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Message to Shareholders

Product movement through our Stockton Terminal for 2011 was at the highest level since 2008. Since we have a fixed cost to operate the terminal, the more tons that we are able to ship out annually directly effects the average cost on a per ton basis. This means that we are able to return a better dividend back to you. Rebate checks were mailed to participating members in mid-January for our 2011 fiscal year. Historically, it was CALAMCO's third best year since inception, with a dividend of \$56.12 per ton of ammonia equivalent. This equates to a 42% return on investment for those members that purchased their stock at \$20 per share!

As we gear up for spring, we are hoping that the much needed late rains will not interfere with planting once the season kicks in. Once again, we are anticipating a very strong year for fertilizer sales. The good news is that ammonia prices are down significantly from the peak prices reached over the fall and winter months, and are now even lower than they were this time last year.

Thank you for your business and support this past year. We look forward to continuing to supply your nitrogen needs in 2012!



BOB BROWN, PRESIDENT/CEO

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A Partnership with Growers

2012 Regional Shareholder Dinners



Approximately 500 people attended this year's regional shareholder dinners, which were held in Maxwell, Visalia, San Luis Obispo, and Stockton.

Following dinner, Alice Inderbitzin of CALAMCO gave a brief recap of our 2011 fiscal year and Bob Brown addressed the outlook for fertilizer pricing this spring. As always, we conclude our evening by giving away a large variety of door prizes. We would like to extend our sincere thanks to all the fertilizer dealers that donated a door prize for the dinner in their area, and we would like to thank all of you that were able to attend.

Shareholder Accounting System Update

We are currently in the process of updating our Shareholder Accounting Program used for calculating members patronage rebate each year. Since our old program did not allow for much needed changes, we are working with J Street Technology based in Bellevue, Washington to create a new program that will allow members to securely access their account with increased on-line capabilities and features. Our vision for the new system is for members to be able to report their fertilizer purchases on-line. However, reporting via the old report form will still be available for those members that prefer to report by mail.

We are very excited about the benefits this new program will provide. It is scheduled to be finalized by mid-summer, after which growers will be able to securely access their individual accounts through our website. The new program will also be in available for our 2012 Fertilizer Use Report filing. We will keep you posted!

We would like to thank those members that have generously donated to CALAMCO's PAC fund. With the new system, members will have the added ability to indicate the dollar amount that they wish to contribute on-line, and that amount will then be automatically deducted from their patronage refund check.



CALAMCO Offers \$1000 Scholarship

Just a reminder that CALAMCO is offering a scholarship to our **shareholders and their immediate family** (children), that are graduating high school seniors and plan to continue on to college or university, 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 2012 or spring of 2013 (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. Just print out the application and mail it back to our corporate office at: CALAMCO, 1776 West March Lane, Suite 420, Stockton, CA 95207. Applications must be postmarked by April 20, 2012. We will notify the recipient of the scholarship by May 1, 2012.

All Ways Safe Agricultural Safety Award

CALAMCO was honored to be named the first "Small Company" award recipient at the recent AgSafe Conference which took place in Monterey, CA. The following description of the award and sponsors can be found on the AgSafe website:

AgSafe, in partnership with DuPont Crop Protection, are pleased to announce the first ever All Ways Safe Agricultural Safety Awards, recognizing companies and individuals who demonstrate a dedication to keeping agricultural workers safe in California.

The collaborative effort between AgSafe and DuPont Crop Protection highlights the companies' shared commitment to protecting the agricultural industry's workforce. "Safety is at the heart of our core values," says John Chrosniak, regional business director - North America, DuPont Crop Protection. "We are pleased to honor the accomplishments of these dedicated companies and individuals who continually strive to create and promote safe and healthy work environments for everyone in this industry while their daily work continues to feed the world."

UAN-32 Tank Update



As reported last fall, CALAMCO began the construction of a new 30,000 ton UAN-32 storage tank at our Stockton facility in August, bringing our total storage capacity to 70,000 tons. Tank construction was completed on December 22, and the interior coating of the tank began. Once the interior coating

was done, the exterior coating was applied. The tank was finished and ready to fill with product by February 27th. It has just received a fresh coat of white paint and is ready for our spring season, right on schedule!

SAFETY - Anticipate Permit Space Hazards

Do you have any confined spaces at your facility? What is a confined space? As you can see from the definitions listed below, there are two types of confined space. The key element to remember is that a confined space is any area that is not designed for a person to occupy continuously. Examples may include tanks, trailers, tunnels, towers, silos and wells. Please read the definitions for a better understanding and use the points provided to create your own permit. Cal/OSHA Regulation – Title 8 CCR Sections 5156, 5157, 5158.

A confined space is a space that:

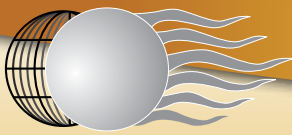
- Is large enough and built so that an employee can enter and work,
- Has limited or restricted means of entry or exit, **and**

- Is not designed for an employee to occupy continuously.

A permit-required confined space (permit space) must first meet the definition of a confined space. A permit space is a confined space that has one or more of the following characteristics:

- Contains a material that has the potential for engulfing an entrant,
- Has an internal configuration that could trap or asphyxiate an entrant (inwardly converging walls or a floor that slopes downward and tapers to a smaller cross-section), **or**
- Contains any other recognized serious safety or health hazard.

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SAFETY

Anticipate Permit Space Hazards *(continued)*

Understand Permit Procedures

The written entry permit helps you make sure that the space is evaluated, the hazards are eliminated or controlled, and all necessary equipment is available before anyone enters the permit space. Permits must be available to all permit space entrants at the time of entry.

The written entry permit must include:

- Identification of the space;
- Purpose of the entry;
- Date and duration of the permit;
- Names of authorized entrants;
- Names of current attendants and the entry supervisor;
- Hazards in the permit space;
- Measures to isolate the permit space and eliminate or control the hazards;
- Acceptable entry conditions;
- Results of atmospheric and any other tests, initialed by the person(s) performing the tests;
- Rescue and emergency services available and the means to summon them;
- Communication procedures for attendants and entrants;
- Require equipment (such as ventilation, respirators, retrieval systems, etc.); and
- Additional permits (such as for hot work).

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