



Director and Officer Stock Ownership Guidelines

The Board of Directors (the “**Board**”) of CalAtlantic Group, Inc. (the “**Company**”) believes that the Company’s Directors and Executive Officers should own Company common stock (“**Common Stock**”) to further align their interests and actions with the Company’s stockholders. Therefore, the Board adopted these Director and Officer Stock Ownership Guidelines.

- **Stock Ownership Guidelines.** Each director and each officer is required to own shares of Common Stock with the following value:
 - **Directors:** three (3) times the amount of the annual cash retainer paid by the Company to the director
 - **Chief Executive Officer:** five (5) times annual base salary
 - **Executive Chairman:** three (3) times annual base salary
 - **Executive Vice President:** two (2) times annual base salary
- **Form of Ownership.** Common Stock owned by the director or officer, directly or indirectly, including restricted stock, stock held by the director or officer’s spouse or minor children, and stock held beneficially in a trust, will be counted for purposes of determining compliance with these guidelines.
- **Phase-In Period.** Each new director and officer will have a period of five years from the date of his or her election or appointment to reach full compliance with these guidelines. Each current director and officer will have a period of five years from the date of the adoption of these guidelines to reach full compliance.
- **Holding Requirements.** Until a director or officer meets his or her required ownership threshold, he or she shall be permitted to sell no more than fifty percent (50%) of any award of Common Stock he or she receives from the Company (excluding from this calculation shares sold to fund tax liabilities associated with the receipt or vesting of the award). If a director or officer fails to meet his or her required ownership threshold following the five year phase-in period, he or she will be prohibited from selling shares of Common Stock and one hundred percent (100%) of his or her director fees or annual incentive compensation will be paid in Common Stock until compliance is achieved.
- **Evaluation Date.** Compliance with these guidelines will be evaluated annually by the Compensation Committee based on Common Stock ownership as of the last day of the calendar year.
- **Calculation Method.** For purposes of determining compliance with these guidelines, shares of Common Stock will be valued at the greater of: (i) the Common Stock closing price as of the date on which the determination is being made, and (ii) the Common Stock closing price on the date the shares were acquired by the director or officer. The amount of annual cash retainer for a director, or base salary for an officer, will be deemed to be equal to the annual cash retainer or base salary payable to the director or officer.
- **Employees of 10% Stockholders.** Directors who are employees, members, partners or otherwise owners of 10% or greater stockholders or their affiliates are not required to comply with these guidelines.

The Compensation Committee shall be permitted to waive non-compliance with these guidelines in the exercise of its reasonable discretion.