

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.

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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:
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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

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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.

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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.