

CALAMCO PROGRESS

SUMMER 2005 ▶ A PUBLICATION OF CALAMCO

MESSAGE TO SHAREHOLDERS



It seems that there is no such thing as a “normal” season, and this past Spring proved no exception. A warmer than usual March was followed by a wetter than normal April. This in itself would not pose a problem as there was still plenty of time left in May for crops to be planted. However,

we ended up having a fairly wet May as well. Fortunately, the weather warmed up enough between storms, and we were able to move a fair amount of product during those breaks.

We did anticipate the demand for aqua ammonia and anhydrous ammonia to be down in northern California’s rice country with less acres being planted than in 2004. But with temperatures remaining cooler than normal well into June, the typical fertilizer season seemed to be delayed by a few weeks throughout a good portion of the state. We do expect that this year’s overall demand for fertilizer use to remain fairly consistent with other, more “normal” years.

We are very excited to announce a new project that your management team has been working on. Starting in early July, we will be breaking ground on the construction of a new power plant to be built at our Stockton Terminal. The new power plant is intended to supply the majority of our total energy requirements on a year-round basis. The project should take about three months for completion. For more details, please see the article enclosed in this issue.

BOBSMITH, PRESIDENT/CHIEF EXECUTIVE OFFICER

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Anthony Suniga is this Year's Scholarship Recipient

We are pleased to congratulate Anthony Suniga for being the recipient of this year's scholarship awarded by CALAMCO. Anthony is the son of Jim and Pam Suniga of Escalon. He is a 2005 graduate of Escalon High School, and plans to continue his education at Delta College in Stockton this Fall. After completing Delta College he plans on transferring to either Cal Poly, San Luis Obispo or California State University, Fresno with a major in Agribusiness.

Anthony has been active during his four years at Escalon High. He has participated on football, basketball, and base-

ball teams and has been a member of FFA for four years. He has been buying and selling market steers for many years, and started his cattle career quite early by getting his first calf when he was only two years old. He has worked alongside his grandfather in the cattle business throughout his life, and has received many awards during his time in FFA, which includes steers placing at the San Joaquin County Fair and the FFA 2004 Chapter Degree.

CALAMCO is pleased to be one of the Sponsors of a \$1000 scholarship awarded to students planning to continue their Ag studies in college. This year's recipients were recognized at the annual Agri-Business Luncheon at the San Joaquin County Fairgrounds on June 24, 2005.

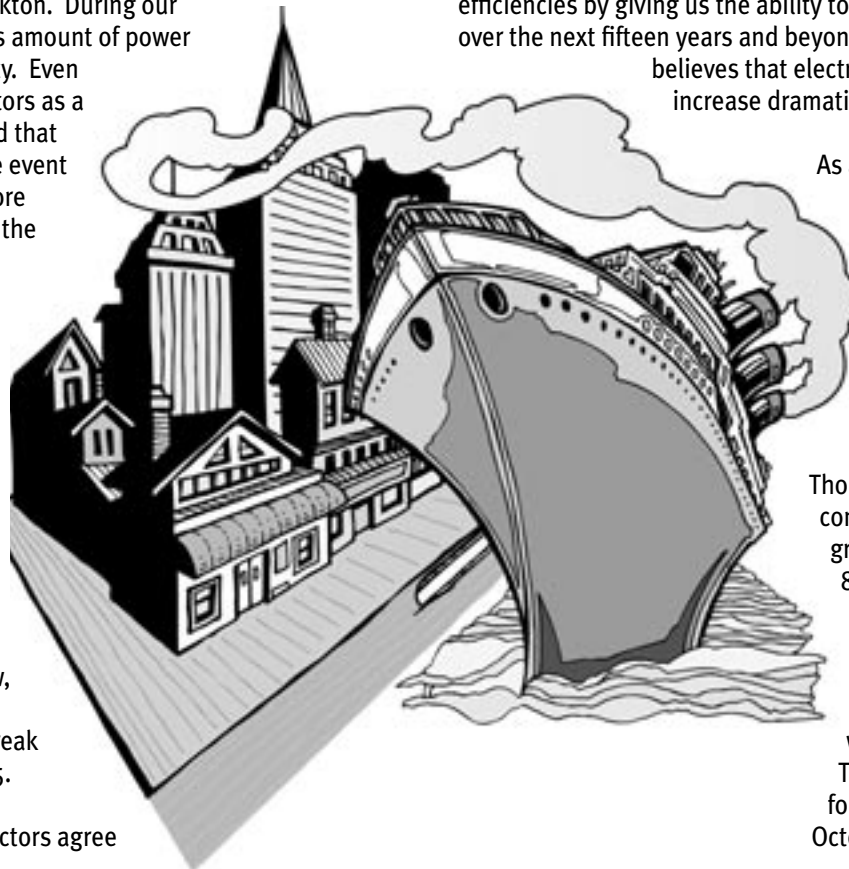
New Power Plant to be Built at Stockton Terminal

Following the energy crisis we faced in California a few years ago, your management realized the need to explore alternative sources of energy to supply our ammonia terminal at the Port of Stockton. During our peak season, a tremendous amount of power is required to run the facility. Even though we do have generators as a back-up source, we realized that we must be prepared in the event that we are faced with a more serious energy shortage in the future.

Following a long negotiation period with MMR Power Solutions, your management was ready to present a proposal to the Board of Directors for the construction of a 560 kw Power Plant to be built at the Port of Stockton facility. After a thorough review, the project was approved, and plans are in place to break ground in early July of 2005.

Your management and directors agree

that this project will be a benefit to members for a variety of reasons. Primarily, the project allow CALAMCO the security of having a stable source of power, and will allow us to maximize efficiencies by giving us the ability to hedge on electrical costs over the next fifteen years and beyond. This is vital, as everyone believes that electricity costs will continue to increase dramatically in the years ahead.



As an added benefit, CALAMCO will be able to mitigate potential environmental exposure by dramatically reducing the need to use river water as a heat source for warming ammonia prior to loading trucks.

Though we will not be completely off of the PG&E grid, we will be able to supply 80-85% of our energy internally, and will be able to use PG&E as a back-up source of supply, in addition to the generators which are already in place. The project is scheduled for completion by October 1, 2005.

Port Director, Richard Aschieris Addresses Calamco Board of Directors

CALAMCO held its June Board of Directors Meeting at the Port of Stockton administration offices on June 17, 2005. Rick Aschieris, Port Director, gave a brief presentation to the Board of Directors, giving them a general overview of the Port of Stockton's tenants, focusing specifically on the importance of their relationship with CALAMCO.

Mr. Aschieris has been the Chief Executive Officer of the Port of Stockton since his appointment by the Stockton Port Commission in February of 2000. Since his arrival in Stockton, Mr. Aschieris has directed the dramatic expansion of the Port and initiated several new efforts to revitalize and expand port operations.

Prior to coming to Stockton, Mr. Aschieris served as Executive Director of the Port of Anacortes, Washington where he diversified the customer base of the port by attracting new and unique businesses and reacquiring traditional businesses that had left the port. For nearly twelve years, Mr. Aschieris was also a member of the senior management team of the Port of Long Beach, California, one of the largest ports in the United States, where he was active in a number of efforts that led to its rapid expansion.



Photo: pictured from left to right:

Case Van Steyn, Barry Powell, Bob Smith, Rick Aschieris, Rick Rominger, Lee Gardiner, Greg Dexter, Brad Baltzer, Alan Freese, Mark Grewal and Pat Avery.

Mr. Aschieris reported that in May, CALAMCO broke a record for total tons of product received in a one-month period for the Port of Stockton. Following his presentation, a tour of the port including Rough and Ready Island which was acquired by the Port of Stockton approximately five years ago, was given to the Board of Directors and management of CALAMCO.

Ammonia Refresher Training and Emergency Response

CALAMCO will be providing Ammonia Refresher training and Emergency Response "Awareness Level" training October 18 thru 21, 2005 at the Stockton Fire Department Training Center. The class will start at 8:00am and end at 12:00pm and be followed by lunch provided by the Stockton Fire Department. You and your employees need only attend one day of training.

As a user or provider of anhydrous ammonia you are required to provide your employees with awareness training under the provisions of the Hazard Communication Standard (required by both State and Federal regulations).

If you have an emergency at your facility that includes a release of ammonia (anhydrous or aqua), or any other hazardous substance, and you intend for your employees to participate in any role to mitigate the problem, then you are required to provide the employees with emergency response training. The level of training is dictated by the type of role they will play.

Cost for the training is \$75.00 per person; if you have several employees, you can send four for the price of three (save \$75.00). We will be sending out a reminder letter and registration forms approximately forty-five days prior to the training.

Roadway Crashes

Roadway crashes are the number one cause of on-the-job deaths, accounting for 43 percent of all workplace fatalities, and an average of 1,181 people die each year in work zones. Many workers such as police officers, fire fighters, emergency personnel, sales staff, and commercial drivers have their office in their vehicle, and are that much more susceptible to involvement in a roadway crash.

In work zones: pay attention to warning signs, especially speed limits; don't tailgate; expect the unexpected; watch for construction workers who may be very close to your lane.

Avoid: speeding; distractions such as the cell phone, radio, and mini TV; slowing down to watch the work; resuming normal speed before leaving the work zone; changing lanes in the work zone.

Protect your employees by: having a comprehensive driver safety policy; enforcing seat belt usage; developing work schedules that do not force employees to be always in a rush; follow applicable hours-of-service regulations for commercial drivers.

Commercial vehicles: allow them plenty of room front and rear; fully loaded trucks weigh 80,000 pounds and do not stop as fast

as your 3,000 pound automobile; avoid blind spots – directly in front of or behind the truck, or to the side of the cab. 59% of large truck fatalities occur on roads other than freeways, and many of the drivers who died were not wearing seat belts.

Child passenger safety: children from twenty pounds to about forty pounds should always be in a safety seat in the back seat of the vehicle, and infants up to about twenty pounds should be in rear-facing seats; booster seats help children over forty pounds fit the seat belt. Highway statistics show that an average of seven children up to fourteen years old die and 872 are injured daily in motor vehicle crashes (1999 statistics); sixty percent of the children who died were not strapped in.

We spend more and more time in our cars, SUVs, pickup trucks and commercial vehicles because of the increasing number of vehicles on our freeways, minor roads and back roads. We also have more and more distractions such as cell phones, radios, mini TVs, papers, books, and other traffic. Slow down, pay attention, and arrive alive.



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