

CALLON PETROLEUM CO  
Form DEFA14A  
December 23, 2013

**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.

(1) Title of each class of securities to which transaction applies:

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(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):

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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:

December 23, 2013

Dear Fellow Callon Employees,

Earlier today, we issued a press release (attached) confirming that Lone Star Value Management, a recent shareholder to the Company, intends to nominate two candidates to stand for election to the Callon Board of Directors at the 2014 Annual Meeting. In addition, Lone Star has requested some changes to the Company's corporate governance policies and practices.

We welcome the opinions of our shareholders and are always open to constructive input towards the goal of enhancing shareholder value. To that end, we have had discussions with Lone Star about its views, and the Board will consider Lone Star's nominations and suggestions in due course.

You should know that today's news has no impact on your responsibilities or our focus on growing our asset base. It remains business as usual at Callon. Together, with your hard work, we have successfully transformed our company and are now well positioned to execute our strategy as an onshore operator. Infrastructure is in place to accelerate our drilling activity in the Permian Basin, where we expect our production to ramp up significantly in the near-term.

Today's news may generate interest in Callon from the media or other outside parties. Consistent with our company policy, should you receive any inquiries from the media, investors or any other third parties, please direct them to Joe Gatto.

Our Board and management team have great confidence in Callon's future. Especially at this time of year, we want to share our gratitude for your hard work and dedication to this great company. Your commitment has been and will continue to be the cornerstone of our success.

Thank you and Happy Holidays,

Fred L. Callon

Chairman & Chief Executive Officer

### **Important Additional Information**

Callon, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Callon stockholders in connection with the matters to be considered at Callon's 2014 Annual Meeting. Callon intends to file a proxy statement with the U.S. Securities and Exchange Commission (the "SEC") in connection with any such solicitation of proxies from Callon stockholders. **CALLON STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ ANY SUCH PROXY STATEMENT AND ACCOMPANYING PROXY CARD WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION.**

Information regarding the ownership of Callon's directors and executive officers in Callon stock, restricted stock and options is included in their SEC filings on Forms 3, 4 and 5, which can be found at the Company's website ([www.callon.com](http://www.callon.com)) in the section "Investors." More detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement and other materials to be filed with the SEC in connection with Callon's 2014 Annual Meeting. Information can also be found in Callon's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 14, 2013. Stockholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by Callon with the SEC for no charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies will also be available at no charge at Callon's website at [www.callon.com](http://www.callon.com) or by writing to Callon at 200 North Canal Street, Natchez, Mississippi 39120.

## CALLON PETROLEUM COMPANY ISSUES STATEMENT REGARDING

### LONE STAR VALUE MANAGEMENT

**Natchez, MS (December 23, 2013)** - Callon Petroleum Company (NYSE: CPE) ( Callon or the Company ) today confirmed that Lone Star Value Management ( Lone Star ) has filed notice to nominate two candidates to stand for election to Callon s Board of Directors at the 2014 Annual Meeting.

The Company issued the following statement:

Callon s Board of Directors and management team are fully committed to creating value for all Callon shareholders and welcome shareholder input regarding this objective. We have had conversations with Lone Star and will consider its suggestions, just as the Company does for all Callon shareholders.

Callon s Board and management deliver on the promises we make. Through focused execution, we have sold noncore assets in the Gulf of Mexico and successfully completed Callon s transformation to an onshore operator. As a result, we have optimized and de-risked the Company s asset base, lowered its cost of capital, and established a solid track record of both production and reserve growth. Our record of achievement has led to a 74% increase in Callon s stock price since April when we announced our intention to exit the Gulf of Mexico and become an onshore operator, and a 29% increase in Callon s stock price over the past year, outperforming the SIG Oil Exploration & Production Index as well as the S&P 500 in both periods.

Importantly, we are well-positioned to build on this strong momentum. Infrastructure is in place to accelerate our drilling activity in the Permian Basin, where we expect our production to ramp up significantly in the near-term. Indeed, we expect more than 60 % growth in production over the next year, with 25 new horizontal wells scheduled to come online during this timeframe. This growth, together with additional actions we are taking to further expand our drilling inventory, is expected to drive even greater value creation for Callon shareholders.

Callon s Board is composed of highly qualified directors who are active, engaged and have the expertise and experience needed to support the Company s continued growth and success. Callon s Board and management are committed to sound corporate governance policies and practices that best serve the interest of all Callon shareholders.

Callon notes that Lone Star has stated that it is open to continuing discussions, and the Company will seek to maintain an open dialogue with Lone Star. The Callon Board will consider Lone Star s nominations in due course and will present details regarding the Board s recommended slate of director nominees in the Company s definitive proxy statement and other materials, to be filed with the Securities and Exchange Commission and mailed to all stockholders eligible to vote at the 2014 Annual Meeting, which has yet to be scheduled.

J.P. Morgan is serving as the Company s financial advisor, and Wachtell, Lipton, Rosen & Katz and Haynes & Boone are serving as legal advisors.

#### **About Callon Petroleum**

Callon is an independent energy company focused on the acquisition, development, exploration, and operation of oil and gas properties in the Permian Basin in West Texas.

This news release is posted on the Company s website at [www.callon.com](http://www.callon.com) and will be archived there for subsequent review. It can be accessed from the News Releases link on the top of the homepage.

#### **Cautionary Statement Regarding Forward Looking Statements**

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements

regarding wells anticipated to be drilled, future production rates and the implementation of the Company's business plans and strategy, as well as statements including the words "believe," "expect," "plans" and words of similar meaning. These statements reflect the Company's current views with respect to future events and financial performance. No assurances can be given, however, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain factors. Some of the factors which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements include the volatility of oil and gas prices, ability to drill and complete wells, operational, regulatory and environment risks, our ability to finance our activities and other risks more fully discussed in our filings with the Securities and Exchange Commission, including our Annual Reports on Form 10-K, available on our website or the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Important Additional Information**

Callon, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Callon stockholders in connection with the matters to be considered at Callon's 2014 Annual Meeting. Callon intends to file a proxy statement with the U.S. Securities and Exchange Commission (the "SEC") in connection with any such solicitation of proxies from Callon stockholders. **CALLON STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ ANY SUCH PROXY STATEMENT AND ACCOMPANYING PROXY CARD WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION.** Information regarding the ownership of Callon's directors and executive officers in Callon stock, restricted stock and options is included in their SEC filings on Forms 3, 4 and 5, which can be found at the Company's website ([www.callon.com](http://www.callon.com)) in the section "Investors." More detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement and other materials to be filed with the SEC in connection with Callon's 2014 Annual Meeting. Information can also be found in Callon's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 14, 2013. Stockholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by Callon with the SEC for no charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies will also be available at no charge at Callon's website at [www.callon.com](http://www.callon.com) or by writing to Callon at 200 North Canal Street, Natchez, Mississippi 39120.

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