Committee and is the chairman of the Corporate Governance Committee. Mr. McVay has been directly involved in nearly all aspects of the oil and gas industry, including drilling, production, finance, environmental risk, and safety. We believe that this experience and his knowledge of the oil and gas exploration and production ("E&P") industry, particularly in the Permian Basin, provides invaluable insight in the development of our long-term strategies.

John C. Wallace has been a member of our Board since 1994. Mr. Wallace has been retired since 2010. Mr. Wallace is a Chartered Accountant having qualified with PricewaterhouseCoopers in Canada in 1963, after which he joined Baring Brothers & Co., Limited in London, England. Prior to his retirement in December 2010, Mr. Wallace served for over twenty-five years as Chairman of Fred. Olsen Ltd., a London-based corporation that he joined in 1968 and which specializes in the business of shipping, renewable energy and property development. He received his B. Comm degree majoring in Accounting and Economics from McGill University in 1959. In November 2004, he successfully completed the International Uniform Certified Public Accountant Qualification Examination and has received a CPA Certificate from the State of Illinois. Mr. Wallace is also retired from the board of directors of Ganger Rolf ASA and Bonheur ASA, Oslo, both publicly-traded shipping companies with interests in offshore energy services and renewable energy. In May 2012, Mr. Wallace was appointed as a non-executive director to the board of directors of Siem Offshore Inc., a publicly traded shipping company in Norway with a fleet of vessels active in the offshore energy sector, and for which he is a member of the Audit Committee. In addition, Mr. Wallace serves as a Director of Secunda Holdings LP, a Canadian company, which is 50% owned by Siem Offshore Inc. As a result of his association with Fred Olsen, Ltd. and various associated or related companies, Mr. Wallace has extensive financial and accounting experience in not only the oil and gas industry, but in a number of other related industries qualifying him as “financial expert.” We believe that this experience and his unique perspective of the risks and rewards in the oil and gas industry will continue to be beneficial to us.

Michael L. Finch was elected to the Board at the 2015 Annual Meeting. He served as Chief Financial Officer and a member of the Board of Directors of Stone Energy Corporation from its initial public offering in 1993 until his resignation in 1999. He was affiliated with Stone in a variety of capacities for nineteen years. Prior to his service with Stone, he was employed by Arthur Andersen & Co. in New Orleans, Louisiana from 1976 to 1980. Mr. Finch has been a private investor since 1999. He was licensed as a Certified Public Accountant in 1978 (inactive status at present), and received a Bachelor of Science in Accounting from the University of South Alabama in 1976. Currently, Mr. Finch is an independent director of Petroquest Energy, Inc., a publicly traded oil and gas company. Since his election to Petroquest’s Board in 2003, he has served as chairman of the Audit Committee, as a member of the Compensation Committee, and as a member of the Nominating and Corporate Governance Committee. Mr. Finch has extensive financial and operating experience within our industry, and his background, prior experiences, professional credentials and expertise qualify him as a director and “financial expert”. Mr. Finch was initially appointed to our Board pursuant to a settlement agreement with Lone Star Value Management.

In February 2016, pursuant to an agreement with Lone Star Value Management LLC and certain of its related entities to, we agreed to nominate Michael L. Finch, Larry D. McVay and John C. Wallace as Class I nominees to the Board at the 2016 Annual Meeting, each to serve for a three (3) year term expiring in 2019; provided, however, that Mr. Wallace has expressed his intent to resign upon completion of the first two years of such three year term. The Company agreed that Mr. Finch would remain as a member of the Nominating and Corporate Governance Committee and shall also be considered along with all other Board members for Board committee appointments in connection with the Board’s annual review of committee composition. Lone Star Value Management agreed to vote the shares it owns for the election of our director nominees.

In 2015, the Board amended our Corporate Governance Guidelines to adopt a majority voting policy in uncontested director elections. At any stockholder meeting for the election of directors at which a quorum is present, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election

(“Majority Withheld Vote”) shall tender his or her resignation for consideration by the Nominating and Corporate Governance Committee following certification of the stockholder vote, unless the number of nominees exceeds the number of directors to be elected as of the record date for such meeting, in which event the directors shall be elected by a plurality of the votes cast. Such resignation will only be effective upon Board acceptance of such resignation after receiving the recommendation of the Nominating and Corporate Governance Committee.

If a director nominee receives a Majority Withheld Vote, then, promptly following certification of the election results, the Nominating and Corporate Governance Committee will consider any factors it deems relevant to the best interests of the Company and our stockholders in determining whether to accept the director’s resignation and recommend to the Board the action to be taken with respect to the tendered resignation. Within 120 days following certification of the stockholder vote, the Board shall consider the recommendation and make a determination as to whether to accept or reject such

10

director's resignation and shall notify the director concerned of its decision. We will also promptly publicly disclose the Board's decision and process in a periodic or current report filed with or furnished to the Securities and Exchange Commission.

If you hold your shares through a broker and you do not instruct the broker how to vote, your broker will not have the authority to vote your shares. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will have no effect upon the outcome of the vote. All shares of common stock represented by the proxies will be voted "FOR" the election of the above director nominees, except where authority to vote in the election of directors has been withheld. Should the nominees become unable or unwilling to serve as a director at the time of the 2016 Annual Meeting, the person or persons exercising the proxies will vote for the election of substitute nominees designated by the Board, or the Board may choose to reduce the number of members of the Board to be elected at the 2016 Annual Meeting in order to eliminate the vacancy. Your proxy cannot be otherwise voted for a person who is not named in this Proxy as a candidate for director or for a greater number of persons than the number of director nominees named. The Board has no reason to believe that the nominees will be unable or unwilling to serve if elected.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE THREE NOMINEES.

Directors Continuing in Office

Biographical information for our other directors continuing in office is as follows:

Fred L. Callon has been Chairman of our Board since May 2004 and our President and Chief Executive Officer since January 1997. Prior to January 1997, he was our President and Chief Operating Officer, positions he had held with us or our predecessors since 1984. He has been employed by us or our predecessors since 1976. Mr. Callon graduated from Millsaps College in 1972 and received his M.B.A. degree from the Wharton School of Finance in 1974. Following graduation and until his employment by Callon Petroleum Operating Company, he was employed by Peat, Marwick, Mitchell & Co., certified public accountants. He is son of the late Sim C. Callon, one of our co-founders, and the nephew of the late John S. Callon, the other co-founder. We believe that Mr. Callon's strong financial background, combined with his longevity with us and many years of operational experience in the E&P industry throughout changing conditions in the market, provide him with the ability to successfully lead us forward.

L. Richard Flury was appointed to the Board in 2004. Mr. Flury has been retired since 2001. Prior to 2001, he spent over 30 years with Amoco Corporation, and later, BP plc, most recently as Chief Executive, Gas and Power and Renewables. Prior to Amoco's merger with BP in 1998, he served in various executive positions, including Chief Executive for Worldwide Exploration and Production and Executive Vice President of Amoco Corporation. Mr. Flury was a member of the Board of QEP Resources, Inc., a publicly traded oil and gas exploration company, from 2010 until 2015, and is also a director and the non-executive Chairman of Chicago Bridge and Iron Company, N.V., a publicly-traded engineering, procurement and construction company. He is a graduate of the University of Victoria (Canada). Mr. Flury has many years of prior experience with a major oil and gas company, as well as continued involvement in the industry through his other directorship positions. Mr. Flury's vast experience and extensive knowledge of the E&P industry, together with his executive-level perspective and strategy-making abilities, strengthen the Board's collective qualifications, skills and experience, and will continue to prove very beneficial to us.

Anthony J. Nocchiero, was first elected to the Board in March 2011. Since 2010, Mr. Nocchiero has been retired. From April 2007 until September 2010, Mr. Nocchiero held the position of senior vice president and Chief Financial Officer for CF Industries, Inc. From July 2005 until March 2007, he was the vice president and Chief Financial Officer for Merisant Worldwide, Inc. From January 2002 to July 2005, Mr. Nocchiero was self-employed as an advisor and private consultant. From January 1999 until December 2001, Mr. Nocchiero served as vice president and Chief Financial Officer of BP Chemicals, the global petrochemical business of BP p.l.c. Prior to that, he spent twenty-four years with Amoco Corporation in various financial and management positions, including service as Amoco's vice president and controller from April 1998 to January 1999. Mr. Nocchiero holds a B.S. degree in chemical engineering from Washington University in St. Louis and an M.B.A. degree from the Kellogg Graduate School of Management at Northwestern University. Mr. Nocchiero has previous experience serving as a member of the board of directors of various public and private companies, including Terra Nitrogen LP, Keytrade AG, Vysis Corporation and the Chicago Chamber of Commerce. He brings to Callon a broad knowledge of the oil and gas industry, as well as extensive experience with finance and M&A related transactions, which we believe benefits the Board. In addition, Mr. Nocchiero has the accounting or financial management expertise to be considered a "financial expert" as defined and required by the NYSE rules and the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Matthew Regis Bob was elected to the Board at the 2014 Annual Meeting. Mr. Bob has been the founder and Managing Member of MB Exploration and affiliated companies since 1994. MB Exploration is engaged in the oil and gas exploration, development and consulting business. Effective August 1, 2014, Mr. Bob was appointed President of Eagle Oil and Gas. Mr. Bob also served as President of Hall Phoenix Energy LLC, a privately held oil and gas company, from 2009 to 2011. Prior to forming MB Exploration in 1994, Mr. Bob was Chief Geophysicist at Pitts Oil Company. He began his career at Union Oil Company of California where he held various geological positions. He is a member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists and the Dallas Petroleum Club, and is a registered Geoscientist in the States of Texas, Mississippi and Louisiana. He holds a B.A. in Geology from St. Louis University, an M.S. in Geology from Memphis University, and is a graduate of Harvard University's Executive Management Program. We believe Mr. Bob's extensive experience in the oil and gas business and his technical expertise are a benefit to the Board of Directors. Mr. Bob was initially appointed to our Board pursuant to a settlement agreement with Lone Star Value Management.

12

James M. Trimble was elected to our Board at the 2014 Annual Meeting. Mr. Trimble was Chief Executive Officer and President of PDC Energy, Inc. from 2011 until his resignation effective January 1, 2015, and has served on the board of PDC since 2009. Mr. Trimble was an officer of PDC in September 2013 when twelve partnerships for which PDC was the managing general partner each filed for bankruptcy in the federal bankruptcy court, Northern District of Texas, Dallas Division. From 2005 until 2010, Mr. Trimble was Managing Director of Grand Gulf Energy, Limited, a public company traded on the Australian Securities Exchange, and President and Chief Executive Officer of Grand Gulf's U.S. subsidiary Grand Gulf Energy Company LLC, an exploration and development company focused primarily on drilling in mature basins in Texas, Louisiana and Oklahoma. From 2000 through 2004, Mr. Trimble was Chief Executive Officer of Elysium Energy and then TexCal Energy LLC, both of which were privately held oil and gas companies that he managed through workouts. Prior to this, he was Senior Vice President of Exploration and Production for Cabot Oil and Gas, a publicly traded independent energy company. Mr. Trimble was hired in July 2002 as CEO of TexCal (formerly Tri-Union Development) to manage a distressed oil and gas company through bankruptcy, and that company filed for Chapter 11 reorganization within 45 days after the date that Mr. Trimble accepted such employment. He successfully managed the company through its exit from bankruptcy in 2004. From November 2002 until May 2006 he also served as a director of Blue Dolphin Energy, an independent oil and gas company with operations in the Gulf of Mexico. Mr. Trimble currently serves on the Board of Directors of Seisgen Exploration LLC, a small private exploration and production company operating in southern Texas. Mr. Trimble is a Registered Professional Engineer who brings many years of oil and gas industry executive management experience to the Board, including experience as a chief executive officer, and knowledge of current developments and best practices in the industry. Mr. Trimble was initially appointed to our Board pursuant to a settlement agreement with Lone Star Value Management.

All of our Directors are United States citizens, except Mr. Wallace, who is a citizen of Canada, and Mr. Flury, who holds both U.S. and Canadian citizenship.

CORPORATE GOVERNANCE

Board of Director Structure and Responsibilities

General. Our Board is responsible for determining the ultimate direction of our business, determining the principles of our business strategy and policies, and promoting the long-term interests of the Company. The Board of Directors possesses and exercises oversight authority over our business but, subject to our governing documents and applicable law, delegates day-to-day management of the Company to our Chief Executive Officer and our executive management. The Board generally fulfills its responsibilities through regular quarterly meetings to review significant developments affecting us and to act on matters requiring Board approval. Between regularly scheduled meetings, the Board may also hold special meetings, execute unanimous written consents, and participate in telephone conference calls when an important matter requires Board action. During 2015, our Board met formally five times and transacted business on twelve occasions during the year by unanimous written consent. All of our directors attended each of the Board meetings either in person or by telephone. In addition, to promote open discussion, the non-employee directors meet in executive session without management following each quarterly board meeting. The chairperson of such executive sessions is the chairperson of the Nominating and Corporate Governance Committee unless, at the first

executive session held in each fiscal year, the independent directors select a different independent director to serve as the chairperson for all executive sessions held during that fiscal year. L. Richard Flury, Chairman of the Compensation Committee, was selected to preside over all executive sessions during 2015. It is the policy of the Board that, to the extent possible, all directors attend the annual meeting. All then current directors attended the 2015 annual meeting.

The Board, in consultation with the Nominating and Governance Committee, has determined that a classified board structure continues to be appropriate for us, particularly in an industry where long-term strategic planning is critical for the successful exploration, development and production of oil and natural gas resources. Our future success depends in significant part on the in-depth knowledge of our business and operations by our directors. We believe that a classified board promotes stability, continuity and experience among our directors, which is essential to developing and implementing long-term strategies, while resisting the pressure to focus on short-term results at the expense of enhancing long-term value and success. A classified board increases the stability of the Company and encourages a long-term corporate perspective, which promotes long-term stockholder value.

Director Independence. It is a policy of the Board that a majority of the non-employee members of the Board be independent. Currently the only member of our Board who is not independent is our Chairman, President and Chief Executive Officer. In accordance with the standards for companies listed on the New York Stock Exchange (“NYSE”) and the rules and regulations promulgated by the SEC, as well as our Corporate Governance Guidelines, the Board considers a director to be independent if it has affirmatively determined that the director has no material relationship with the Company that could compromise his ability to exercise independent judgment in carrying out his responsibilities. The Board makes independence determinations when it approves director nominees for election at the annual meeting and also whenever a new director joins the Board between annual meetings. The Board reviewed the independence of its directors and nominees in accordance with the standards described above, and affirmatively determined that each of its directors and nominees (other than Mr. Callon) is independent. The Board will evaluate the independence of each non-employee director on an ongoing basis.

Board Leadership Structure. One of the Board’s key responsibilities is determining the appropriate leadership structure for the Board, which helps ensure its effective and independent oversight of management on behalf of the our stockholders. Our Board understands that there is no one generally accepted approach to providing board leadership and that given the dynamic and competitive environment in which we operate, the optimal board leadership structure may vary as circumstances warrant. To this end, our Board has no policy mandating the combination or separation of the roles of Chairman and Chief Executive Officer, but periodically discusses and considers the structure as circumstances change. Mr. Fred L. Callon serves as our Chairman, President and Chief Executive Officer. The Board believes its current structure, including the combined CEO and Chairman role, best serves the interests of our stockholders and is efficient and cost effective for the size of our company and the independent E&P industry. The CEO is uniquely positioned to provide the greatest insight into our performance, opportunities and challenges and is most capable of effectively identifying and executing the business strategy adopted by our Board. The Board believes that combining the Chairman and CEO roles fosters accountability, effective decision-making and alignment on the execution of the long-term corporate strategy.

The Board is currently comprised of eight directors, of which seven are independent. Independent directors and management generally have different perspectives and roles in strategy development. Our independent directors have backgrounds in the oil and gas industry allowing them to uniquely contribute their relevant experience, oversight, objectivity and expertise to Callon, which compliments the CEO’s comprehensive, company-specific perspective, experience and expertise. As the director having primary responsibility for managing our daily operations and identifying strategic priorities, the CEO is best positioned to lead the Board through reviews of key business and strategy decisions. This dynamic effectively promotes the opportunity for a successful blend of our independent directors’ perspectives and oversight responsibilities and facilitates information flow and communication between senior management and the Board, which are both essential to effective governance. The Board’s structure does not currently provide for an independent lead director. The Board has four standing committees, each of which is comprised entirely of independent directors. Accordingly, the Compensation Committee maintains its independence to both objectively and subjectively evaluate Mr. Callon’s performance when reviewing or modifying his compensation. The Board believes that this commitment to committee independence counterbalances any perceived risk posed by having Mr. Callon serve as the Chairman, President and CEO.

The role of our Chairman is to oversee and ensure Board effectiveness, and in his capacity as Chairman, Mr. Callon has the following responsibilities:

- schedules all meetings of the Board;
- establishes Board meeting agendas and ensure critical issues are included;
- chairs meetings of the Board and the Annual Meeting of Stockholders;
- ensures that the flow of information provided to the Board is timely, complete, and accurate;
- communicates with all directors on key issues and concerns outside of Board meetings;
- represents us to and interacts with external stockholders; and
- assists the Board and executive officers in assuring compliance with and implementation of our governance principles.

14

Standing Committees of the Board of Directors

In order to facilitate the various functions of the Board, the Board currently has four standing committees, each of which is comprised solely of independent directors, including the:

- Audit Committee;
- Compensation Committee;
- Nominating and Corporate Governance Committee; and
- Strategic Planning and Reserves Committee.

Each committee, discussed below in greater detail, has a written charter that has been adopted by the Board, which sets forth guidance on the role of the chairman of such committee and the roles and responsibilities of the committee as a whole.

Audit Committee Functions and Responsibilities

Purpose: The principal function of the Audit Committee is to assist the Board in overseeing the areas of financial reporting and accounting integrity.

Members: The Audit Committee is currently comprised of the following independent Directors, with two Directors deemed by the Board to be financial experts, as defined and required by the NYSE rules and the Exchange Act (“Financial Expert”):

- John C. Wallace (Chairman and Financial Expert)
- L. Richard Flury
- Larry D. McVay
- Anthony J. Nocchiero (Financial Expert)

The Board has determined that all members meet the independence requirements of the SEC and NYSE rules and the financial literacy requirements of the NYSE. Members of the Audit Committee may not simultaneously serve on the audit committee of more than three other public companies.

Meetings: The committee met nine times during 2015. All members of the Audit Committee attended each meeting.

Responsibilities: Pursuant to its charter, our Audit Committee functions in an oversight role and has the following purposes:

- overseeing the quality, integrity and reliability of the financial statements and other financial information we provide to any governmental body or the public;
- overseeing our compliance with legal and regulatory requirements;
- selecting and hiring (subject to ratification by our stockholders) the independent public accounting firm;
- overseeing the qualifications, independence and performance of the independent auditor;
- overseeing the effectiveness and performance of our internal audit function;
- overseeing our internal control function regarding finance, accounting, legal compliance and ethics;
- establishing and overseeing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or audit matters, including the confidential, anonymous submission of concerns regarding such matters;