

SUMMER 2014 • CALAMCO.COM

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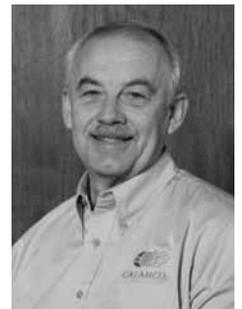
MESSAGE TO SHAREHOLDERS

We have some exciting news to share....the Cold Storage Facility has been "officially" SOLD! We are extremely pleased to have been able to reach an agreement for the sale of the facility which is located on three acres adjacent to our Stockton Terminal. This facility includes two Cold Storage Domes, an adjoining pre-cooler, and an office.

For several years, we had been leasing the facility to a neighboring Cold Storage Company that had expressed an interest in ultimately purchasing the facility, but that didn't work out. For the last few years, the facility has been vacant. Your management has been working towards a long-term lease agreement, or ultimately to sell this facility, for quite a while. We have had a number of interested parties explore the potential purchase, but until now, we have not been able to find a fit. This sale is a "win-win" result for both buyer and seller, and will result in additional jobs for the Stockton area.

As we approach summer, we typically see a decline in nitrogen demand, which has a direct impact on world market nitrogen prices. Fortunately, we are experiencing a slight reprieve in pricing for the summer months. This usually tends to be short-lived, as fall demand outlook creates pressure on the supply/demand balance forcing pricing back up as we approach our fall season.

We are just over half way through our 2014 fiscal year. Though we did anticipate sales would be impacted by the current drought situation, we are pleased to report that we are nevertheless experiencing a decent year. Sales are down on all products, as you would expect, however, with only four months remaining in our fiscal year, we are looking forward to ending the year on a positive note.



BOB BROWN
PRESIDENT/CEO

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CALAMCO Awards \$1000 Scholarship to Emma Larson



We would like to congratulate Emma Larson from Hanford for being the 2013 recipient of CALAMCO's \$1000 Scholarship. Emma is a 2014 Graduate of Lemoore Union High School, graduating with a 4.03 grade point average! She plans to attend California Polytechnic State University in San Luis Obispo this fall, majoring in Agricultural Communications with the goal of becoming an ambassador for agriculture.

We would like to thank all of the students that applied to CALAMCO for this year's scholarship. They have all worked very hard throughout their academic career, and plan to further their education in agriculture. Our industry is extremely fortunate to have so many bright and ambitious students pursuing careers in our industry!

CALAMCO Recognized by Union Pacific Railroad for Transportation Safety

CALAMCO is the proud recipient of this year's Pinnacle Award, in recognition for our consistent focus on the safe handling and transportation of anhydrous ammonia through our facility in Stockton.

The Pinnacle Award program, which began in 1996, is open to all Union Pacific hazardous material shippers, including chemical and petrochemical customers. Criteria include safe-loading techniques, securement of shipments and zero non-accident releases. An NAR is an unintentional release of hazardous material during transportation not caused by an accident or train derailment. NARs consist of leaks, splashes and other releases from improperly secured or defective valves, fittings, safety relief devices and tank shells.

The award recognizes Union Pacific customers that implemented successful prevention and corrective plans and achieved a rate of zero non-accident releases (NARs) for regulated hazardous materials shipments. This is the fourth time that we have received the Pinnacle Award from UP.



A Note From Our Chairman

In case I haven't had the opportunity to meet with you at one of our Regional Shareholder Dinners, I would like to take this opportunity to introduce myself. I have had the honor of serving as a Director on the CALAMCO Board since 2000; and in the capacity as your Chairman since 2011. Over the years, I have witnessed many changes at CALAMCO. Not only with management and staff, but also with some of the more significant changes and direction that have evolved over the last decade.



In my opinion, we have an excellent management team and staff in place. They continue to demonstrate their commitment to safety, and desire to produce positive results each year, ensuring the long-term value that you have placed by investing in this great company.

Our goal as Directors, is to position CALAMCO as a company that will be here for the long-haul. We continue to look for ways to enhance the value of your cooperative and make adjustments and investments that will keep us positioned to meet the changes and challenges that lie ahead within our industry. With that said, if any of our members has a comment, suggestion, or concern, I would like you to know that along with your staff, the Director in each of your districts is also at your disposal.

Your Chairman, Case Van Steyn.

Rail Yard Expansion at Stockton Terminal

Effective January 1, 2014, CALAMCO entered two new supply contracts for anhydrous ammonia to our facility. Koch Nitrogen continues to supply product to our Stockton facility, however the new contract reduces the volume that we will receive by vessel. A new contract was also established with CF Industries to supply product by rail.

As domestic production in North America increases, we realized the need to position ourselves for the changing market by being able to bring in product produced in North America in order to off-set pricing fluctuations on the world market. In order to achieve this, we needed to expand the capacity for handling rail within our secured site. CALAMCO was able to secure an agreement with the Port of Stockton to obtain a two acre parcel adjacent to our facility and existing rail track. We were able to increase our track by adding 725 feet of new track as well as rebuilding and aligning 360 feet of existing track to create a total of 1,085 feet of track improvements.

With heightened security measures under Homeland Security over recent years, the railroad has become much more stringent on the safe storage of railcars when not in transit. We were able to handle approximately 15 railcars at one time with our previous rail-siding within our fenced property at our Stockton facility for both loading and unloading of UN32 and anhydrous ammonia combined. We have now increased that capacity to accommodate 27 railcars within secured property boundaries.

By this fall, we plan to complete the next phase of this improvement with the addition of new off-loading platforms for anhydrous ammonia.



Craig Hinchman Receives CSP Certification



We would like to congratulate Craig Hinchman, Manager Environmental, Health and Safety for completing all requirements for certification as a Certified Safety Professional (CSP). This highly respected certification is awarded to individuals who meet academic

standards, satisfy professional safety experience requirements, and have passed two very rigorous examinations. The examinations cover engineering and management aspects of safety, applied sciences, legal and regulatory matters, professional affairs, and other safety-related topics.

In addition to passing these two examinations, Craig also graduated from California State University, Stanislaus with a Bachelor of Arts degree in Communication Studies following just over four years of night school while working full-time with CALAMCO.

Certified Safety Professionals specialize in protecting workers, the public, property, and the environment by identifying, evaluating, and controlling hazards. The CSP directs safety programs at a corporate level to reduce risk and loss. This certification is from the Board of Certified Safety Professional which establishes standards for, and verifies minimum competency in, professional safety practice. Currently, there are just over 11,000 Certified Safety Professionals world-wide.

The following article was published in a recent edition of the Cal OSHA Reporter. As you read the information, please remember that these are proposed changes, but something for which you should possibly prepare.

The Division of Occupational Safety and Health has just proposed major revisions to California's heat illness prevention standard. The action is not formal rulemaking, but sending its proposal to the Standards Board is a big first step in revising the almost 10-year-old regulation. California has led the nation in heat illness standards.

Employers with heat exposures may be well advised to begin adoption in advance.

Among the proposed revisions:

- Requiring employers to provide drinking water as close as practicable but no more than 400 feet from employees, with some wiggle room.
- Shade to be provided when temperatures hit 80 degrees (currently 85F) and no farther than 700 feet from workers.
- Employees who need to take a "cool-down rest" cannot be ordered back to work until symptoms of heat illness have abated. Employers also would have to monitor the worker

during the rest period and provide emergency services if the symptoms worsen.

- High-heat procedures would kick in at 85 degrees, instead of the current 95F. The draft also adds specific instructions for observing employees for heat illness signs during high-heat.
- Expanding the training topics that must be provided to employees.
- Adding specific instructions on what must be contained in employers' written heat illness prevention procedures.
- Requiring supervisors to take "immediate action" if employees show signs of heat illness. Such employees would have to be offered emergency medical services before they could be sent home.

Once the Standards Board reviews the draft, it might return it to DOSH for changes or for questions. No timetable has been set for formal adoption but this appears to be on a fast track.

CAL-OSHA Reporter

For a review of the current standard as well as a chance to review some examples of how to create your written program, there is some helpful information found at the following link: <https://www.dir.ca.gov/dosh/heatillnessinfo.html>

Questions or comments can
be forwarded to CALAMCO
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