CALAMCO

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MESSAGE TO SHAREHOLDERS

Bob Brown
President/CEO

The spring season is upon us, and unfortunately, it looks like it will be a much shorter season than normal due to severe water allocations throughout most of the state. Based on the current outlook, we have cut back on projected ammonia deliveries for our 2014 fiscal year by approximately 20%.

Though we have seen some firming of ammonia prices as we approach spring, our plan is to maintain pricing to our customers at the same level that we have been at since last fall, which is lower than where nitrogen prices were at this time last year. Unfortunately, it is not clear how the recent events in Ukraine, ending in the removal of President Yanukovych, and the subsequent events in Crimea, will impact on the lower gas price agreed with Russia in December. Much will depend on who will lead the next Ukrainian government and how Russia handles future relations with Ukraine. The potential disruption of gas supply, and the impact on gas pricing and thus nitrogen production costs (not just in Ukraine but also in Europe), will be of major concern to the industry, and could have a direct impact on world pricing. At this stage it is impossible to forecast how the situation will develop.

On a brighter note, rebate checks were mailed to participating members in mid-January for our 2013 fiscal year. It turned out to be another good year for your cooperative, with a dividend of $38.40 per ton of ammonia equivalent. That equates to a 29% return on investment for those members that purchased their stock at $20 per share this past year!

what's inside

A PARTNERSHIP WITH GROWERS

Introducing Dan Stone

Dan Stone

I am excited to be on-board at CALAMCO as the new Vice President and Chief Financial Officer. I was born and raised in San Bernardino, California. After high school, I graduated from the United States Air Force Academy in Colorado Springs, Colorado, and served on active duty for six years followed by two years in the reserves. I attended navigator training at Mather AFB in Sacramento, California and was then assigned to McChord AFB in Tacoma, Washington to fly C-130 tactical transports. We mostly supported Army Paratrooper and Navy Seal units in the Western U.S., so I spent a lot of time in San Diego, Monterrey, Anchorage and Hawaii. We also had periodic flights around the Pacific, throughout Europe and to various parts of the Mid-East and North Africa.

Following the Air Force, I earned my MBA in Finance and Business Policy from the University of Chicago, and took a position as a finance manager at Procter & Gamble. My first assignment was at a manufacturing plant (making Cascade, Comet, Mr. Clean, and Spic & Span) in St Louis, Missouri for two years. We then relocated to Cincinnati, Ohio for the next thirteen years. I worked with various business units: Dishcare (Dawn, Ivory, Joy), Pampers and Pringles; as well as various functions: sales, marketing, R&D, supply chain; in various locations: Jackson, Tennessee, Kansas City, Missouri, Brussels, Belgium; Geneva, Switzerland and Kobe, Japan. Most of my career was with Pringles, where I was the CFO for the Americas portion of the global business.

My next career move was to St Louis, Missouri as the V.P., Financial Analysis and Planning for Furniture Brands International; a global manufacturer/retailer/distributor. I was there for five years and served in various roles during a difficult business environment, including interim CFO, VP-Strategy & Business Development, interim Chief Marketing Officer, interim Global Supply Chain Leader, and General Manager, Special Markets.

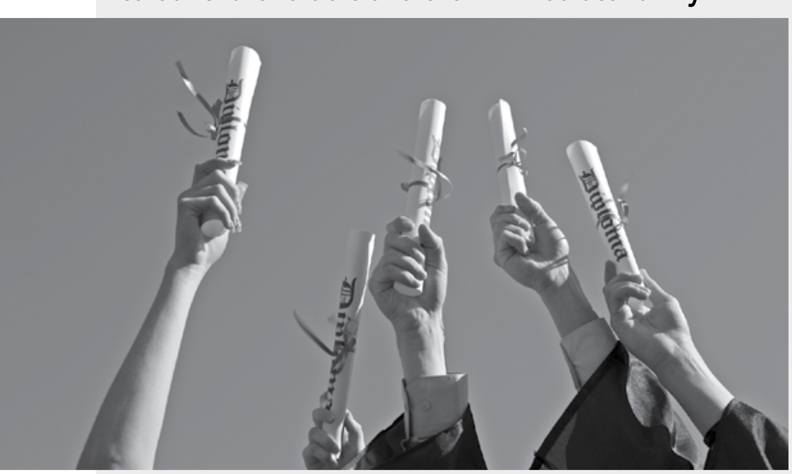
Finally, I worked this past year at Express Scripts in St Louis, Missouri in the Mergers & Acquisitions department. Express Scripts recently completed a large acquisition and needed to sell, spin-off or close a number of non-strategic business units.

My wife, Becky, and I have been married for twenty-seven years and have four children. Our oldest, Taylor, is a senior in college in Philadelphia. Our second, Derrick, is a freshman in Missouri. And finally, we have twins, Haley and Heather, in 10th grade.

We would like to Welcome Dan to our CALAMCO team!

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 2014 or spring of 2015 (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 18, 2014.** We will notify the recipient of the scholarship by May 2, 2014.

2014 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, Bob Brown, CALAMCO President and CEO gave a brief overview of the history of CALAMCO ammonia supply and the changes that are taking place in the nitrogen market.

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, and we would like to thank all of you that were able to attend.

ResponsibleAg

ResponsibleAg is an industry supported stewardship initiative that will assist fertilizer storage and handling facilities to achieve and maintain compliance with federal laws and regulations.

Why ResponsibleAg? The U.S. fertilizer industry seeks to continually improve its safe storage and handling practices and to ensure a high level of regulatory compliance. The intent is to promote a culture of safety and demonstrate that commitment through this program. Not only is this good for business, but it's the right thing to do for our employees, customers, and neighbors.

Through ResponsibleAg, the industry is taking voluntary steps to

(1) improve safety and security associated with storage and handling of fertilizer products,

(2) support compliance with federal regulations,

(3) demonstrate accountability and transparency, and

(4) provide for the sagfety of our personnel, our customers and our communities as we serve the vital need for crop nutrients.

Participation in ResponsibleAg is voluntary. Any fertilizer distributor or retailer, regardless of size or location, is invited and encouraged to participate.

Operations Update

With the outlook for nitrogen production set to increase in the United States, we have adjusted our options in order to take advantage of lower priced dometic material. This past year, in addition to receiving product by vessel under our existing contract, we took advantage of the ability to purchase product on a spot basis by purchasing rail material. We typically have only shipped product out by rail to customers in the southern part of the state, as well as to locations outside of California.

Our existing rail capacity at the Stockton facility limits the amount of railcars we can handle for loading and unloading. Fortunately, there were two acres adjacent to our facility in the perfect location to expand our existing rail siding. We were able to negotiate with the Port of Stockton to acquire the additional ground, and have recently broken ground to move our fence so that it will encompass the additional property. The next phase will be to add the new tracks, which we anticipate to be complete within the next couple of months.

This new expansion will allow us to easily handle additional rail cars. Our new contract with Koch Nitrogen that went into effect January 1, 2014 reduces our annual commitment. In conjunction with this reduction, we also signed a new supply contract with CF Industries to receive product by rail on a year-round basis to make up the balance of our supply.

2014 Safety Preparation

In preparation for the 2014 season, we have provided a number of ammonia safety awareness presentations in response to your requests. Thank you to all who have participated. As mentioned in the previous newsletter, we have begun discussions with the Kern County Fire District in planning Ammonia Awareness and Emergency Response Training for the Bakersfield area. Similar to the training conducted annually in partnership with the Stockton Fire Department for the past 25+ years, our goal is to provide this class for our customers further south. We are looking at October, the same month that the Stockton classes will be taking place this year. **We look forward to hearing from those that are interested – this will help us a great deal in planning.**

We recently hosted a number of members of the Stockton Fire Department at our facility for some familiarization training. This provided us with the valuable opportunity to discuss our operations as well as potential issues that could occur. Having first responders on site prior to an emergency is beneficial to both sides. We also had the opportunity to meet with members of the Lodi Fire Department along with some surrounding districts (Woodbridge, Morada) to share the benefits and the potential hazards associated with ammonia. Thank you to Lyndon Gardiner and the team from Wilbur Ellis at Twin Cities for their support with this training.

A regulatory note – We have received numerous calls requesting information on the rules connected to diesel trucks operating in California. We highly recommend you visit the California Air Resources Board website at www.arb.ca.gov. Select "the Truck Stop" tab in the upper right-hand corner of the page for detailed, easy-to-follow guidelines on the Truck and Bus Rule and the Drayage Truck requirements.

Questions or comments can be forwarded to CALAMCO at (800) 624-4200 www.Calamco.com

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