

Part II Organizational Action (continued)

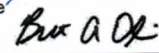
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 12/28/2020
Print your name ▶ GREG CONAWAY Title ▶ VP AND CAO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	BRET OLIVER		12/28/2020		P00860569
	Firm's name ▶ PRICEWATERHOUSECOOPERS LLP	Firm's EIN ▶ 13-4008324		Phone no. 713-356-4000	
	Firm's address ▶ 1000 LOUISIANA ST., SUITE 5800 HOUSTON, TX 77002				

Callon Petroleum Company

Attachment to Internal Revenue Service Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"). The information in this document does not constitute tax advice, should not be construed to take into account any shareholder's specific circumstances, and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Code. Holders should consult their own tax advisors regarding the particular tax consequences of the Exchange (as defined below) to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws.

Form 8937, Part II, Line 14

On November 13, 2020 ("Issue Date"), Callon Petroleum Company (the "Company") exchanged approximately \$389 million, in the aggregate, of principal of the Company's existing unsecured senior notes ("Existing Notes") for approximately \$217 million aggregate principal of new 9.00% Second Lien Notes issued by Callon at a weighted average exchange ratio of approximately \$557 per \$1,000 of principal exchanged ("New Notes"). Participants in the exchange will also receive a total of approximately 1.76 million warrants ("Warrants") with a strike price of \$5.560 (collectively, the "Exchange"). The New Notes have a maturity date of April 1, 2025. The Existing Notes had maturity terms of approximately 8 years.

The Existing Notes and the New Notes and Warrants exchanged are made up four different Notes which are summarized in the chart below.

Existing Note	Interest Rate	Existing Notes Principal	Exchange Ratio	Principal Exchanged	New Notes Principal	Pro-Rata # Warrants
2023	6.250%	\$ 650,000,000	65%	\$ 107,280,000	\$ 69,732,000	483,704
2024	6.125%	\$ 600,000,000	58%	\$ 139,759,000	\$ 80,361,425	630,145
2025	8.250%	\$ 250,000,000	48%	\$ 62,762,000	\$ 30,125,760	282,981
2026	6.375%	\$ 400,000,000	46%	\$ 79,217,000	\$ 36,439,820	357,173
		\$ 1,900,000,000	56%	\$ 389,018,000	\$ 216,659,005	1,754,003

Form 8937, Part II, Line 15

The Company has determined that, although the issue is not free from doubt, the Exchange may be treated as a significant modification for U.S. federal income tax purposes under Treas. Reg. §1.1001-3 to holders participating in the Exchange. In such case, the basis in the New Notes and Warrants will equal the adjusted issue price in the New Notes and fair market value of the Warrants at the time of the Exchange.

Alternatively, although not free from doubt, the Existing Notes, New Notes, and Warrants may each qualify as "securities" for U.S. federal income tax purposes, and the Exchange may qualify as a recapitalization under section 368. If the Exchange is treated as a recapitalization, then a U.S. holder generally should not recognize gain or loss with respect to the Exchange, subject to certain exceptions.

If a security holder surrenders a security in an exchange pursuant to a recapitalization, the basis of each share of stock or security received in the exchange shall be the same as the basis of the share or shares of stock or security or securities (or allocable portions thereof) exchanged therefor (as adjusted under Treas. Reg. § 1.358-1). If more than one share of stock or security is received in exchange for one security, the basis of the security surrendered shall be allocated to the shares of stock or securities received in the exchange in proportion to the fair market value of the shares of stock or securities received.

This information contained herein does not constitute tax advice and should not be construed to take into account any shareholder's specific circumstances. The holders participating in the Exchange should consult their own tax advisers regarding the tax consequences of the Exchange to them.

Form 8937, Part II, Line 16

As discussed in Line 15 above, to the extent that the Exchange is treated as taxable exchange under section 1001, then in such case, the basis in the New Notes and Warrants will equal the adjusted issue price in the New Notes and fair market value of the Warrants at the time of the Exchange, respectively.

Further, to the extent that the Exchange is a recapitalization under section 368, then the basis of the Existing Notes surrendered shall be allocated to the Warrants and New Notes received in the exchange in proportion to the fair market value of the Warrants and New Notes received.

It should be noted that the fair market value of property is generally the price at which such property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. There may be several possible methods for determining the fair market value of the New Notes and Warrants received by the new holders in the Exchange. Each holder should consult its own tax advisor to determine an appropriate measure of fair market value, to the extent relevant to such holder. With this in mind, and subject to consultation with a tax advisor, below is data that may be considered for purposes of the calculations described above.

Existing Note	Existing Notes Principal	Principal Exchanged	New Notes Principal	FMV of New Notes as of 11/13/20	Issue Price of the New Notes	Per Unit FV of Warrants at 11/13/20
2023	\$ 650,000,000	\$ 107,280,000	\$ 69,732,000	\$ 62,539,340	\$ 62,793,204	\$ 4.80
2024	\$ 600,000,000	\$ 139,759,000	\$ 80,361,425	\$ 72,072,370	\$ 72,364,931	\$ 4.80
2025	\$ 250,000,000	\$ 62,762,000	\$ 30,125,760	\$ 27,018,373	\$ 27,128,047	\$ 4.80
2026	\$ 400,000,000	\$ 79,217,000	\$ 36,439,820	\$ 32,681,155	\$ 32,813,817	\$ 4.80
	\$ 1,900,000,000	\$ 389,018,000	\$ 216,659,005	\$ 194,311,238	\$ 195,100,000	

This information contained herein does not constitute tax advice and should not be construed to take into account any shareholder's specific circumstances. The holders participating in the Exchange should consult their own tax advisers regarding the tax consequences of the Exchange to them.

Form 8937, Part II, Line 17

Sections 354, 358, 368, 1001, and 1012 of the Code.

Form 8937, Part II, Line 18

The Exchange generally should not result in a recognized loss to holders to the extent the Exchange is a recapitalization. If the Exchange does not qualify as a recapitalization for U.S. federal income tax purposes, the Exchange may result in loss recognition to a holder if such holder's tax basis in the Existing Notes exceeds the issue price of the New Notes and fair market value of the Warrants.

Form 8937, Part II, Line 19

The reportable tax year is 2020 with respect to calendar year taxpayers.