



1957-2007

CALAMCO PROGRESS

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MESSAGE TO SHAREHOLDERS



Once again, 2006 was another incredible year! Patronage checks were mailed to participating members in mid-January for our 2006 fiscal year. The final dividend was \$27.50 per ton of NH₃ equivalent. A 27.5% return on investment for those members who purchased their stock at \$15 per share in 2006!

As you are aware, this past year we saw nitrogen prices reach record levels due to restricted world market supply. Though we did experience a reprieve in pricing during the second half of 2006, as we enter 2007, the anticipated demand for ammonia worldwide exceeds the short-term supply outlook. This instability in supply and demand is reflected in world market pricing, with suppliers pushing for higher prices and buyers looking for price relief. Over the past few months, we have once again seen a surge in Tampa import prices, which have increased to levels that are actually higher than last year during the same time frame. And, as you are aware, our contract ammonia cost is based on the Tampa market.

We hope that this latest increase in ammonia prices, which has a direct impact on all nitrogen based products, will be the last one that we will need to make this Spring, as growers gear up for their busy season. Meanwhile, as all fertilizer prices have continued to strengthen, availability for many nitrogen based products has been a concern. Please keep in mind that even though ammonia prices have once again reached record levels, not only do we have an adequate supply, ammonia and aqua ammonia are the most economical sources of nitrogen on a per unit basis.

BOBSMITH, PRESIDENT/CHIEF EXECUTIVE OFFICER

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WHAT'S INSIDE

- 2 ▶ 2007 REGIONAL SHAREHOLDER DINNER
- ▶ ADDITIONAL IMPROVEMENTS FOR THE STOCKTON TERMINAL
- ▶ MARK GREWAL ELECTED TO SERVE ANOTHER TERM ON BOARD
- 3 ▶ PROMOTING CAREERS IN AGRICULTURE
- ▶ TRAINING FOR EMERGENCIES
- 4 ▶ TRAINING FOR EMERGENCIES (CONT.)

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CHIEF EXECUTIVE OFFICER*
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2007 Regional Shareholder Dinners

Approximately 600 people attended this year's regional shareholder dinners, which were held in Shell Beach, Visalia, Maxwell, and Stockton. We were extremely pleased with this year's turnout. In fact, the last few years we were forced to cancel the Visalia dinner due to an inadequate response to warrant hosting the event. Not only did we have a wonderful attendance in Visalia this year, we were actually concerned that we wouldn't be able to accommodate everyone that responded!

This year, instead of inviting a guest speaker to address our guests, CALAMCO put together a video presentation in celebration of our 50th anniversary, which gave a brief over-view of our unique history. Each of the dinner meetings was a great success, and enjoyed by all who attended.



As always, we conclude our evening by giving away a large variety of door prizes. We would again like to extend our sincere thanks to all the fertilizer dealers that donated a door prize for the dinner in their area. Of course, everyone always leaves with a CALAMCO hat, and this year, in celebration of our 50th anniversary, we had a few extra items for those in attendance. We hope you enjoyed the evening, and look forward to seeing you all again next year! And for those who were not able to attend, please try to make it to the dinner in your area this coming year.

Additional Improvements For Stockton Terminal



In an ongoing effort to keep the Stockton facility running at optimum capacity, capital improvements of \$250,000 were approved by your Board of Directors to replace the ammonia load-out pump station, which provides the pumping capacity from the main ammonia storage tanks to all load-out stations. The load out stations include four load-out racks for trucks, as well as an additional three load-out racks for railcars.

The pump station that is being replaced is original to the facility, and has been operational since the terminal was first built in 1978. The new station includes four new pumps, which provide a total capacity of approximately 1100 gallons per minute, or almost 200 tons per hour. Though our busy season normally starts prior to the projected scheduled completion date of late April, there will be no disruption in service during the replacement of these pumps.

Mark Grewal Elected to Serve Another Term on Board

Mark Grewal of Lemoore was elected to serve his second term on CALAMCO's Board of Directors at the annual meeting, which was held at the corporate office in Stockton on February 21, 2007. Mark represents District 3, which encompasses the Southern San Joaquin Valley.

CALAMCO's management and board would like to congratulate Mark, and are pleased that he will continue to serve as a director.

Promoting Careers in Agriculture

The Western Plant Health Association (WPHA) represents the interests of fertilizer and crop protection manufacturers, distributors, formulators and retailers in California, Arizona and Hawaii. WPHA members comprise more than 90 percent of all the companies marketing commercial fertilizers, soil amendments, agricultural minerals and crop protection products in CA, AZ, and HI. The purpose of WPHA and member companies is to promote the environmentally sound use and handling of plant health products and services for the production of safe and high quality food, fiber, and horticultural products.

CALAMCO is proud to be an active member of WPHA. Over the past couple of months, WPHA has been promoting careers in agriculture at various universities throughout California in an effort to educate students about the various job opportunities within the agriculture industry. On February 22, more than 5,000 UC Davis students roamed the UCD Pavilion talking with representatives from hundreds of companies located in California. WPHA had a booth at the Career Day with industry representatives Pam Emery from WPHA, Alice Inderbitzin from CALAMCO, Ron Naven from Yara North America, and Tim Underwood from Monsanto. The group encouraged students to view WPHA's member Web sites for internship and career opportunities, as well as spoke about the diversity of agricultural careers from agronomists to pest control advisers. On Wednesday, Feb. 28, a similar Career Day was held at Chico State.



In addition to attending University Career Day's, the Western Plant Health Association and the California Association of Pest Control Advisers teamed up to host dinner meetings on university campuses. These dinner meetings were targeted to encourage students to enter the plant health industry, and were well-received by the students, the university, and industry representatives. More than 400 enthusiastic students, résumés in hand, attended dinners at UC Davis, Chico State, CSU Fresno, Cal Poly San Luis Obispo, UC Riverside and Cal Poly Pomona.

At each dinner the breadth of agricultural careers was emphasized through keynote informal talks, in a structured, yet relaxed atmosphere, which encouraged students in plant health majors to network with the industry representatives and university faculty members at each dinner. Several students landed internships and dozens of others left their résumés in hopes of finding a career that matches their skills and interests. In addition, there were quite a few students that made the decision to prepare for the Pest Control Adviser test – all because of the education they received at this dinner. If you are interested in further information about career opportunities within this exciting industry, please check out the WPHA website at www.healthyplants.org for links to association members.

Training for Emergencies

Your emergency action plan is designed to save lives in the event of a fire or other disaster. However, you need to do far more than simply post maps of evacuation routes. Every employee needs to understand your evacuation plan, alarm systems, reporting procedures, and types of potential emergencies. They should be aware of any special hazards such as flammable materials, toxic chemicals, or water-reactive substances.

Employees should know the following, at minimum:

- At least two exits from every room/area;
- The sound/signaling method of the evacuation or other alarms;
- Who to contact in an emergency;
- How to escape in the dark if necessary;
- Where the fire/evacuation alarms are located and how to

use them; and

- How to report damaged or malfunctioning safety systems and back-up systems.

Training should address the following:

- Individual roles and responsibilities;
- Threats, hazards, and protective actions;
- Notification, warning, and communication procedures;
- Emergency response procedures;
- Evacuation, shelter, and accountability procedures;
- Location and use of common emergency equipment;
- Emergency shutdown procedures.



Safety Story Continued on Page 4

Training for Emergencies



You may need to provide additional training (e.g., first aid procedures, fire extinguisher use) depending on the responsibilities of designated employees.

Conduct training at least annually and when employees are hired or when their jobs change. Provide additional training when new equipment, materials or processes are introduced, when the layout or design of the facility changes, when procedures have been updated or revised, or when exercises show that employee performance is inadequate. Conduct drills at random intervals, and include outside police and fire authorities.

If you rent, lease, or share office space, coordinate and practice evacuation and other emergency plans with other businesses in your building, if possible.

Setting up a training exercise

If you have employees who are designated to assist with evacuation, conduct drills where certain employees act as 'problem' employees. For purposes of the drill, have one

employee refuse to evacuate while complaining that the emergency "isn't that bad." Other 'problem' situations might include:

- An injured person who can not walk,
- Someone who lost his or her glasses and can not see well enough to evacuate,
- An evacuation route is blocked, forcing employees to follow an alternate route (have a member of the response team direct employees away from the primary route).

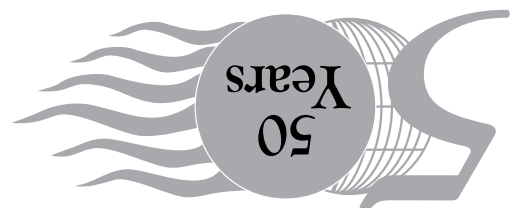
How your evacuation assistants deal with these situations can indicate how they will react during an emergency. For example, if an employee lost her glasses, do the assistants help her evacuate, or do they start looking for her glasses? If the primary evacuation route is blocked, do the other routes interfere with emergency response (e.g., pass near a fire hose or other emergency equipment)?

Preparing to overcome the unexpected could save lives during an emergency.

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