Fairclough, Jr. Fred W.
Form 4
July 03, 2018

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Fairclough, Jr. Fred W.

(Last) (First) (Middle)

C/O PEOPLE?S UTAH BANCORP, 1 EAST MAIN STREET

(Street)

AMERICAN FORK, UT 84003

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
People's Utah Bancorp [PUB]

3. Date of Earliest Transaction (Month/Day/Year)
07/01/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares	07/01/2018 (1)		A		420	A	$ 0	48,096	D	
Common Shares	07/01/2018		M		560	A	$ 0	48,656	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Pri Deriv Secur (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Restricted Stock Unit	(2)	07/01/2018		M			560	07/01/2018	(3)	Common Shares	560	$

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Fairclough, Jr. Fred W. C/O PEOPLE?S UTAH BANCORP 1 EAST MAIN STREET AMERICAN FORK, UT 84003	X			

Signatures

/s/ Fred W. Fairclough, Jr. by Jonathan T Allen, Attorney in Fact	07/03/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On July 1, 2018, the reporting person was granted 420 restricted stock units, vesting immediately.

(2) Each restricted stock unit represents a contingent right to receive one of the Issuer's common shares.

(3) On July 1, 2017, the reporting person was granted 560 restricted stock units, vesting on the first anniversary of the grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. , when properly executed and returned, will be voted in accordance with the directions specified on the Proxy, and otherwise in accordance with the judgment of the persons designated therein as proxies. Any Proxy which does not withhold authority to vote or on which no other instructions are given will be voted for the election of the nominees named herein to the Board of Directors and in favor of the other proposals set forth in the Notice. Any Proxy may be revoked at any time before it is exercised by delivering, to the Secretary of the Company, written notice of revocation or a duly executed Proxy bearing a later date, or by voting in person at the Annual Meeting.

This Proxy Statement and the accompanying Notice and form of Proxy are being mailed to Shareholders on or about April 13, 2005. The Annual Report for the Company s fiscal year ended December 31, 2004 is also being mailed to Shareholders contemporaneously with this Proxy Statement, although the Annual Report does not form a part of the material for the solicitation of Proxies.

Proxies will be solicited primarily by mail, but employees of the Company may also solicit Proxies in person or by telephone. Arrangements may be made with brokerage firms or other custodians, nominees, and fiduciaries to send proxy materials to the beneficial owners of the Common Stock of the Company. All costs incurred in the solicitation of Proxies will be borne by the Company.

Matters to be Considered at the Annual Meeting

Unless otherwise indicated, Proxies in the form enclosed that are properly executed, duly returned, and not revoked will be voted in favor of (1) the election of two Class II director nominees and one Class III director nominee to the Board of Directors named herein, and (2) the ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2005.

The Board of Directors is not presently aware of other proposals that may be brought before the Annual Meeting. In the event other proposals are brought before the Annual Meeting, the persons named in the enclosed Proxy will vote in accordance with what they consider to be in the best interests of the Company and its Shareholders.

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VOTING REQUIREMENTS

The Board of Directors has fixed the close of business on March 25, 2005 as the record date (the Record Date) for the determination of Shareholders entitled to notice of, and to vote at, the Annual Meeting. A complete list of all Shareholders entitled to vote at the Annual Meeting will be open for examination by any Shareholder during normal business hours for a period of ten days prior to the Annual Meeting at the offices of the Company, 200 North Canal Street, Natchez, Mississippi 39120. Such list will also be available at the Annual Meeting and may be inspected by any Shareholder who is present. On the Record Date, the Company s outstanding voting securities consisted of 17,720,866 shares of Common Stock. Holders of Common Stock will be entitled to one vote per share of Common Stock held of record on the Record Date for each proposal to be presented at the Annual Meeting.

QUORUM AND OTHER MATTERS

The holders of a majority of the total shares of Common Stock issued and outstanding on the Record Date, whether present in person or represented by Proxy, will constitute a quorum for the transaction of business at the Annual Meeting. For purposes of determining whether a quorum is present under Delaware law, broker non-votes and abstentions count towards the establishment of a quorum. The election of directors requires the favorable vote of the holders of a plurality of shares of Common Stock present and voting, in person or by Proxy, at the Annual Meeting. Abstentions and broker non-votes have no effect on determinations of plurality except to the extent that they affect the total votes received by any particular candidate. A majority of the votes represented by the Shareholders present at the Annual Meeting, in person or by proxy, is necessary for ratification of the appointment of the Company s independent registered public accounting firm. Abstaining shares will be considered present at the Annual Meeting for this matter so that the effect of abstentions will be the equivalent of a no vote. With respect to broker non-votes, the shares will not be considered present at the Annual Meeting for this matter so that broker non-votes will have the practical effect of reducing the number of affirmative votes required to achieve a majority vote by reducing the total number of shares from which the majority is calculated.

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BENEFICIAL OWNERSHIP OF SECURITIES

Management and Principal Shareholders

The following table sets forth, as of the Record Date, certain information with respect to the ownership of shares of Common Stock held by (i) all persons known by the Company to be the beneficial owners of 5% or more of the outstanding Common Stock, (ii) each director, (iii) each nominee for director, (iv) each of the executive officers named in the Summary Compensation Table, and (v) all executive officers and directors of the Company as a group. Information set forth in the table with respect to beneficial ownership of Common Stock has been obtained from filings made by the named beneficial owners with the Securities and Exchange Commission (Commission) as of the Record Date or, in the case of executive officers and directors of the Company, has been provided to the Company by such individuals. Holders of the Company s $2.125 Convertible Exchangeable Preferred Stock (Preferred Stock) are not entitled to vote at the Annual Meeting.

Name and Address of Beneficial Owner	Common Stock Beneficial Ownership (a)	Common Stock Percent
Directors:		
John S. Callon	144,437(b)	*
Fred L. Callon	620,717(c)	3.45%
Robert A. Stanger	104,778(d)	*
John C. Wallace	1,920,312(e)	10.78%
Kings Scholars House		
230 Vauxhall Bridge Road		
London, SW1V 1AU, United Kingdom		
B. F. Weatherly	97,933(f)	*
Richard O. Wilson	149,568(g)	*
L. Richard Flury		*
Named Executive Officers:		
John S. Weatherly	277,192(h)	1.55%
Stephen F. Woodcock	128,114(i)	*
Thomas E. Schwager	26,354(j)	*
Rodger W. Smith	51,813(k)	*
Directors and Executive Officers:		
As a Group (13 persons)	3,648,307(l)	19.32%
Certain Beneficial Owners:		
Ganger Rolf ASA	1,779,386(m)	10.04%
Fred Olsensgate 2		
0152 Oslo, Norway		
Bonheur ASA	1,779,386(m)	10.04%
Fred Olsensgate 2		
0152 Oslo, Norway		
Wellington Management Company, LLP	1,517,900(n)	8.57%
75 State Street		
Boston, MA 02109		
Franklin Resources, Inc.	1,537,500(o)	7.98%

One Franklin Parkway San Mateo, CA 94403		
Dimensional Fund Advisors Inc. 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	1,351,100(p)	7.62%
Palo Alto Investors, LLC 470 University Avenue Palo Alto, CA 94301	887,600(q)	5.01%

* Less than 1%

(a) Unless otherwise indicated, each of the persons listed in the following table may be deemed to have sole voting and dispositive power with respect to such shares. Beneficial ownership does not include the 2004 restricted stock awards due to lack of voting and disposition power.

(b) Of the 144,437 shares beneficially owned by John S. Callon, 104,437 are owned directly by him; 5,000 shares are subject to options under the Company s 1994 Stock Incentive Plan (1994 Plan)

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exercisable within 60 days; 30,000 shares are subject to options under the Company s 1996 Stock Incentive Plan (1996 Plan) exercisable within 60 days; and 5,000 shares are subject to options under the 2002 Plan exercisable within 60 days. Shares indicated as owned by John S. Callon do not include 53,501 shares of Common Stock owned by his wife over which he disclaims beneficial ownership.

(c) Of the 620,717 shares beneficially owned by Fred L. Callon, 251,715 shares are owned directly by him; 92,170 shares are held by him as custodian for certain minor Callon family members; 10,915 shares are owned within the Company s Employee Savings and Protection Plan; and 265,917 shares are subject to options under the 1996 Plan exercisable within 60 days. Shares indicated as owned by Fred L. Callon do not include 24,904 shares of Common Stock owned by his wife over which he disclaims beneficial ownership.

(d) Of the 104,778 shares beneficially owned by Robert A. Stanger, 14,778 are owned directly by him; 25,000 shares are subject to options under the 1994 Plan exercisable within 60 days; 60,000 shares are subject to options under the 1996 Plan exercisable within 60 days; and 5,000 shares are subject to options under the 2002 Plan exercisable within 60 days.

(e) Of the 1,920,312 shares beneficially owned by John C. Wallace, 50,926 shares are owned directly by him; 25,000 shares are subject to options under the 1994 Plan exercisable within 60 days; 60,000 shares are subject to options under the 1996 Plan exercisable within 60 days; and 5,000 shares are subject to options under the 2002 Plan exercisable within 60 days; and 1,779,386 shares are owned by Ganger Rolf ASA (Ganger Rolf) and Bonheur ASA (Bonheur). Mr. Wallace disclaims beneficial ownership of the shares of Common Stock owned by Ganger Rolf and Bonheur. See note (m).

(f) Of the 97,933 shares beneficially owned by B. F. Weatherly, 6,288 shares are owned directly by him; 1,645 shares are held in joint tenancy with his wife; 25,000 shares are subject to options under the 1994 Plan exercisable within 60 days; 60,000 shares are subject to options under the 1996 Plan exercisable within 60 days; and 5,000 shares are subject to options under the 2002 Plan exercisable within 60 days.

(g) Of the 149,568 shares beneficially owned by Richard O. Wilson, 25,000 shares are subject to options under the 1994 Plan exercisable within 60 days; 60,000 shares are subject to options under the 1996 Plan exercisable within 60 days; 5,000 shares are subject to options under the 2002 Plan exercisable within 60 days; 48,886 shares are held in a family limited partnership; and 10,682 shares are issuable upon conversion of 4,700 shares of Preferred Stock.

(h) Of the 277,192 shares beneficially owned by John S. Weatherly, 52,221 are owned directly by him; 109 shares are held as custodian for his minor child; 9,195 shares are owned within the Company s Employee Savings and Protection Plan; and 215,667 shares are subject to options under the 1996 Plan exercisable within 60 days.

(i) Of the 128,114 shares beneficially owned by Stephen F. Woodcock, 2,855 are owned directly by him; 6,759 shares are owned within the Company s Employee Savings and Protection Plan; 104,000 shares are subject to options under the 1996 Plan exercisable within 60 days; and 14,500 shares are subject to options under the 2002 Plan exercisable within 60 days.

(j) Of the 26,354 shares beneficially owned by Thomas E. Schwager, 3,651 are owned directly by him; 703 shares are owned within the Company s Employee Savings and Protection Plan; and 22,000 shares are subject to options under the 1996 Plan exercisable within 60 days.

(k) Of the 51,813 shares beneficially owned by Rodger W. Smith, 6,813 shares are owned within the Company s Employee Savings and Protection Plan; and 45,000 shares are subject to options under the 1996 Plan exercisable within 60 days.

(l) Includes 119,000 shares subject to options under the 1994 Plan, exercisable within 60 days; 986,451 shares subject to options under the 1996 Plan exercisable within 60 days; 48,867 shares are subject to options under the 2002 Plan exercisable within 60 days; 42,754 shares are owned within the Company s Employee Savings and Protection Plan; and 10,682 shares issuable upon conversion of 4,700 shares of Preferred Stock.

(m) As disclosed on a Schedule 13D/A filed with the Commission on March 6, 2002, by Ganger Rolf, Bonheur, AS Quatro (Quatro), and Invento AS (Invento). On August 28, 2000, Ganger Rolf

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and Bonheur jointly purchased from Fred. Olsen Energy ASA (F.O. Energy) an aggregate of 1,839,386 shares of Common Stock. Ganger Rolf and Bonheur reported that they possessed shared voting and dispositive power with respect to, all of the 1,839,386 shares of Common Stock formerly owned by F.O. Energy. F.O. Energy no longer owns any Common Stock. Quatro is the owner of 21.3% of the outstanding capital stock of Bonheur, and Invento is the owner of 20.8% of the outstanding capital stock of Bonheur. Quatro and Invento disclaim beneficial ownership of the shares of Common Stock owned by Ganger Rolf and Bonheur. John C. Wallace, one of our directors, is a director of Ganger Rolf and Bonheur, as well as other companies associated with Ganger Rolf and Bonheur. The principal business address and principal executive offices of Quatro and Invento are located at Hvitstenveien 11, 1545 Hvitsten, Norway.

In June 2004, the F. O. Energy stock certificate for the 1,839,386 shares was cancelled and reissued to Ganger Rolf and Bonheur for 919,693 shares each. Subsequent to the filing of the Schedule 13D/A and the certificate reissue, Ganger Rolf and Bonheur each disposed of 30,000 shares.

(n) Information is based upon a Schedule 13G/A filed with the Commission on February 14, 2005 by Wellington Management Company, LLP (Wellington). In this Schedule 13G/A, Wellington represents that it has shared voting power with respect to 835,800 shares and shared dispositive power with respect to 1,517,900 shares of Common Stock.

(o) Information is based upon a Schedule 13G/A filed with the Commission on February 14, 2005 by Franklin Resources, Inc. (parent holding company), Charles B. Johnson and Rupert H. Johnson, Jr. (principal shareholders of parent holding company), and Franklin Advisers, Inc. (investment adviser), (collectively Franklin Advisers). In this Schedule 13G, Franklin Advisers, Inc. represents that it has sole voting power and sole dispositive power with respect to 1,537,500 shares of Common Stock issuable upon exercise of warrants.

(p) Information is based upon a Schedule 13G filed with the Commission on February 9, 2005 by Dimensional Fund Advisors Inc. (Dimensional). In this Schedule 13G, Dimensional represents that it has sole voting power and sole dispositive power with respect to 1,351,100 shares of Common Stock.

(q) Information is based upon a Schedule 13G filed with the Commission on February 10, 2005 by William Leland Edwards, Palo Alto Investors and Palo Alto Investors, LLC. In this Schedule 13G, each of the filing persons represents that it has shared voting power and investment power with respect to 883,400 shares of Common Stock, and Mr. Edwards represents that he has sole voting and dispositive power with respect to 4,200 shares of Common Stock.

PROPOSAL I

ELECTION OF DIRECTORS

Nominees

The Company s Certificate of Incorporation provides for a classified Board of Directors. The Board of Directors is divided into three classes of nearly equal size, designated as Class I (currently with three directors), Class II (currently with two directors) and Class III (currently with two directors). One class of directors is elected at each annual meeting of Shareholders to serve for a three-year term.

The terms of the two Class II directors, Messrs. John S. Callon and B. F. Weatherly, will expire on the date of the Annual Meeting. Mr. John S. Callon has chosen not to serve as a director beyond the end of his current term which expires at the Annual Meeting. The Board of Directors has reduced the size of the board of directors from seven to six effective upon the termination of Mr. Callon s term. In order to keep the number of directors in each class equal, the

Board of Directors has nominated Richard O. Wilson, currently a Class I Director, to the Class II position being vacated by Mr. Callon. Mr. L. Richard Flury was appointed to the Board of Directors in July 2004 to serve until the 2005 Annual Meeting.

Messrs. Richard O. Wilson and B. F. Weatherly have been nominated to serve as Class II directors until the 2008 Annual Meeting and L. Richard Flury has been nominated to serve as a Class III director until the 2006 Annual Meeting, or until their respective successors have been duly elected and qualified. Each of

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the persons described in the preceding sentence (the Nominees) was nominated by the Board of Directors.

It is intended that all shares of Common Stock represented by the Proxies will be voted for the election of the Nominees, except where authority to vote in the election of directors has been withheld. Should the Nominees become unable or unwilling to serve as directors at the time of the Annual Meeting, the person or persons exercising the Proxies will vote for the election of substitute Nominees designated by the Board of Directors, or the Board of Directors may choose to reduce the number of members of the Board of Directors to be elected at the Annual Meeting in order to eliminate the vacancy. The Nominees have consented to be nominated and have expressed their intention to serve if elected. The Board of Directors has no reason to believe that the Nominees will be unable or unwilling to serve if elected. Only the Nominees or substitute Nominees designated by the Board of Directors will be eligible to stand for election as directors at the Annual Meeting. See Shareholders Proposals for 2006 Annual Meeting.

Directors and Executive Officers

The following table provides information with respect to the Nominees, all current directors whose terms will continue after the Annual Meeting, and the present executive officers of the Company. Each executive officer has been elected to serve until his or her successor is duly appointed or elected by the Board of Directors or their earlier removal or resignation from office.

Name	Age	Company Position Since	Present Company Position
Class I Directors:			
(Term Expires in 2007)			
Robert A. Stanger	65	1995	Director
John C. Wallace	66	1994	Director
Class II Directors:			
(Term Expires in 2005)			
B. F. Weatherly	60	1994	Director, Nominee
Richard O. Wilson	75	1995	Director, Nominee
Class III Directors:			
(Term Expires in 2006)			
Fred L. Callon	55	1994	Director; Chairman of the Board; President; and Chief Executive Officer
L. Richard Flury	57	2004	Director, Nominee
Other Executive Officers:			
Robert A. Mayfield	54	2000	Corporate Secretary
Thomas E. Schwager	54	1997	Vice President
H. Clark Smith	52	2001	Corporate Information Officer
Rodger W. Smith	55	1999	Corporate Controller and Treasurer
John S. Weatherly	53	1994	Senior Vice President; Chief Financial Officer

Stephen F. Woodcock	53	1997	Vice President

The following is a brief description of the background and principal occupation of each director (including each Nominee) and executive officer:

Fred L. Callon has been Chairman of the Board of Directors of the Company since May 2004 and President and Chief Executive Officer of the Company and Callon Petroleum Operating Company since January 1997. Prior to January 1997, he was President and Chief Operating Officer of the Company, positions he had held with the Company or its predecessors since 1984. He has been employed by the Company or its 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 the nephew of John S. Callon.

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L. Richard Flury is a graduate of the University of Victoria (Canada). He spent over 30 years with Amoco Corporation, and later, BP plc, from which he retired as Chief Executive, Gas and Power and Renewables, on December 31, 2001, a position he had held since June of 1999. Prior to Amoco s merger with BP in 1998, he served in various executive positions and was Chief Executive for Worldwide Exploration and Production and Executive Vice President of Amoco Corporation at the time of the merger. Currently, he is a member of the Board of Directors of the Questar Corporation, a publicly-traded oil and gas company, and the Chicago Bridge and Iron Company, N.V., a publicly-traded engineering, procurement and construction company, and serves as a Trustee of Thunderbird The Garvin School of International Management.

Robert A. Mayfield is the Corporate Secretary and also oversees Tax Services for the Company and Callon Petroleum Operating Company. He was appointed Corporate Secretary in February 2000. Prior to his appointment as Corporate Secretary, he had served as the Manager of Tax Services and Securities and Exchange Commission Reporting since 1981. Prior to joining Callon, he was employed by McCormick Oil and Gas Company in Houston, Texas, where he served as an assistant to the tax manager. Mr. Mayfield received his B.S. degree in accounting from Louisiana Tech University in 1972 and is a member of the Society of Corporate Secretaries & Governance Professionals.

Thomas E. Schwager has been Vice President of Engineering and Operations for the Company and Callon Petroleum Operating Company since November 1997. Mr. Schwager has held various engineering positions with the Company and its predecessors since 1981. Prior to joining the Company, Mr. Schwager held engineering positions with Exxon Company USA in Louisiana and Texas. He received his B.S. degree in petroleum engineering from Louisiana State University in 1972. He is a registered professional engineer and a member of the Society of Petroleum Engineers.

H. Clark Smith is Corporate Information Officer for the Company and Callon Petroleum Operating Company. Prior to being appointed to that position in March 2001, he had served as Manager Information Technology since January 1990 and in other computer related positions with the Company and its predecessors since 1983. At Mississippi State University, he majored in Industrial Technology. During his tenure with the Company, he has received extensive technical and management training from the University of Southern Mississippi, International Business Machines, Microsoft, Novell, and Arthur Andersen & Company. He has also served as Manager Information Services with Jefferson Davis Regional Medical Center and as a principal of the consulting firm, Mississippi Computing Consultants.

Rodger W. Smith is the Corporate Controller and Treasurer for the Company and Callon Petroleum Operating Company. Mr. Smith was appointed Corporate Controller in 2004. Prior to being appointed Treasurer in April 1999, he had served as Manager of Budget and Analysis since 1994. Prior to 1994, Mr. Smith was Manager of Exploration and Production Accounting and has been employed by the Company and its predecessors since 1983. Prior to his employment with the Company, he was employed by International Paper Company as a plant controller. He received his B.S. degree in accounting from the University of Southern Mississippi in 1973.

Robert A. Stanger has been the Chief Executive Officer and Chairman of Robert A. Stanger & Company, Inc., a Shrewsbury, New Jersey-based firm engaged in publishing financial material and providing investment banking services to the real estate and oil and gas industries since 1978. He is a director of Citizens Utilities, Stamford, Connecticut, a provider of telecommunications services. Previously, Mr. Stanger was Vice President of Merrill Lynch & Co. He received his B.A. degree in economics from Princeton University in 1961. Mr. Stanger is a member of the National Association of Securities Dealers and the New York Society of Security Analysts.

John C. Wallace is a Chartered Accountant having qualified with PricewaterhouseCoopers in Canada in 1963, after which he joined Baring Brothers & Co., Limited in London, England. For over twenty years, he has served 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 (IQEX) and has applied for a CPA Certificate from the State of Illinois. Mr. Wallace is a director of Fred. Olsen Energy ASA, a publicly-held Norwegian company engaged in the offshore energy service industry; and Ganger Rolf ASA and Bonheur ASA, Oslo, both publicly-traded shipping companies.

B. F. Weatherly has been a principal of CapSource Financial, Houston, Texas, an investment-banking firm, since 1989. He is also a general partner of CapSource Fund, L.P., Jackson, Mississippi, an investment fund, and has held that position since 1997. Mr. Weatherly received a Master of Accountancy degree from the University of Mississippi in 1967. Mr. Weatherly has previously been associated with

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Arthur Andersen LLP, and has served as a Senior Vice President of Brown & Root, Inc. and Weatherford International, Inc. B. F. Weatherly and John S. Weatherly are brothers.

John S. Weatherly is Senior Vice President and Chief Financial Officer for the Company and Callon Petroleum Operating Company. Prior to April 1999, Mr. Weatherly also held the position of Treasurer. Prior to April 1996, he was Vice President, Chief Financial Officer and Treasurer of the Company and had held these positions since 1983. Prior to joining Callon Petroleum Operating Company in 1980, he had been employed by Arthur Andersen LLP since 1974. Mr. Weatherly received his B.B.A. degree in accounting in 1973 and his M.B.A. degree in 1974 from the University of Mississippi. Mr. Weatherly is a member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants. John S. Weatherly and B. F. Weatherly are brothers.

Richard O. Wilson is an Offshore Consultant. In his 48 years of working in offshore drilling and construction, he spent two years with Zapata Offshore and 21 years with Brown & Root, Inc. working in various managerial capacities in the Gulf of Mexico, Venezuela, Trinidad, Brazil, the Netherlands, the United Kingdom and Mexico. Mr. Wilson was a director and Senior Group Vice President of Brown & Root, Inc. and Senior Vice President of Halliburton, Inc. For 18 years he was associated with Fred. Olsen Interests where he served as Chairman of OGC International PLC, Dolphin A/S and Dolphin Drilling Ltd. Since the sale of OGC International PLC to Halliburton, Inc. in 1997, Mr. Wilson has been a consultant to Brown & Root, Inc. He holds a B.S. degree in civil engineering from Rice University. Mr. Wilson is a Fellow in the American Society of Civil Engineers, a Director of Flotek Industries, Inc. and a Director of the Museum of Printing History in Houston, Texas. In 2000 Mr. Wilson was elected an Industry Pioneer by the Offshore Energy Center, Houston, Texas.

Stephen F. Woodcock is Vice President of Exploration for the Company and Callon Petroleum Operating Company. Prior to being appointed to this position in November 1997, Mr. Woodcock had served as Manager of Geology and Geophysics since his initial employment by the Company and Callon Petroleum Operating Company in 1995. Prior thereto, he was Manager of Geophysics for CNG Producing Company and Division Geophysicist for Amoco Production Company. Mr. Woodcock received a master s degree in geophysics from Oregon State University in 1975.

All officers and directors (including the Nominees) of the Company are United States citizens, except Mr. Wallace, who is a citizen of Canada. L. Richard Flury holds both U.S. and Canadian citizenship.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company s directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company s equity securities, to file with the Commission and any exchange or other system on which such securities are traded or quoted, initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by the Commission s regulations to furnish the Company and any exchange or other system on which such securities are traded or quoted, with copies of all Section 16(a) forms they file with the Commission.

Based solely on review of the copies of such reports furnished to the Company during, or with respect to, the fiscal year ended December 31, 2004, and written representations from all of the Company s officers and directors that, except as described below, all filings on Form 3, 4 and 5 under Section 16(a) of the Securities Act required during, or with respect to, the year ended December 31, 2004 had been made, to the Company s knowledge and subject to two exceptions described below , all of the Company s officers, directors and greater than ten percent shareholders have complied with all Section 16(a) filing requirements for the year ended December 31, 2004. Mr. Richard O. Wilson filed one late report, through an oversight by the Company s compliance officer in charge of filing Section 16(a) reports on behalf of officers and directors, in March 2005 disclosing a gift of shares in December 2004. Ganger Rolf ASA and Bonheur ASA failed to report the purchase of shares in June 2004 and the sale of shares in November 2004. The transactions for each company were reported on a Form 4 filed on April 5, 2005.

Information Concerning the Operation of the Board of Directors

The business of the Company is managed under the direction of the Board of Directors. The Board of Directors meets on a quarterly basis to review significant developments affecting the Company and to act on matters requiring Board approval. The Board of Directors may also hold special meetings when an important matter requires Board action between regularly scheduled meetings. Prior to June 2004, each non-employee director received an annual fee of $10,000 for service on the Board of Directors and was

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reimbursed for out-of-pocket expenses incurred to attend the Board meetings. In addition, each non-employee director received $2,000 for each meeting of the Board attended in person and $1,000 for his participation in each telephonic Board meeting. In June 2004, the Compensation Committee altered the Board members compensation to an annual retainer of $40,000 per year with an additional $20,000 per year for the chairman of the Audit Committee and an additional $10,000 per year to the chairman of the Compensation Committee. On the date he or she is initially elected or appointed to the Board, each non-employee director receives an automatic grant of an option to purchase 5,000 shares of Common Stock for an exercise price equal to the fair market price on the date of grant and for a ten-year term. Thereafter, for each subsequent year in which the non-employee director serves as a director, he or she is automatically granted an option to purchase an additional 5,000 shares on the same terms.

On August 23, 1996, the Compensation Committee authorized a one-time grant to each non-employee director of an option to purchase 20,000 shares of Common Stock under the 1996 Plan at a purchase price of $12.00 per share, the fair market value of the Common Stock on such date. As of the Record Date, all such options are fully vested. On July 25, 2000, the Compensation Committee authorized a one-time grant to each non-employee director of an option to purchase 20,000 shares of Common Stock under the 1996 Plan at a purchase price of $10.50 per share, the fair market value of the Common Stock on such date. As of the Record Date, all such options are fully vested. On August 27, 2002, the Compensation Committee authorized the grant of a total of 70,500 shares of restricted stock to the non-employee directors. The restricted stock grant provided that the shares will vest with respect to one-third of the shares on November 15, 2002, November 15, 2003 and November 15, 2004. The closing price of the Company s Common Stock on the New York Stock Exchange was $3.72 per share on August 27, 2002.

On July 14, 2004, the Compensation Committee authorized a one-time grant to each non-employee director of 25,000 shares of restricted stock. The restricted stock grant provided that the shares will vest with respect to one-fifth of the shares on July 14, 2005 and one-fifth of the shares on each successive July 14th thereafter. As of the Record Date, none of the grants have yet vested. The closing price of the Company s Common Stock on the New York Stock Exchange was $13.82 per share on the grant date.

On August 18, 2004, the Compensation Committee authorized a one-time grant to L. Richard Flury of 25,000 shares of restricted stock. The restricted stock grant provided that the shares will vest with respect to one-fifth of the shares on July 14, 2005 and one-fifth of the shares on each successive July 14th thereafter. As of the Record Date, none of the grants have yet vested. The closing price of the Company s Common Stock on the New York Stock Exchange was $11.75 per share on the grant date.

During 2004, the Board of Directors of the Company met formally four times and executed eleven Unanimous Written Consents. All of the Company s directors attended more than 75% of the aggregate of the total number of board meetings and meetings of committees of which he is a member. In addition, the non-management directors meet in executive sessions without management following each quarterly board meeting. Richard O. Wilson, as chairman of the Nominating and Corporate Governance Committee, presides over such executive sessions.

Director Independence. The Company s Corporate Governance Principles contain the following guidelines to assist the Board in determining director independence in accordance with the applicable New York Stock Exchange and SEC rules:

No director who is an employee or former employee of the Company, or whose immediate family member is an executive officer or former executive officer of the Company, shall be considered independent until three years after such employment has ended.

No director who is receiving, or in the last three years has received, or whose immediate family member is receiving, or in the last three years has received, more than $100,000 per year in direct compensation from the

Company, other than fees received in such director s capacity as a member of the Board or any Board committee and pension payments or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) shall be considered independent. Compensation received by an immediate family member for service as a non-executive employee of the Company need not be considered in determining independence.

No director who is, or in the past three years has been, affiliated with or employed by, or whose immediate family member is, or in the past three years has been, affiliated with or employed in a professional capacity by, a present or former internal auditor or independent auditing firm of the Company shall be considered independent.

No director who is, or in the past three years has been, employed as, or whose immediate family member is, or in the past three years has been, employed as, an executive officer by any

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company for which any executive officer of the Company serves as a member of its compensation committee (or, in the absence of a compensation committee, the board committee performing equivalent functions, or, in the absence of such committee, the board of directors) shall be considered independent.

No director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of $1,000,000 or 2% of such other company s consolidated gross revenue shall be considered independent until three years after such payments fall below such threshold.

The Board of Directors has affirmatively determined that Messrs. Wallace, Stanger, Wilson and Flury are independent directors under applicable New York Stock Exchange rules. Each of these directors meets the standards for independence contained in the Company s Corporate Governance Principles as described above. These directors do not have any material relationships with the Company that may interfere with the exercise of their independence from management and the Company.

Corporate Governance Principles. In April 2004, the Board adopted Corporate Governance Principles. These guidelines govern the function and operation of the Company s Board of Directors, including the qualification and independence standards for Board members. The Company s Corporate Governance Principles are accessible on the Company s website http://www.callon.com.

Code of Business Conduct and Ethics. In March 2004, the Board adopted a Code of Business Conduct and Ethics which applies to all directors, officers and employees of the Company. The Board has not granted any waivers to the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is accessible on the Company s website http://www.callon.com. Any amendments to or waivers of the Code of Business Conduct Ethics will also be posted on the Company s website.

Communication with the Board of Directors. In order to provide the Company s shareholders and other interested parties with a direct and open line of communication to the Board of Directors, the Board of Directors has adopted the following procedures for communications to directors. Callon shareholders and other interested persons may communicate with the Chairman of the Company s Audit Committee or with the non-management directors of the Company as a group by written communications addressed in care of Robert A. Mayfield, Corporate Secretary, Callon Petroleum Company, 200 North Canal Street, Natchez, MS 39120.

All communications received in accordance with these procedures will be reviewed initially by senior management of the Company. Senior management will relay all such communications to the appropriate director or directors unless it is determined that the communication (a) does not relate to the business or affairs of the Company or the functioning or constitution of the Board of Directors or any of its committees; (b) relates to routine or insignificant matters that do not warrant the attention of the Board of Directors; (c) is an advertisement or other commercial solicitation or communication; (d) is frivolous or offensive; or (e) is otherwise not appropriate for delivery to directors.

The director or directors who receive any such communication will have discretion to determine whether the subject matter of the communication should be brought to the attention of the full Board of Directors or one or more of its committees and whether any response to the person sending the communication is appropriate. Any such response will be made only in accordance with applicable law and regulations relating to the disclosure of information.

The Corporate Secretary will retain copies of all communications received pursuant to these procedures for a period of at least one year. The Board of Directors will review the effectiveness of these procedures from time to time and, if appropriate, recommend changes. As of the Record Date, no communications have been received.

Attendance at Annual Meeting of Shareholders. It is the policy of the Board that, to the extent possible, all directors attend the annual meeting of shareholders. All directors attended the 2004 annual meeting of shareholders.

Board Committees. In order to facilitate the various functions of the Board of Directors, the Board of Directors has created an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The chairman of the Audit Committee receives an additional $20,000 annual retainer and the chairman of the Compensation Committee receives an additional $10,000 annual retainer

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fee. The chairman of the Nominating and Corporate Governance Committee is not remunerated in addition to his annual Board retainer.

Audit Committee. The purpose of the Audit Committee is to oversee (i) the integrity of the Company s financial statements and disclosures, (ii) the Company s compliance with legal and regulatory requirements, (iii) the qualifications, independence and performance of the Company s independent registered public accounting firm, (iv) the performance of the Company s internal audit function, (v) the Company s internal control systems, and (vi) the Company s procedures for monitoring compliance with the Company s Code of Business Conduct and Ethics.

The principal function of the Audit Committee is to assist the Board of Directors in the areas of financial reporting and accounting integrity. As such, it meets periodically with the Company s independent registered public accounting firm and management, including each in executive session. Management is solely responsible for the Company s financial statements and the financial reporting process, including the system of internal controls, and has represented to the Audit Committee and the Board of Directors that the financial statements discussed below were prepared in accordance with accounting principles generally accepted in the United States of America appropriate in the circumstances and necessarily include some amounts based on management s estimates and judgments. The Company s independent registered public accounting firm, Ernst & Young LLP, is responsible for expressing an opinion on the conformity of these financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

The Audit Committee s Charter provides that the Company s independent registered public accounting firm may provide only those services pre-approved by the Audit Committee. The Audit Committee annually reviews and pre-approves the audit, review, attest and permitted non-audit services to be provided during the next audit cycle by the independent registered public accounting firm. To the extent practicable, at the same meeting the Audit Committee also reviews and approves a budget for each of such services. Services proposed to be provided by the independent registered public accounting firm that have not been pre-approved during the annual review and the fees for such proposed services must be pre-approved by the Audit Committee. Additionally, fees for previously approved services that are expected to exceed the previously approved budget must also be approved by the Audit Committee.

All requests or applications for the independent registered public accounting firm to provide services to the Company must be submitted to the Audit Committee by the independent registered public accounting firm and management and state as to whether, in their view, the request or application is consistent with applicable laws, rules and regulations relating to registered public accounting firm independence. In the event that any member of management or the independent registered public accounting firm becomes aware that any services are being, or have been, provided by the independent registered public accounting firm to the Company without the requisite pre-approval, such individual must immediately notify the Chief Financial Officer, who must promptly notify the Chairman of the Audit Committee and appropriate management so that prompt action may be taken to the extent deemed necessary or advisable.

The Audit Committee may delegate to a member(s), the authority to grant specific pre-approvals under its policy with respect to audit, review, attest and permitted non-audit services, provided that any such grant of pre-approval shall be re ported to the full Audit Committee no later than its next scheduled meeting.

The Audit Committee is comprised of Messrs. Wallace (Chairman), Stanger, Wilson and Flury. The Board of Directors has affirmatively determined that each of the members is financially literate and is an independent director for purposes of New York Stock Exchange rules applicable to members of the audit committee, meaning that the director has no relationship to the Company that may interfere with the exercise of their independence from management and the Company (an Independent Director). The Board of Directors believes that all four members of the Audit Committee currently possess the financial expertise necessary for the Audit Committee to properly fulfill its purposes. Additionally, the Board of Directors has determined that Mr. Wallace has the accounting or financial management expertise to be considered a financial expert as defined and required by the New York Stock Exchange s rules and by the Securities Exchange Act of 1934. An audit committee financial expert is a person who has (i) an understanding of generally accepted accounting principles and financial statements, (ii) the ability to assess the general application of said principles in connection with the accounting for estimates, accruals and reserves, (iii) experience preparing, auditing, analyzing or evaluating financial statements of comparable breadth and complexity to Callon s financial statements, (iv) an understanding of internal controls and procedures, and (v) an understanding of audit committee functions. The Audit Committee has sole responsibility for retaining, dismissing and compensating the Company s independent registered public accounting firm. The Board of Directors adopted an Audit Committee Charter in 2000 and revised the Charter in 2004 to meet the updated requirements of the SEC and the NYSE. The Audit Committee s

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report on its activities during 2003 and 2004 appear later in this proxy statement under the caption Audit Committee Report.

The Audit Committee held four meetings and executed two Unanimous Written Consents during 2004. All members of the Audit Committee attended the meetings. The Audit Committee Charter is available on the Company s website at http://www.callon.com.

Compensation Committee. The purpose of the Compensation Committee is to (i) assist the Board of Directors in the discharge of its fiduciary responsibilities relating to the fair and competitive compensation of the Company s Chief Executive Officer (CEO) and other executives and (ii) prepare an annual report on executive compensation for inclusion in the Company s proxy statement for the annual meeting of shareholders. The Committee administers the Company s incentive compensation and stock option and other equity based plans in which the CEO and other executive officers may be participants and recommends to the Board amendments to such plans or adoption of new plans. In connection with administering such plans, the Committee has the authority to (i) approve option guidelines and the general size of overall grants, (ii) make grants, (iii) interpret the plans, (iv) determine the rules and regulations relating to the plans, (v) modify or cancel existing grants and substitute new grants (with the consent of grantees), (vi) designate employees eligible to participate in the plans, and (vii) impose such limitations, restrictions and conditions upon any award as the Committee deems appropriate and as permitted under the applicable plan. The Committee annually reviews and establishes the base salary, incentive compensation, deferred compensation, stock options, performance units and other equity based awards for the CEO and makes recommendations to the Board with respect to compensation of the Company s other executive officers. Each member of the Committee meets the independence requirements of the New York Stock Exchange and applicable federal securities laws. Messrs. Stanger (Chairman), Wallace, Wilson, and Flury are members of this committee. The Compensation Committee held four meetings and executed one Unanimous Written Consent during 2004. All members of the Compensation Committee attended all meetings. The Compensation Committee Charter is available on the Company s website at http://www.callon.com.

Nominating and Corporate Governance Committee. The purpose of the Committee is to (i) identify and recommend to the Board individuals qualified to be nominated for election to the Board, (ii) recommend to the Board the members and Chairperson for each Board committee, (iii) periodically review and assess the Company s Corporate Governance Principles and the Company s Code of Business Conduct and Ethics and make recommendations for changes thereto to the Board and (iv) oversee the annual self-evaluation of the performance of the Board and the annual evaluation of the Company s management. Each member of the Committee meets the independence requirements of the New York Stock Exchange and applicable federal securities laws. The Committee was formed in April 2004. Members are Messrs. Wilson (Chairman), Wallace, Stanger, and Flury. The Nominating and Corporate Governance Committee did not hold any meetings but executed one Unanimous Written Consent during 2004. Prior to the formation of this Committee, the entire Board of Directors performed these functions. The Nominating and Corporate Governance Committee Charter is available on the Company s website at http://www.callon.com.

The Nominating and Corporate Governance Committee has established certain criteria it considers as guidelines in considering nominations to the Company s Board of Directors. The criteria include: (a) personal characteristics, including such matters as integrity, age, education, diversity of background and experience, absence of potential conflicts of interest with the Company or its operations, and the availability and willingness to devote sufficient time to the duties of a director of the Company; (b) experience in corporate management, such as serving as an officer or former officer of a publicly held company; (c) experience in the Company s industry and with relevant social policy concerns; (d) experience as a board member of another publicly held company; (e) academic expertise in an area of the Company s operations; and (f) practical and mature business judgment. The criteria are not exhaustive and the Nominating and Corporate Governance Committee and the Board of Directors may consider other qualifications and attributes which they believe are appropriate in evaluating the ability of an individual to serve as a member of the

Board of Directors. The Nominating and Corporate Governance Committee s goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In order to ensure that the Board consists of members with a variety of perspectives and skills, the Nominating and Corporate Governance Committee has not set any minimum qualifications and also considers candidates with appropriate non-business backgrounds. Other than ensuring that at least one member of the Board is a financial expert and a majority of the Board members meet all applicable independence requirements, the Committee does not have any specific skills that it believes are necessary for any individual director to possess. Instead, the Committee evaluates potential nominees based on the contribution such nominees background and skills could have upon the overall functioning of the Board.

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The Board of Directors believes that, based on the Nominating and Corporate Governance Committee s knowledge of the Company s corporate governance principles and the needs and qualifications of the Board at any given time, the Nominating and Corporate Governance Committee is best equipped to select nominees that will result in a well-qualified and well-rounded board of directors. Accordingly, it is the policy of the Nominating and Corporate Governance Committee not to accept unsolicited nominations from shareholders. In making its nominations, the Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue their service. Current members with qualifications and skills that are consistent with the committee s criteria for Board service are re-nominated. As to new candidates, the committee will generally poll the Board members and members of management for recommendations. The committee may also review the composition and qualification of the boards of directors of the Company s competitors, and may seek input from industry experts or analysts. The committee reviews the qualifications, experience and background of the candidates. Final candidates are interviewed by the independent directors and executive management. In making its determinations, the committee evaluates each individual in the context of the Board as whole, with the objective of assembling a group that can best represent shareholder interests through the exercise of sound judgment. After review and deliberation of all feedback and data, the committee makes its recommendation to the Board of Directors. The committee may in the future choose to engage third-party search firms in situations where particular qualifications are required or where existing contacts are not sufficient to identify an appropriate candidate.

L. Richard Flury was recommended to the Nominating and Corporate Governance Committee by Richard O. Wilson. After following the processes described above, the Nominating and Corporate Governance Committee unanimously recommended that Mr. L. Richard Flury be appointed to the Company s board of directors and nominated for election by shareholders as a Class III director at the 2005 Annual Meeting.

Corporate Governance Principles. In 2004, the Company and the Board adopted the Corporate Governance Principles (the Principles) to assist the Board of Directors (the Board) in the exercise of its responsibilities. These guidelines will be interpreted in the context of all applicable laws and the Company s Certificate of Incorporation, Bylaws and other corporate governance documents. The Principles are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Company s Corporate Governance Principles is available on the Company s website at http://www.callon.com.

Audit Committee Report

The Audit Committee s powers and responsibilities, and the qualifications required of each of its members, are set forth in the Audit Committee Charter. Actions taken by the Audit Committee during 2003 and 2004 consisted of the following:

Audit Fees Paid to Independent Registered Public Accounting Firm. Fees paid in 2003 and 2004 for professional services rendered related to the year ended December 31, 2003 by Ernst & Young LLP for the annual audit and quarterly reviews were $123,750 and $33,250, respectively, including out-of-pocket expenses. Fees paid in 2004 and 2005 for professional services rendered related to the year ended December 31, 2004 by Ernst & Young LLP for the annual audit and quarterly reviews (including the new requirements under the Sarbanes-Oxley Act Section 404) were $189,000 and $100,384, respectively, including out-of-pocket expenses. Fees paid in connection with the Company s registration of senior notes and the public offering of common stock during 2004 was $36,500; there were no such fees paid in 2003. The Audit Committee has concluded that providing the tax-related services mentioned below is compatible with maintaining the principal registered public accounting firm s independence.

Audit-related Fees. There were no audit-related fees paid in 2003 or 2004.

Tax Fees. Professional services billed by Ernst & Young LLP for the review of the federal tax return, federal, state and local tax planning and advice, quarterly estimated tax payments, and assistance/analysis of tax attributes for 2003 were $24,900. Fees paid in 2004 for the review of the federal tax return, tax advice and tax planning services totaled $8,200.

All Other Fees. There were no other fees paid to the Company s independent registered public accounting firm in 2003 or 2004.

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All of the services provided by the Company s independent registered public accounting firm during 2003 and 2004 were pre-approved by the Audit Committee.

Amended Committee Charter. Based on the recommendation of the Audit Committee after consideration of the newly issued listing standards of the New York Stock Exchange, the Board of Directors amended the Audit Committee Charter in 2004. The principal changes, which enumerate details of the responsibilities of the Audit Committee as required by the listing standards, were:

(a) to provide that the Audit Committee review and discuss quarterly disclosures contained in the financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations in the Company s SEC filings, prior to the filing of such disclosures;

(b) to provide that the Audit Committee generally review the type of information to be disclosed in earnings press releases;

(c) to formally require the Audit Committee to periodically consult with management about internal controls, completeness and accuracy of financial statements and audit procedures; and

(d) to make other minor modifications to conform provisions of the existing charter to technical requirements of rules recently adopted by the Securities and Exchange Commission as proposed by the New York Stock Exchange.

Approval of Company s Annual Report on Form 10-K. Acting pursuant to its Charter, the Audit Committee reviewed the Company s audited financial statements at, and for the year ended, December 31, 2004 with management and the Company s independent registered public accounting firm and recommended to the Company s Board of Directors that the Company s audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2004. This recommendation was based on: the Audit Committee s review of the audited financial statements; discussion of the financial statements with management; discussion with the Company s independent registered public accounting firm, Ernst & Young LLP, of the matters required to be discussed by auditing standards generally accepted in the United States of America, including the matters required to be discussed by SAS 61; receipt from Ernst &Young LLP of the written disclosures and letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees); discussions with Ernst & Young LLP regarding its independence from the Company and its management; and Ernst & Young LLP s confirmation that it would issue its opinion that the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries and the results of their operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for establishing and maintaining internal controls over financial reporting and for assessing the effectiveness of those controls. The independent registered public accounting firm is responsible for performing independent audits of the Company s consolidated financial statements and internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing reports thereon. The Audit Committee s responsibility is to monitor and oversee these processes. Ernst & Young LLP, an independent registered public accounting firm, served as the Company s independent registered public accounting firm during 2004 and was appointed by the Audit Committee to serve in that capacity for 2005. In connection with these responsibilities, the Audit Committee met with management and the independent registered public accounting firm to review and discuss the December 31, 2004 financial statements and matters related to Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee also discussed with the independent registered public accounting firm the matters required by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees). The Audit Committee also received written disclosures from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Discussions with

Audit Committees) and the Audit Committee discussed their independence with the independent registered public accounting firm.

John C. Wallace, Chairman
Richard O. Wilson
Robert A. Stanger
L. Richard Flury

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information with respect to the Chief Executive Officer of the Company and the four most highly compensated executive officers of the Company (Named Executive Officers) and two additional former executive officers for the years ended December 31, 2004, 2003 and 2002.

Annual Compensation		Long-Term Compensation Awards		
	Other			
	Annual Compen-	Restricted Stock	Securities Underlying	All Other Compen-
Salary				