CALAMCO
PROGRESS
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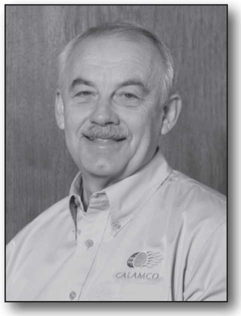
MESSAGE TO SHAREHOLDERS



Our 2009 fiscal year will go on record as the most successful year in CALAMCO's 52-year history, paying out a patronage dividend of $65.95 to participating members. A 55% return on investment for those members purchasing their stock at $18 per share! Though world market prices typically strengthen significantly due to increased demand during our peak season, in 2009 the market tended to be more erratic than normal, presenting your management with opportunities to time the loading of vessels at enviable market levels. A total of fourteen anhydrous ammonia vessels were received at your Stockton terminal throughout the fiscal year.

CALAMCO's total profits are paid out to participating members each year. Unlike most cooperatives, we do not typically retain earnings. When members report their fertilizer use, qualified purchases are converted to anhydrous ammonia equivalent, and the total qualified tons are divided into that total profit amount, giving us our final rebate per ton. In 2009, total rebatable tons were down in comparison to previous years which further increased the actual dividend per ton paid out to participating members.

As we approach spring, growers are once again faced with uncertain water allocations. However, we are optimistic that we will have a fairly normal and busy season in northern California; similar to our 2009 fiscal year. As we move into the southern San Joaquin Valley, we anticipate an increase in cotton acreage compared to the past few years.

Once again, we would like to thank you for choosing to be a member of CALAMCO, and appreciate your continued business in 2010.

Bob Brown, President/CEO

OUR 2009 FISCAL YEAR WILL GO ON RECORD AS THE MOST SUCCESSFUL YEAR IN CALAMCO'S 52-YEAR HISTORY, PAYING OUT A PATRONAGE DIVIDEND OF $65.95 TO PARTICIPATING MEMBERS.

WHAT'S INSIDE

Overview – Who is CALAMCO?

CALAMCO is a California-based cooperative that was formed in 1957 as a partnership between growers and industry. The president of Best Fertilizers had a vision to build an anhydrous ammonia plant in northern California, however there were a couple of major factors standing in his way. In addition to lacking the necessary finances required to accomplish this goal, Best Fertilizer's total annual requirements for anhydrous ammonia did not support the potential production of an entire ammonia plant. Thus the idea was born to partner with growers, who would invest in a production facility and ultimately share in the profits for a product they needed. In the process, they were also establishing a loyal customer base through their newfound partnership.

Today CALAMCO is comprised of: 1150 Class A grower members, which account for 1,049,020 shares, 53% of the total outstanding stock; 296,733 Class B Shares which are represented by Fertilizer Dealers throughout California; and another 632,170 Class B shares owned by our industry partner, the J.R. Simplot Company.

Per our company bylaws, Class A (grower owned) stock must always be at minimum 51% of the total outstanding shares, ensuring a majority ownership of the cooperative. They also hold majority representation on our Board of Directors. The state is divided into four districts, and each district has a director to represent your interest on the board. Each director is elected by those members residing in their district only. They are elected to four-year terms with a rotating election in a different district each year. The remaining three seats on our Board are held by the J.R. Simplot Company. Those seats are voted by Class B stockholders.

OPERATIONS

CALAMCO owns and operates an anhydrous ammonia terminal at the Port of Stockton which was constructed in 1979. The terminal is in operation 24/7, and consists of two 20,000 ton NH_3 storage tanks; 400 tons of refrigeration grade (R-grade) ammonia; an aqua converter with the capacity to produce 300 tons of aqua per day along with 2500 tons of storage; a UAN32 facility, owned and operated by CALAMCO, which consists of 40,000 tons of storage. This storage facility was built in 2001 under a new joint-venture agreement with the J.R. Simplot Company whereby CALAMCO terminals the product, which is procured and marketed exclusively by Simplot.

There are a number of benefits to the Stockton Terminal. First, it is one of only two terminals located in California, and, with today's permitting and regulatory issues, it is highly unlikely that there would be another facility such as ours to ever be built in this state. Of the two terminals (the other one being located in West Sacramento), Stockton does not face urban encroachment issues, is more centrally located and has a deeper channel allowing us to receive larger vessels. We also have a greater load-out capacity at our terminal, with the capability to load over 100 trucks per day, as well as up to fifteen railcars for both NH_3 and UAN32 combined.

We own and operate an aqua converter in Sycamore, located in northern California's Colusa County, which is in the heart of rice country. Aqua is the major fertilizer used for this crop, and during the peak of spring season, this facility runs at maximum capacity, 24-hours per day. We have the capability to produce 3000 tons of aqua per day, with 250 tons of ammonia storage.

CALAMCO also owns and operates a trucking fleet which consists of six tractor and ammonia trailer sets, plus eight additional ammonia trailers, hauled by a subcontract carrier based in Stockton.

OUR INDUSTRY PARTNER

The J.R. Simplot Company has been our industry partner since 1983, when they purchased Occidental Chemical's California assets along with their interest in CALAMCO, becoming our new industry partner. Simplot owns and operates manufacturing facilities in Lathrop and Helm for which they purchase 100% of our ammonia for their manufacturing needs.

Approximately half of the ammonia that we move through our terminal is used by Simplot to manufacture a variety of upgraded blends at both of these facilities. In view of the fact that there is a fixed cost to run the Stockton terminal, regardless of the volume handled, the additional product throughput for manufacturing provides an economy of scale on ammonia cost. In addition, we are able to provide members with shareholder coverage on the nitrogen contained in those products they produce since it is CALAMCO ammonia.

STOCK OWNERSHIP – HOW IT WORKS

Stock purchases are based on the total nitrogen (NH_3 equivalent) a grower uses during a one year period. The products that qualify for coverage are those products that CALAMCO markets which are; anhydrous ammonia (NH_3), aqua ammonia, and AN20, in addition to those products that are manufactured in California by the J.R. Simplot Company that contain our ammonia.

We realize there are a wide variety of blends that contain nitrogen which are not on our rebatable product list. We cannot provide coverage on blends solely because they contain nitrogen – it must

CONTINUED

2010 Regional Shareholder Dinners

Approximately 600 people attended this year's regional shareholder dinners, which were held in Maxwell, Stockton, Visalia, and San Luis Obispo. As our marketing staff meets with growers as well as customers throughout the year, they are frequently asked a variety of questions pertaining to stock ownership in an effort to gain a better understanding of your cooperative and how it actually works. Therefore, this year, instead of a guest speaker, Alice Inderbitzin, Director of Marketing, gave an overview of CALAMCO consisting of how and why CALAMCO was formed; our operations; the benefits of our partnership with the J.R. Simplot Company; stock ownership and how it works.

Following the presentation at each of the meetings, we received a number of positive responses from members in attendance who felt they gained a much better understanding of how we, as a company, truly function. For this reason, we will attempt to give a brief recap within this issue for those of you that were not able to attend one of the regional dinners.

As always, we concluded 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 prizes for the dinners in their corresponding areas. Of course, everyone always leaves with a CALAMCO hat. Your management strives to make this a fun as well as informative evening. So, if you haven't attended one of these meetings in the past, please try to attend in the coming year!

CALAMCO Offers $1000 Scholarship

Just a reminder that CALAMCO is once again offering a scholarship **to our shareholders and their immediate family** (children), that are graduating high school seniors and plan to continue on to college, majoring in agriculture or an ag-related field. This offer is valid to current high school seniors planning to attend a college or university in the fall of 2010 or spring of 2011 (the scholarship would not apply at any later enrollment).

The application is available in PDF format on our website at www.calamco.com under the news/events tab. You will need to print out the application and mail it to our corporate office at: CALAMCO, 1776 West March Lane, Suite 420, Stockton, CA 95207. **Applications must be postmarked by May 1, 2010**. We will notify the recipient of the scholarship by May 14, 2010.

Who is CALAMCO Continued

be our nitrogen. There are other suppliers that market nitrogen products in California besides CALAMCO and Simplot, however we cannot pay a dividend on those products. Therefore, we not only limit coverage to those products that we market, we must keep track of sales to ensure that retailers are purchasing enough nitrogen equivalent to qualify the purchases you, the grower, make from your dealer and claim at the end of the year on your product use report form.

For this reason, it is important to ensure that the salesman and/or retailer you are purchasing your fertilizer from is aware that you are a CALAMCO shareholder. In addition, there are those members who have owned their stock for many years, but may not be farming the same acreage today as they did a number of years ago. We realize that receiving your dividend check has been a nice bonus over the years, but please understand that this is a rebate for purchases made. If you are not actually purchasing the product, the dealer in turn is unable to purchase the product from us, and cannot be expected to cover stock for sales that they did not make.

In conclusion, this is your company. As a member, you benefit by ensuring your purchases are covered with CALAMCO product. Thank you for your continued support!

Ammonia Safety

SAFETY CALAMCO TRAINING

The busy season is just about on us again and we want to ensure that all employees are reminded of the potential for accidents involving either anhydrous ammonia or aqua ammonia. We all have policies and procedures regarding the handling and use of ammonia products, and this would be a good time to refresh those memories that have been dormant for a while (kind of like plowing that fallow field).

Ammonia can be mixed with water and sold as ammonium hydroxide, or used in compressed gas as anhydrous ammonia (meaning without water). Workers in all industries should know that, despite its common usage, ammonia poses health risks and hazards that require proper use of personal protective equipment (PPE) and safe use and handling procedures.

To prevent overexposure to ammonia, know the amounts, concentrations, and properties of the materials that you work with. If your company has respiratory protection available, know where the equipment is located and how to use it. Remember that a Respiratory Protection Program requires all users participate in annual fit testing with the masks they will be using.
Inspect and maintain ammonia storage and processing equipment to prevent leaks and exposures.

Skin contact with ammonia can cause redness, pain, irritation, and burns. For health and safety purposes, wear gloves to protect your skin when using ammonia products. When using higher concentrations in agricultural settings, wear gloves and coveralls with long sleeves to protect your skin. If your clothes are splashed with ammonia, flush with water before removing the contaminated clothing and then flush your skin with water for at least thirty minutes.

An ammonia splash in the eye can cause extreme pain and burns and lead to eye damage and temporary or permanent blindness. If you use or mix concentrated ammonia, wear splash protection goggles to protect your eyes. If your eyes are exposed to ammonia, flush them with water for thirty minutes and get immediate medical attention.

QUESTIONS OR COMMENTS CAN
BE FORWARDED TO CALAMCO
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