

October 10, 2019



Callon Announces Filing of Definitive Proxy Statement in Connection with Proposed Merger with Carrizo

Schedules November 14, 2019, Special Meeting of Shareholders to Vote on Transaction

Appoints Three Current Carrizo Board Members to Join Board of the Combined Company

HOUSTON, Oct. 10, 2019 /PRNewswire/ -- Callon Petroleum Company (NYSE: CPE) today announced that it has filed definitive proxy materials with the U.S. Securities and Exchange Commission in connection with the Company's pending all-stock acquisition of Carrizo Oil & Gas, Inc. (Nasdaq: CRZO). Callon will commence mailing the joint proxy statement / prospectus to its shareholders on or about October 11, 2019.

The Callon Special Meeting of Shareholders to vote on the transaction is scheduled for November 14, 2019, at 9:00 A.M. Central Time, and will be held in the Advice & Counsel meeting room of the Hotel ZaZa, 9787 Katy Freeway, Houston, Texas. All shareholders of record of Callon common stock as of the close of business on October 7, 2019, will be entitled to vote their shares either in person or by proxy at the shareholder meeting.

Following a comprehensive independent review, with the assistance of independent financial and legal advisors, the Callon Board of Directors believes this transaction is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote "FOR" the proposal to approve the merger agreement, as well as all other proposals set forth in the proxy materials.

As previously announced on July 15, 2019, the combination of Callon and Carrizo will create a differentiated oil and gas company with scaled development operations focused on premier asset bases and supported by accelerated cash flow and capital efficiency. Highlights of the transaction include:

- **Combines Complementary High-Quality Assets to Create Self-Funded, High-Margin Oil Growth Company.** On a pro forma basis, Callon will have an approximate 200,000 net acre footprint in the Permian Basin and Eagle Ford Shale, including over 90,000 net acres in the Delaware Basin, and approximately 2,500 total gross horizontal drilling locations. The Company expects that its high-margin Eagle Ford cash flow will accelerate its value proposition from a deep drilling inventory in the Permian, enhancing returns while sustainably generating corporate-wide free cash

flow. In addition, the combined company's balanced asset portfolio provides flexible and increasingly efficient capital allocation to manage cash conversion cycles and capital intensity profiles. Together with Carrizo, Callon also expects to have a leading cost of supply on an "all-in" corporate basis.

- **Immediately Accretive to All Key Financial Metrics.** Callon expects this combination to be immediately accretive to EPS, CFPS and FCFPS, debt adjusted growth per share and net asset value per share. The Company also expects \$100 million of incremental free cash flow in 2020, and double that in 2021, at recent strip prices through measured growth and realization synergies, further supporting Callon's deleveraging initiatives.
- **Drives Substantial Identified Synergies.** The combination is expected to generate synergies of \$850 million in net present value, delivering over \$2 per share of value to Callon shareholders. The Company expects to achieve annual run-rate operational synergies of \$65-\$85 million driven by Delaware drilling and completion (D&C) cost savings and improved Permian production uptime, as well as cash G&A savings of \$35-\$45 million per year. Over time, Callon anticipates further synergies to be realized from optimized capital allocation, the integration of Delaware infrastructure and water management, increased hydrocarbon volumes for enhanced optionality for marketing and transportation and reductions to the company's cost of capital.
- **Reinforces Callon's Financial Strength and Versatility.** The combined company will have a strong balance sheet with no near-term debt maturities and a 2020 corporate free cash flow break-even of approximately \$50 per barrel. Importantly, significant free cash flow generation will drive the combined company's leverage ratio to below 2.0x in 2020 at recent strip pricing, with additional upside from increased potential for asset monetizations. Specifically, Callon has established a target of \$300-\$400 million of additional monetization proceeds for the combined company by year-end 2020, primarily from a combination of the following sources:
 - Select acreage in the Eagle Ford Shale;
 - Non-operated Permian properties and pruning of non-core Delaware properties; and
 - Upfront proceeds from a joint venture or similar structure involving an expanded set of water infrastructure assets in both the Permian Basin and Eagle Ford Shale.

Callon's experienced independent Board of Directors has successfully repositioned the business from a micro-cap offshore entity to a Permian focused growth company with high-quality assets and a track record of successful M&A integration. The Callon Board has an independent standing Strategic Planning Committee that continually evaluates and considers all alternatives for maximizing shareholder value. Importantly, this transaction does not preclude any future alternatives, but rather it strengthens Callon's optionality relating to future strategic transactions.

Callon today also announced that the Board of Directors of the combined company will consist of 11 members, including Callon's eight current Board members and the following individuals from the Carrizo Board: Frances Aldrich Sevilla-Sacasa, S.P. Johnson IV and Steven A. Webster. Collectively, the companies believe the expanded Board is comprised of

individuals with the experience, breadth and perspective to continue guiding the company to create value for all the company's stakeholders.

Callon shareholders are encouraged to read the definitive proxy materials, which describe, among other things, the process that led to the proposed transaction with Carrizo, the reasons for the Callon Board's confidence in this combination and the recommendation that shareholders vote "FOR" the merger agreement, as well as the other proposals set forth on the proxy card. Each vote is very important, regardless of the number of shares owned.

Your failure to vote your shares of common stock or your abstention from voting will have the same effect as a vote "AGAINST" the transaction.

Callon expects that the transaction will close during the fourth quarter of 2019, subject to approval by both Callon and Carrizo shareholders and other customary closing conditions.

If you have any questions, need assistance in completing the proxy card or need additional copies of the proxy materials, please call the firm assisting Callon with the solicitation of proxies:

INNISFREE M&A INCORPORATED

TOLL-FREE at +1 (888) 750-5834 (From the U.S. or Canada)

About the Directors

Frances Aldrich Sevilla-Sacasa

Ms. Aldrich Sevilla-Sacasa has a distinguished career as an executive in the private banking industry. Most recently, she served as the Chief Executive Officer of Banco Itaú International, Miami, Florida, from 2012 to 2016. Prior to that time, her career included roles as Interim Dean of the University of Miami School of Business, President of U.S. Trust, Bank of America Private Wealth Management and President and Chief Executive Officer of US Trust Company. She previously served in a variety of roles with Citigroup's private banking business, including President of Latin America Private Banking, President of Europe Private Banking and Head of International Trust Business. Ms. Aldrich Sevilla-Sacasa currently serves on the Boards of publicly-traded Camden Property Trust and Delaware Funds, a mutual fund company. She holds a Bachelor of Arts Degree from the University of Miami and an M.B.A. from the Thunderbird School of Global Management.

S.P. Johnson IV

Mr. Johnson is co-founder of Carrizo and has served as its President and Chief Executive Officer since December 1993. Prior to that, he worked for Shell Oil Company for 15 years, where his managerial positions included Operations Superintendent, Manager of Planning and Finance and Manager of Development Engineering. Mr. Johnson has previously served as a director of Basic Energy Services, Inc., an oilfield service provider, and as a director of Pinnacle Gas Resources, Inc., a coalbed methane exploration and production company. Mr. Johnson is a Registered Petroleum Engineer and holds a B.S. in Mechanical Engineering from the University of Colorado.

Steven A. Webster

Mr. Webster is co-founder of Carrizo and has served as Chairman of its Board of Directors

since June 1997. Mr. Webster serves as Managing Partner of AEC Partners, a private equity firm focused on investments in energy business he co-founded the firm in 2016, and Avista Capital Partners LP, a private equity firm that he co-founded in 2005. Previously, Mr. Webster served as the Chairman of DLJMB Global Energy Partners, a specialty group that sourced, executed and managed DLJMB III's energy related investments; President and Chief Executive Officer of R&B Falcon Corporation, an offshore drilling contractor; and Chairman and Chief Executive Officer of Falcon Drilling Company, which he founded in 1988. Mr. Webster currently serves on the Board of Directors at Camden Property Trust, Oceaneering and Era Group. He holds an M.B.A. from Harvard Business School where he was a Baker Scholar. He also holds a B.S. in Industrial Management and an Honorary Doctorate in Management from Purdue University.

About Callon

Callon is an independent energy company focused on the acquisition and development of unconventional onshore oil and natural gas reserves in the Permian Basin in West Texas. This news release is posted on Callon's website at www.callon.com, and will be archived for subsequent review under the "News" link on the top of the homepage.

No Offer or Solicitation

Communications herein do not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval with respect to the proposed transaction or otherwise, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Communication herein do not constitute a notice of redemption with respect to or an offer to purchase or sell (or the solicitation of an offer to purchase or sell) any preferred stock of Carrizo Oil & Gas, Inc.

Additional Information and Where to Find It

In connection with the proposed transaction, Callon Petroleum Company ("Callon") has filed, and the Securities and Exchange Commission (the "SEC") has declared effective, a registration statement on Form S-4 (the "Registration Statement"), which contains a joint proxy statement of Callon and Carrizo that also constitutes a prospectus of Callon. This communication is not a substitute for the joint proxy statement/prospectus or the Registration Statement or for any other document that Callon or Carrizo may file with the SEC and/or send to Callon's shareholders and/or Carrizo's shareholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF CALLON AND CARRIZO ARE URGED TO READ THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS, AS EACH MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, AND OTHER RELEVANT DOCUMENTS FILED BY CALLON AND CARRIZO WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CALLON, CARRIZO AND THE PROPOSED TRANSACTION.

Investors will be able to obtain free copies of the Registration Statement and joint proxy statement/prospectus, as each may be amended from time to time, and other relevant documents filed by Callon and Carrizo with the SEC (when they become available) through the website maintained by the SEC at www.sec.gov. Copies of documents filed with the SEC by Callon will be available free of charge from Callon's website at www.callon.com under the "Investors" tab or by contacting Callon's Investor Relations Department at (281) 589-5200 or

IR@callon.com. Copies of documents filed with the SEC by Carrizo will be available free of charge from Carrizo's website at www.carrizo.com under the "Investor Relations" tab or by contacting Carrizo's Investor Relations Department at (713) 328-1055 or IR@carrizo.com.

Participants in the Proxy Solicitation

Callon, Carrizo and their respective directors and certain of their executive officers and other members of management and employees may be deemed, under SEC rules, to be participants in the solicitation of proxies from Callon's shareholders and Carrizo's shareholders in connection with the proposed transaction. Information regarding the executive officers and directors of Callon is included in its definitive proxy statement for its 2019 annual meeting filed with the SEC on March 27, 2019. Information regarding the executive officers and directors of Carrizo is included in its definitive proxy statement for its 2019 annual meeting filed with the SEC on April 2, 2019. Additional information regarding the persons who may be deemed participants and their direct and indirect interests, by security holdings or otherwise, will be set forth in the Registration Statement and joint proxy statement/prospectus and other materials when they are filed with the SEC in connection with the proposed transaction. Free copies of these documents may be obtained as described in the paragraphs above.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this communication concerning the proposed transaction, including any statements regarding the expected timetable for completing the proposed Carrizo transaction, the results, effects, benefits and synergies of the proposed transaction, future opportunities for the combined company, future financial performance and condition, guidance and any other statements regarding Callon's or Carrizo's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts are "forward-looking" statements based on assumptions currently believed to be valid. Forward-looking statements are all statements other than statements of historical facts. The words "anticipate," "believe," "ensure," "expect," "if," "intend," "estimate," "probable," "project," "forecasts," "predict," "outlook," "aim," "will," "could," "should," "would," "potential," "may," "might," "anticipate," "likely" "plan," "positioned," "strategy," and similar expressions or other words of similar meaning, and the negatives thereof, are intended to identify forward-looking statements. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to, failure to obtain the required votes of Callon's shareholders or Carrizo's shareholders to approve the transaction and related matters; whether any redemption of Carrizo's preferred stock will be necessary or will occur prior to the closing of the transaction; the risk that a condition to closing of the proposed transaction may not be satisfied, that either party may terminate the merger agreement or that the closing of the proposed transaction might be delayed or not occur at all; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; the diversion of management time on transaction-related issues; the ultimate timing, outcome and results of integrating the operations of Callon and Carrizo; the effects of the business combination of Callon and Carrizo, including the combined company's future financial condition, results of operations, strategy and plans; the ability of the combined company to realize anticipated synergies in

the timeframe expected or at all; changes in capital markets and the ability of the combined company to finance operations in the manner expected; regulatory approval of the transaction; the effects of commodity prices; and the risks of oil and gas activities. Expectations regarding business outlook, including changes in revenue, pricing, capital expenditures, cash flow generation, strategies for our operations, oil and natural gas market conditions, legal, economic and regulatory conditions, and environmental matters are only forecasts regarding these matters.

Additional factors that could cause results to differ materially from those described above can be found in Callon's Annual Report on Form 10-K for the year ended December 31, 2018 and in its subsequent Quarterly Reports on Form 10-Q for the quarter ended March 31, 2019, and the quarter ended June 30, 2019, each of which is on file with the SEC and available from Callon's website at www.callon.com under the "Investors" tab, and in other documents Callon files with the SEC, and in Carrizo's Annual Report on Form 10-K for the year ended December 31, 2018 and in its subsequent Quarterly Reports on Form 10-Q for the quarter ended March 31, 2019, and the quarter ended June 30, 2019, each of which is on file with the SEC and available from Carrizo's website at www.carrizo.com under the "Investor Relations" tab, and in other documents Carrizo files with the SEC.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. Neither Callon nor Carrizo assumes any obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Supplemental Non-GAAP Financial Measures

This communication includes free cash flow, which is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements to assess our liquidity. We define free cash flow as net cash provided by operating activities before changes in working capital less capital expenditures. Management believes that free cash flow provides useful information in assessing the impact of our ability to generate cash flow in excess of capital requirements and to return cash to shareholders. Free cash flow should not be considered as an alternative to net cash provided by operating activities or any other measure of liquidity in accordance with GAAP. We have not provided a reconciliation of projected free cash flow to projected net cash provided by operating activities, the most comparable financial measure calculated in accordance with GAAP. We are unable to project net cash provided by operating activities for any future period because this metric includes the impact of changes in operating assets and liabilities related to the timing of cash receipts and disbursements that may not relate to the period in which the operating activities occurred. We are unable to project these timing differences with any reasonable degree of accuracy without unreasonable efforts such as predicting the timing of its and customers' payments, with accuracy to a specific day, months in advance.

Contact for Callon

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