

The Depository Trust Company
IMPORTANT

B#: 3030
DATE: February 12, 2002
TO: All participants
CATEGORY: Dividends
FROM: Anthony Capizzi, Domestic Tax Services, Dividend Dept.
ATTENTION: Managing Partner/Officer, Cashier, Dividend Mgr. Tax Mgr.
SUBJECT: Calton Inc.
CUSIP# 131380503
2001 Tax Information

The Following correspondence containing tax information was received by the Depository Trust Company.
If applicable please consult your tax advisor to assure proper treatment of this event.

B# 3030

**CALTON**
INC.2013 Indian River Blvd.
Vero Beach, Florida 32960
Tel: (561) 794-1414
Fax: (561) 794-2828

December 31, 2001

**IMPORTANT NOTICE ABOUT YOUR CASH
DISTRIBUTION**

On July 5, 2001 Calton, Inc. made a cash distribution of \$5.00 per share to Calton shareholders of record as of June 20, 2001. If you were a registered shareholder, your portion of this cash distribution was mailed directly to you. If your shares were held at a brokerage firm in "street name", your portion of this cash distribution was delivered to your brokerage firm.

The distribution will not be taxable as a dividend to shareholders because Calton, Inc. does not have any current or accumulated earnings and profits. As a result, the cash distribution is a nontaxable return of capital to the extent of your adjusted tax basis in Calton, Inc. common stock, with any remaining amount taxed as a capital gain, assuming you have held the common stock as a capital asset. If you have held the Calton, Inc. common stock for more than one year, the capital gain will be subject to long-term capital gains rates.

The discussion of U.S. Federal income taxes set forth above is a summary only and is not intended to address the specific tax consequences of the cash distribution to each shareholder. Calton, Inc. urges you to consult your tax advisor or tax preparer to determine the proper characterization for you of the cash distribution.