

CALAMCO PROGRESS

FALL 2008 ▶ A PUBLICATION OF CALAMCO

MESSAGE TO SHAREHOLDERS



There has been little to relieve the continued upward pressure on world fertilizer pricing, which is being driven by a global demand for food. Fertilizer plays a critical role in world food production, and is a necessary part of solving today's global food crisis.

Today, the world's grain stocks to use ratio is at its lowest level in 35 years. In eight of the last nine years since 2000, global consumption of grains and oilseeds has exceeded production. We are simply not growing enough food to keep up with world demand. If the world's farmers stopped growing food today, we would only have enough grain in the world's storage bins to feed the world's population for 58 days.

Just to keep up with food demand, we need record global crop production every year. Fertilizers are currently responsible for between 40 and 60 percent of the world's food supply. Food demand has outstripped the world's ability to increase food supplies resulting in a rapid rise in food prices as well as food shortages. Each year, the world's population grows by 80 million, and millions of new consumers are becoming wealthy enough to switch, not just from rice to meat based diets, but also to diets that are rich in fruits and vegetables.

The U.S. imports 90% of its potash and 55% of its nitrogen fertilizer. Since 2001, world demand for fertilizers has grown by 14%, which is equivalent to the total size of the U.S. fertilizer market. The already tight supply situation was further squeezed when China, the world's largest exporter of nitrogen and phosphate, implemented export tariffs which recently increased up to 185%, in a successful effort to keep its fertilizer in the country for domestic use, creating additional challenges to the world's imbalance of fertilizer supply as well as the world's food production system.

At CALAMCO, we are doing our best to supply nitrogen to our customers and members at the best possible price. Though our supply contract guarantees us ample product, our price is tied to the global market. Fortunately, as a cooperative, we are not profit driven, therefore we are able to price product to our customers based on current inventory cost. Even though we have seen a tremendous surge in fertilizer prices this past year, if it is any consolation, California has lagged behind the rest of the nation in what our farmers pay for nitrogen.

BOB BROWN, PRESIDENT/CEO

Excerpts taken from an article by The Fertilizer Institute
"Fertilizer's Role in World Food Production"

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WHAT'S INSIDE

- 2 ▶ SHAREHOLDER FERTILIZER USE REPORTING INFORMATION
- ▶ STOCK SALES
- 3 ▶ BOARD OF DIRECTORS TOUR SIMPLOT PHOSPHATES, LLC
- ▶ ELECTIONS TO BE HELD IN DISTRICT 1
- 4 ▶ ANNUAL AMMONIA REFRESHER AND EMERGENCY RESPONSE TRAINING

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Shareholder Fertilizer Use Reporting Information

By early November we will be mailing the Shareholders' Product Use Report Form. Please refer to the Rebatable Product List for qualifying products. You may also find this information on our website at CALAMCO.com. In addition, if for some reason you do not receive your Product Use Report, or it is somehow misplaced, you will now be able to download a form from our website. Please note that this is a blank form, therefore **you must fill in your relevant shareholder information**, including shareholder name, shareholder number, and a contact number in order for us to correctly determine to whom to apply the purchases.

Please remember that **the deadline for reporting will be December 15, 2008. Once again, this deadline will be strictly enforced.** We will be mailing a reminder post card in early December to all members whose reports have **not yet been received.** *If you receive a postcard reminder and have mailed in your report, please contact our office at 800-624-4200.*

Ensuring your usage report is mailed to our office is **your responsibility.** Most fertilizer retailers are willing to provide CALAMCO members with their fertilizer purchase information. We would encourage you to keep a copy for your records, and mail the report yourself. This way you can be certain that the report has been mailed in a timely manner.

REBATABLE PRODUCTS		
PRODUCT	NPK	NH ₃
Anhydrous Ammonia	82-00-00	100%
Aqua Ammonia	20-00-00	24%
Ammonium Nitrate 20% (AN20)	20-00-00	24%
Ammonium Sulfate	21-00-00	26%
Ammonium Sulfate Granular	20.5-5-0	25%
Calcium Ammonium Nitrate (CAN 17)	17-00-00	21%
Mono-Ammonium Phosphate	16-20-00	20%
Complete Fertilizer (turf supreme)	16-06-08	20%
Urea-Ammonium Nitrate Solution (UAN32)	32-00-00	19%
Triple 15 Complete Fertilizer	15-15-15	18%
Triple 12 Complete Fertilizer	12-12-12	15%
Complete Fertilizer	12-08-16	15%
Ammonium Poly Phosphate Solution	10-34-00	12%
Complete Fertilizer XB	06-20-20	7%

If you are using a special blend that you do not see on this list, it is best to check with your fertilizer dealer to see if a rebatable product was used in producing the blend. Some dealers are already set up to cover a portion of the nitrogen in those blends that contain rebatable products. However, just because a product contains nitrogen, does not automatically mean it qualifies.

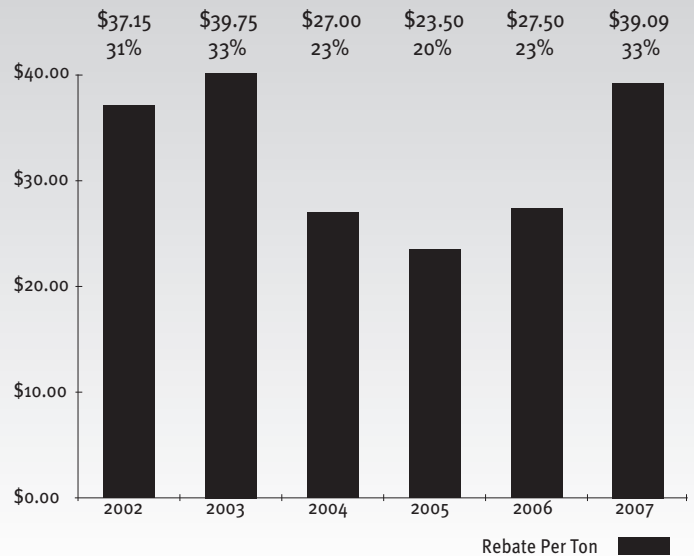
Stock Sales

Once again, Sales Representatives are busy calling on growers in an effort to put inactive stock on the stock for sale list, as well as meeting with growers who are interested in purchasing additional stock to cover their annual fertilizer usage.

If you are still interested in purchasing additional stock, it is not too late, but please contact your CALAMCO Sales Representative as soon as possible. Stock must be purchased prior to our year-end of October 31, 2008 in order to qualify.

In addition, if you know of a grower who is not yet benefiting from being a member of CALAMCO, please have them contact us for more information. As a satisfied member, your testimony is the best advertisement we could ask for!

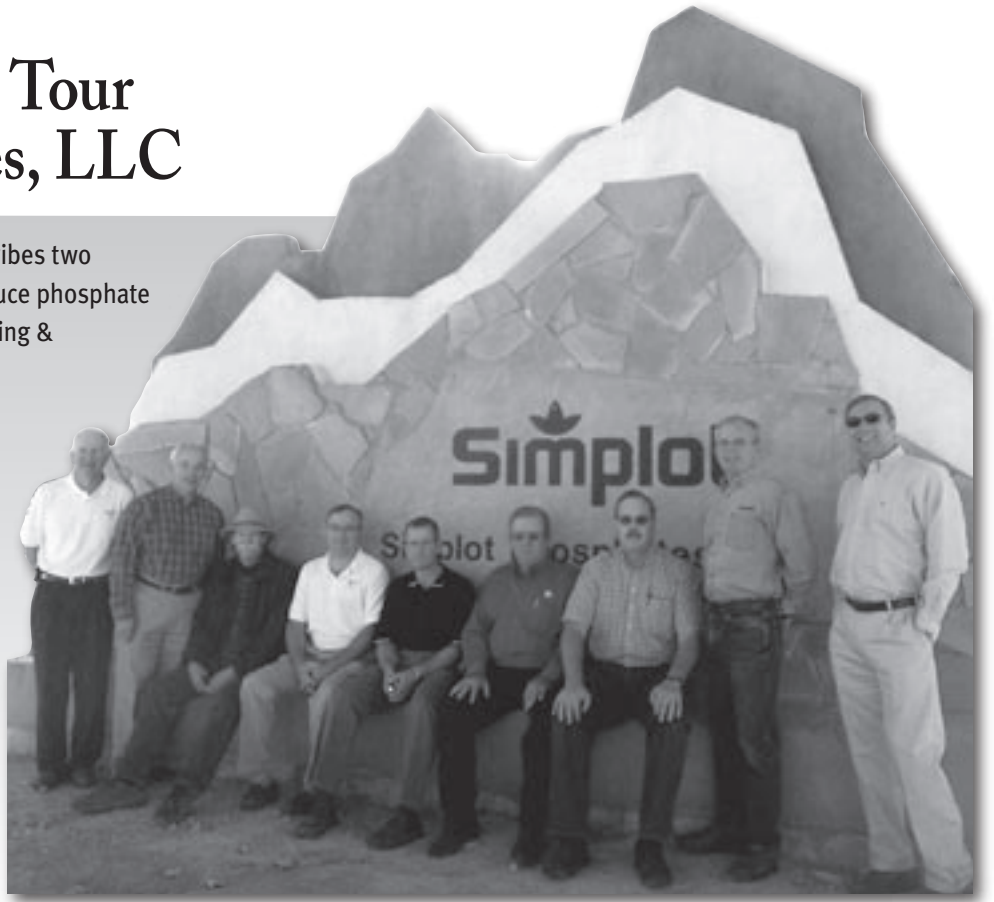
6 Year Average Return = 28%
 Percentages = Return on Investment
 Based on \$18 per Share Purchase Price



Board of Directors Tour Simplot Phosphates, LLC

The name Simplot Phosphates, LLC describes two facilities that work cooperatively to produce phosphate fertilizer, and is a part of the Simplot Mining & Manufacturing Division.

Phosphate ore is mined 12 miles north of Vernal, Utah, where it is also crushed, washed, finely ground and concentrated. The ore is then mixed with water to form a slurry and shipped 96 miles through a pressurized pipeline to the manufacturing plant five miles south of Rock Springs, Wyoming. Molten sulfur (which is burned in fertilizer production to provide heat, steam and sulfur dioxide gas) is supplied by various vendors, as is ammonia, the third raw material used in production.



CALAMCO management, along with the board of directors, held their August meeting in conjunction with a tour of Simplot's phosphate ore mine, and traveled to Rock Springs, to tour their phosphate fertilizer production facility.

Simplot Phosphates, LLC produces high-quality phosphate fertilizer, while maintaining its status as a low-cost leader in the fertilizer industry. The Rock Springs plant produces phosphoric acid (54%), super phosphoric acid (68%) as well as MAP (mono-ammonium phosphate), which is a dry, granulated

fertilizer. They manufacture over 500,000 tons of dry and liquid fertilizer products a year for customers around the country. The dry-fertilizer storage building at the Rock Springs, Wyoming location holds approximately 160 million pounds of product.

The Rock Springs plant was recently recognized with the federal government's highest award for health and safety, as one of only about 500 business sites nationwide honored for their impressive safety record, by receiving the Occupational Safety and Health Administration's (OSHA) 2007 STAR award.

Elections to be Held in District 1

CALAMCO is currently accepting nominations from Shareholders in District 1 who are interested in serving on the CALAMCO Board of Directors. District 1 encompasses Northern California from Sutter & Yuba counties, north.

Your current Director in District 1 is Rick Rominger of Winters. Proxies will be mailed in mid-January and are due back in our office prior to our Annual Meeting, which will be held on February 18, 2009.

Service on the CALAMCO Board of Directors does require a certain amount of time and commitment from Directors

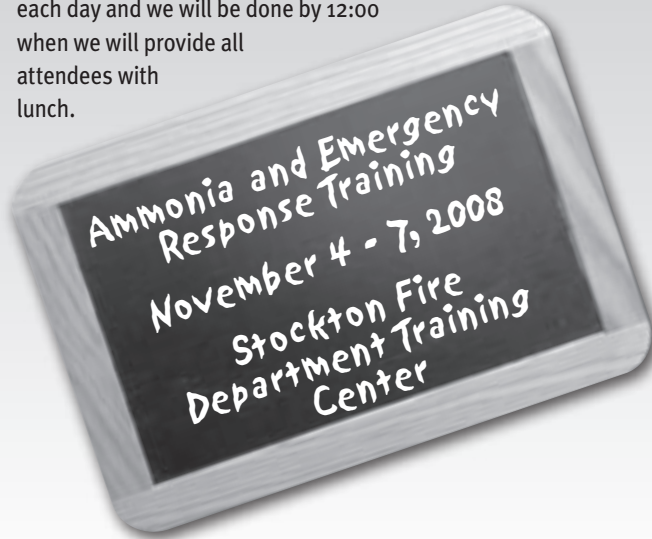
who are expected to attend all meetings. The meetings are held on the third Thursday of the months of June, August, October, December, and the third Wednesday in February, which is the annual meeting. If you have any questions or are interested in submitting your name to our nominating committee, please contact our corporate office at 800-624-4200 by December 12, 2008.



SAFETY UPDATE

Annual Ammonia Refresher and Emergency Response Training

CALAMCO will provide anhydrous ammonia and emergency response training during November 2008 at the Stockton Fire Department Training Center (110 West Sonora). Mark your calendars for November 4-7. Sessions will begin at 8:00 on each day and we will be done by 12:00 when we will provide all attendees with lunch.



The emergency response training is for First Responders at the "Awareness" level. This training is for those employees who may be the first to be aware of an emergency situation, and who you, the employer, want to take some kind of action to secure the area and make appropriate notifications. This training should not be reserved for employees only; supervisors and managers are always welcome.

Cost for the class is \$75.00 for those who pre-register, and \$100.00 at the door (checks only made out to CALAMCO). We will still have a group discount of four for the price of three for those of you who can send several people.

We look forward to seeing you at the training sessions in Stockton.



QUESTIONS OR COMMENTS CAN
BE FORWARDED TO CALAMCO
AT (800) 624-4200
WWW.CALAMCO.COM

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