

ANDERSONS INC
Form DEF 14A
March 15, 2010

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

The Andersons, Inc.

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(I)(1) and 0-11.

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**THE ANDERSONS, INC.
480 West Dussel Drive
Maumee, Ohio 43537**

March 15, 2010

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of shareholders that will be held on Friday, May 7, 2010 at 8:00 a.m., local time, at The Andersons Headquarters Building, 480 West Dussel Drive, Maumee, Ohio 43537.

This booklet includes the formal notice of the meeting and the proxy statement. The proxy statement tells you more about the meeting agenda, and how to vote your proxy and procedures for the meeting. It also describes how the board operates and gives you information about our director candidates. A form of proxy for voting at the meeting and our 2009 annual report to shareholders are also included with this booklet.

The Board of Directors has proposed an increase in authorized shares enabling the Company to pursue growth opportunities and ensure the sustainability of our company and to further the financial interests of all shareholders. The increase in shares will, among other things:

- Give the company the flexibility to use common stock to raise capital or use as consideration to acquire other businesses,

- Allow the Company to declare stock splits or stock dividends, and

- Permit the Company to continue to provide shares as part of employee benefit plans.

Your Board has recommended a vote in favor of this proposal. I am confident we have the discipline to continue our sound financial governance practices in the future and would appreciate your support on this proposal.

It is important that your shares are represented and voted at the Annual Meeting, regardless of the size of your holdings. I urge you to vote your proxy as soon as possible so that your shares may be represented at the meeting. If you attend the Annual Meeting, you may revoke your proxy in writing and vote your shares in person, if you wish.

I look forward to seeing you on May 7th.

Sincerely,

/s/Michael J. Anderson

Michael J. Anderson

Chairman, Board of Directors and

Chief Executive Officer

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**THE ANDERSONS, INC.
480 West Dussel Drive
Maumee, Ohio 43537
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

Date: May 7, 2010
Time: 8:00 A.M., Local Time
Place: The Andersons Headquarters Building
480 West Dussel Drive
Maumee, Ohio 43537

Matters to be voted upon:

1. The election of nine directors identified as nominees herein to hold office for a one-year term.
2. The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year ending December 31, 2010.
3. The approval of an amendment to the Company's Articles of Incorporation in order to authorize 17,000,000 additional Common Shares.
4. Any other matters that may properly come before the Annual Meeting and any adjournments or postponements thereof.

Holders of record of The Andersons, Inc. Common Shares as of the close of business on March 10, 2010 will be entitled to vote at the Annual Meeting.

Maumee, Ohio
March 15, 2010

By order of the Board of Directors

/s/Naran U. Burchinow

Naran U. Burchinow
Secretary

Your vote is important. Whether or not you plan to attend the Annual Meeting in person and regardless of the number of shares you own, please vote your shares by proxy, either by mailing the enclosed proxy card or, by telephone or via the Internet. If you attend the Annual Meeting, you may revoke your proxy in writing and vote your shares in person, if you wish.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 7, 2010

The Proxy Statement and Annual Report to Shareholders with Form 10K is available at www.edocumentview.com/ANDE2010

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**THE ANDERSONS, INC.
480 West Dussel Drive
Maumee, Ohio 43537
PROXY STATEMENT**

Annual Meeting of Shareholders
May 7, 2010
Introduction

The Board of Directors is soliciting your proxy to encourage your participation in the voting at the Annual Meeting and to obtain your support on each of the proposals described in this proxy statement. You are invited to attend the Annual Meeting and vote your shares directly. However, even if you do not attend, you may vote by proxy, which allows you to direct another person to vote your shares at the meeting on your behalf. This proxy is intended to be first mailed or otherwise delivered to shareholders on March 22, 2010.

This Proxy Solicitation

Included in this package are, among other things, the proxy card and this proxy statement. The proxy card and the identification number on it are the means by which you authorize another person to vote your shares in accordance with your instructions.

This proxy statement provides you with information about the proposals and about The Andersons, Inc. (the Company) that you may find useful in deciding how to vote with respect to each of the proposals. After this introduction, you will find the following seven sections:

Voting

Proposals

Board of Directors

Appointment of Independent Registered Public Accounting Firm

Proposal Regarding Amendment to the Articles of Incorporation to Increase the Number of Shares of Authorized Stock

Share Ownership

Executive Compensation

Other Information

The Annual Meeting

As shown on the Notice of Annual Meeting, the Annual Meeting will be held on Friday, May 7, 2010 at 8:00 a.m., local time, at The Andersons Headquarters Building in Maumee, Ohio. The Company's Code of Regulations requires that a majority of our Common Shares be represented at the Annual Meeting, either in person or by proxy, in order to transact business.

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i Abstentions and broker non-votes (proxies held in street name by brokers that are not voted on all proposals) will be treated as present for purposes of determining whether a majority of our Common Shares is represented, and will therefore affect whether a quorum has been achieved

There were no shareholder proposals submitted for the 2010 Annual Meeting. We must receive any shareholder proposals for the 2011 Annual Meeting at our principal offices in Maumee, Ohio by December 31, 2010.

Common Shares Outstanding

On March 10, 2010, The Andersons, Inc. had issued and outstanding 18,399,686 shares of common stock.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 7, 2010

The proxy statement and Annual Report to Shareholders with Form 10K is available at www.edocumentview/ANDE2010.

Voting

You are entitled to one vote at the Annual Meeting for each Common Share of The Andersons, Inc. that you owned of record as of the close of business on March 10, 2010.

How to Vote Your Shares

You may vote your shares at the Annual Meeting by proxy or in person. Even if you plan to attend the meeting, we urge you to vote in advance. If your shares are recorded in your name, you may cast your vote in one of the following ways:

Vote by telephone: If you received a proxy card, you can vote by phone at any time by calling the toll-free number (for residents of the U.S.) listed on your proxy card. To vote, enter the control number listed on your proxy card and follow the simple recorded instructions. **If you vote by phone, you do not need to return your proxy card.**

Vote by mail: If you received a proxy card and choose to vote by mail, simply mark your proxy card, and then date, sign and return it in the postage-paid envelope provided.

Vote via the Internet: You can vote by internet at any time by visiting the website listed on your proxy card, notice document or email that you received. Follow the simple instructions and be prepared to enter the code listed on the proxy card, notice document or email that you received. **If you vote via the Internet, you do not need to return your proxy card.**

Vote in person at the Annual Meeting.

Shareholders who hold their shares beneficially in street name through a nominee (such as a bank or a broker) may be able to vote by telephone or the Internet, as well as by mail. You should follow the instructions you receive from your nominee to vote these shares.

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When you vote by proxy, the shares you hold will be voted in accordance with your instructions. Your proxy vote will direct the designated persons (known as proxies) to vote your shares at the Annual Meeting in accordance with your instructions. The Board has designated Matthew C. Anderson, Naran U. Burchinow and Tamara S. Sparks to serve as the proxies for the Annual Meeting.

How to Revoke Your Proxy

You may revoke your proxy at any time before it is exercised by any of the following means:

Notifying Naran U. Burchinow, our Corporate Secretary, in writing prior to the Annual Meeting;

Submitting a later dated proxy card, telephone vote or internet vote or;

Attending the Annual Meeting and revoking your proxy in writing.

Your attendance at the Annual Meeting will not, by itself, revoke a proxy.

Voting at the Annual Meeting

Your shares will be voted at the meeting as directed by the instructions on your proxy card or voting instructions if: (1) you are entitled to vote, (2) your proxy was properly executed, (3) we received your proxy prior to the Annual Meeting and (4) you did not validly revoke your proxy prior to the meeting.

The Board's Recommendations

If you send a properly executed proxy without specific voting instructions, the designated proxies will vote your shares for the election of the nominated directors, for the ratification of the independent registered public accounting firm and for the Amendment to increase the number of shares of authorized stock.

Votes Required to Approve Each Item

The Company's Code of Regulations states that the nominees for director receiving the greatest number of votes shall be elected. Therefore, abstentions and broker non-votes will not count as a vote for or against the election of directors.

The ratification of the independent registered public accounting firm requires an affirmative vote of a majority of the Common Shares present and entitled to vote. An abstention will count as a vote against this proposal; however, broker non-votes will not count as a vote for or against this proposal.

The approval of the Amended Articles of Incorporation to increase the number of shares of authorized stock requires an affirmative vote of the holders of not less than two-thirds (2/3) of the outstanding Common Shares. A broker non-vote or abstention will count as a vote against this proposal.

Householding

The Company has adopted a procedure approved by the Securities and Exchange Commission called householding. Under this procedure, multiple shareholders who share the same last name and address will receive only one copy of the annual proxy materials. If the household received a printed set of proxy materials by mail, each shareholder will receive his or her own proxy card or voting instruction card by mail. We have undertaken householding to reduce our printing costs and postage fees. Shareholders may elect to receive individual copies of the proxy materials at the same address by contacting Investor Relations at 480 West Dussel Drive, Maumee, Ohio 43537.

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Where to Find Voting Results

We will announce the voting results at the Annual Meeting and will publish the voting results in the Company's Form 8-K to be filed with the Securities and Exchange Commission within four business days after the annual meeting.

Summary of Proposals

The Governance / Nominating Committee and the Board, including all independent directors, have nominated nine directors each for a one-year term.

The Audit Committee has hired and the Board has approved PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2010 and recommends that you vote to ratify their appointment.

The Board has approved the Amendment to the Articles of Incorporation to increase the number of shares of authorized stock and recommends that you vote for this amendment.

At the date of this Proxy Statement, we have no knowledge of any business other than the proposals described above that will be presented at the Annual Meeting. If any other business should properly come before the Annual Meeting, the proxies will be voted on at the discretion of the proxy holders.

Election of Directors

The Board of Directors is currently comprised of ten directors. Charles A. Sullivan has elected not to stand for re-election in light of recent board action establishing age 72 as retirement age for board members and the Board has voted to reduce the number of directors to nine commencing with this Annual Meeting. The Governance / Nominating Committee and Board of Directors have nominated and recommend the election of each of the nine nominees listed below. Each Director that is elected will serve until the next Annual Meeting or until their earlier removal or resignation. Each of the nominees listed is currently a Director of the Company. The Board of Directors expects all nominees named below to be available for election. In case any nominee is not available, the proxy holders may vote for a substitute, unless the Board of Directors reduces the number of directors as provided for in the Company's Code of Regulations.

Directors will be elected at the Annual Meeting by a plurality of the votes cast at the Annual Meeting by the holders of shares represented in person or by proxy. There is no right to cumulative voting as to any matter, including the election of directors.

The following is a brief biography of each nominee as well as the specific qualifications of the nominee as identified by the Board's Governance / Nominating Committee. Information as to their ownership of the Common Shares can be found in the Share Ownership section at page 18. All information provided is current as of February 28, 2010.

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| Name | Age | Principal Occupation, Business Experience and Other Directorships | Director Since |
|----------------------|------------|---|---------------------------|
| Michael J. Anderson | 58 | Chairman of the Board since 2009, President and Chief Executive Officer since January 1999. Prior to that President and Chief Operating Officer from 1996 through 1998, Vice President and General Manager of the Retail Group from 1994 until 1996 and Vice President and General Manager Grain Group from 1990 through 1994. Director of FirstEnergy Corp. from 2007 to current and director of Interstate Bakeries Corp from 1998 to 2009. | 1988 |
| Gerard M. Anderson | 51 | President and Chief Operating Officer, DTE Energy since 2005. Joined Detroit Edison, a subsidiary of DTE Energy in 1993 and held various executive positions. Prior to this, a consultant with McKinsey & Co., Inc. Director of DTE Energy since 2009 | 2008 |
| Catherine M. Kilbane | 46 | Senior Vice President, General Counsel and Secretary of American Greetings Corporation since 2003. Prior to that a partner with the Cleveland law firm of Baker & Hostetler LLP. | 2007 |
| Robert J. King, Jr. | 54 | President and Chief Executive Officer, PVF Capital Corp since 2009. Prior to that Senior Managing Director, Private Equity, FSI Group, LLC from 2006 through 2009. Formerly Managing Director, Western Reserve Partners LLC, Regional President of Fifth Third Bank from 2002 through 2004 and Chairman, President and Chief Executive Officer of Fifth Third Bank (Northeastern Ohio) from 1997 through 2002. Director of Shiloh Industries, Inc. since 2005 and PVF Capital Corp. since 2009. | 2005 |
| Ross W. Manire | 58 | Chairman and Chief Executive Officer of ExteNet Systems, Inc. since 2002. Served as President, Enclosure Systems Division of Flextronics International from 2000 to 2002. Prior to that held senior management positions at Chatham Technologies, Inc., and 3Com Corporation. Former Partner at Ridge Capital Corporation and Ernst and Young. Director of Zebra Technologies Corporation since 2003 and Eagle Test Systems, Inc. from 2004 through 2008. | 2009 |

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| Name | Age | Principal Occupation, Business Experience and Other Directorships | Director Since |
|---------------------|------------|---|-----------------------|
| Donald L. Mennel | 63 | President and Treasurer of The Mennel Milling Company since 1984. Served as a member of the Federal Grain Inspection Service Advisory Board and a past chairman of the Eastern Soft Wheat Technical Board. | |
| David L. Nichols | 68 | Past President and Chief Operating Officer of Macy's South, a division of Macy's, Inc. from 2000 through 2005, previously Chairman and Chief Executive Officer of Mercantile Stores, Inc. Director of R. G. Barry Corporation since 2005. Past director of the Federal Reserve Bank, Cleveland, Ohio. | 1995 |
| John T. Stout, Jr. | 56 | Chief Executive Officer of Plaza Belmont Management Group LLC since 1998. Previously President of Manildra Milling Corp and Manildra Energy Corp from 1991 through 1998 and Executive Vice President of Dixie Portland Flour Mills Inc. from 1984 to 1990. | 2009 |
| Jacqueline F. Woods | 62 | Retired President of Ameritech Ohio (subsequently renamed AT&T Ohio). Director of The Timken Company since 2000 and School Specialty, Inc. since 2006. | 1999 |

The Governance / Nominating Committee considers a variety of factors when presenting the slate of nominees for the board these are listed in detail on page 10. Because of the importance of diversity in our businesses, the Committee looks at the different skills and experiences that each nominee brings. Following are specific experience, qualifications, attributes or skills that the Governance / Nominating Committee viewed as valuable to our business for the next year:

| Director | Specific experience, qualifications, attributes or skills |
|---------------------|--|
| Michael J. Anderson | Over 30 year history with the Company including leadership of the Grain and Retail businesses Specific expertise in agricultural commodities trading and hedging activities. Intimate knowledge of all businesses Experience as a member and chair of other public company boards Three years public accounting experience MBA in finance and accounting Executive Leadership Program, Harvard Business School |
| Gerard M. Anderson | Currently engaged as President & Chief Operating Officer and board member of a publicly traded energy company Energy industry expertise MBA and MPP with a civil engineering undergraduate degree Past experience as a consultant with McKinsey and Company |

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| Director | Specific experience, qualifications, attributes or skills |
|----------------------|--|
| Catherine M. Kilbane | Currently engaged as Secretary and General Counsel for a publicly traded company Experience with public company regulatory requirements Experience in an industry that is a supplier to retailers Attorney with extensive corporate law experience, including mergers and acquisitions, joint ventures, securities and compliance |
| Robert J. King, Jr. | Currently engaged as President and board member of a publicly traded financial services company MBA with a finance undergraduate degree Expertise in banking, finance and related risk analysis with extensive senior officer experience with major banking organization. Experience as a member of other public company boards |
| Ross W. Manire | Currently engaged as Chairman and CEO of a telecommunications company Mergers and acquisition and international business experience Experience as a member of other public company boards Formerly a partner with an international auditing firm and certified public accountant Prior service as Chief Financial Officer of public company MBA with economics undergraduate degree |
| Donald L. Mennel | Active President and Treasurer a major wheat milling company MBA Past chair of audit committee and designated financial expert Extensive grain industry experience, including analysis and hedging of agricultural commodity risk |
| David L. Nichols | Experience as a Chairman and Chief Executive Officer of a large public retailer Experience as a member of other public company boards Service on the Cleveland Federal Reserve Board, including chair of the Audit Committee Past chair of Andersons audit committee and designated financial expert |
| John T. Stout, Jr. | Currently engaged as Chief Executive Officer of diversified food processor and supplier Experience in the financial markets as it relates to the food industry, including analysis of agricultural commodity risk Mergers and acquisition experience Experience managing company which was a consumer of wheat Board member for a variety of companies in the food industry Elected to Kansas City Federal Reserve Board January 1, 2010, previously six years on Kansas City Federal Reserve Board Economic Advisory Committee |

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| Director | Specific experience, qualifications, attributes or skills |
|---------------------|--|
| Jacqueline F. Woods | Experience as a President of large telecommunications company Experience as a member of other public company boards Career experience in finance, marketing, strategic planning, public relations and government affairs Executive Leadership Program, Kellogg Graduate School of Management, Northwestern University |

The Board of Directors recommends a vote **FOR** the election of the nine directors as presented.

Corporate Governance**Board Meetings and Committees**

| Name | Committees of the Board effective upon re-election | | | | |
|-------------------------|---|--------------|---------------------|------------------------------------|----------------|
| | Board | Audit | Compensation | Governance / Nominating | Finance |
| Michael J. Anderson | C | | | | |
| Gerard M. Anderson | X | | | X | X |
| Catherine M. Kilbane | X | X | C | | |
| Robert J. King, Jr. | X | | X | | C |
| Ross W. Manire | X | | X | | X |
| Donald L. Mennel | X | X | | C | |
| David L. Nichols | X | C | | X | |
| John T. Stout, Jr. | X | | | | X |
| Charles A. Sullivan (1) | | | | | |
| Jacqueline F. Woods | X | X | X | X | |

C Chair, X Member

(1) Not standing for re-election

The Board of Directors held five regular meetings and one special board meeting in 2009. Each director attended 75% or more of the 2009 meetings of the Board of Directors and committees on which each such director serves. We do not have a formal policy regarding board members' attendance of the annual meeting. However, each of the then current Board members attended the 2009 Annual Shareholders Meeting. Richard P. Anderson and Paul M. Kraus were members of the Board until the May 2009 Annual Meeting at which point they did not stand for re-election. They attended both regular Board meetings in 2009 prior to such meeting. Richard P. Anderson is non-voting Chairman Emeritus, and attends meetings without compensation.

The Audit Committee, Compensation Committee, Finance Committee and Governance / Nominating Committee each have written charters. Copies of such charters are available at www.andersonsinc.com under the Corporate Governance tab within the Investor Relations section of the website.

Director Independence: The Board is made up of a majority of independent directors. An independent director is a director who meets the criteria for independence as required by the applicable law and the NASDAQ Corporate Governance Standards for Listed Companies (Nasdaq) and is affirmatively determined to be independent by the Board. The Board has determined that each of the

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current directors is independent under the corporate governance standards of the Nasdaq, with the exception of Michael J. Anderson, Chairman, President and Chief Executive Officer. Former director Charles A. Sullivan was also considered independent by the Board. Michael J. Anderson and Gerard M. Anderson are cousins. The Board has determined that the relationship does not affect Gerard M. Anderson's exercise of independent judgment on the Board. Each of the Audit, Compensation, Finance and Governance / Nominating Committees is made up solely of independent members.

Audit Committee: The Audit Committee is comprised of four independent members (as defined in the NASDAQ Corporate Governance Standards for Listed Companies and, among other duties, appoints the independent registered public accounting firm, reviews the internal audit and external financial reporting of the Company, reviews the scope of the independent audit and considers comments by the independent registered public accounting firm regarding internal controls and accounting procedures and management's response to those comments. The Audit Committee held four regular meetings in 2009.

The Board has determined that David L. Nichols is an audit committee financial expert as defined in the federal securities laws and regulations. David L. Nichols will replace Mr. Mennel as Chairman of the Committee effective with his re-election to the Board. In 2009, Donald L. Mennel served as the audit committee financial expert. Jacqueline F. Woods joined the committee in 2010, replacing Charles A. Sullivan.

Compensation Committee: The Compensation Committee, comprised solely of four independent directors (as defined in the NASDAQ Corporate Governance Standards for Listed Companies), reviews the recommendations of the Company's Chief Executive Officer and Vice President, Human Resources as to the appropriate compensation that includes base salaries, short-term and long-term compensation, and benefits of the Company's officers (other than the Chief Executive Officer) and determines the compensation of such officers and the Company's Chief Executive Officer for the ensuing year. In addition, under the Company's 2005 Long-Term Performance Compensation Plan, the Compensation Committee reviews, approves and recommends to the Board of Directors grants of equity-based compensation aggregated for non-officers and individual grants for officers and reviews and approves the

Compensation Discussion and Analysis appearing in this proxy statement on page 21. The Compensation Committee met four times during 2009. All members of the Compensation Committee are independent. The Compensation Committee, by charter, is authorized to retain its own independent compensation consultants and legal counsel.

Finance Committee: The Finance Committee is comprised of four independent directors and is charged with monitoring and overseeing the Company's financial resources, strategies and risks, especially those that are long-term in nature. The Finance Committee met twice in 2009. All members of the Finance Committee are independent as defined in the NASDAQ Corporate Governance Standards for Listed Companies.

Governance / Nominating Committee: The Governance / Nominating Committee is comprised solely of four independent directors. This Committee met twice in 2009. The Committee recommends to the Board actions to be taken regarding its structure, organization and functioning, selects and reviews candidates to be nominated to the Board, reports to the Board regarding the qualifications of such candidates, and recommends a slate of directors to be submitted to the shareholders for approval and conducts regular meetings of the independent directors without management being present. The Governance / Nominating Committee recommended the election to the Board of each nominee named in this proxy statement. All members of the Governance / Nominating Committee are independent as defined in the NASDAQ Corporate Governance Standards for Listed Companies. John T. Stout, Jr. joined the Governance / Nominating Committee in 2010, replacing Charles A. Sullivan.

It is the policy of the Governance / Nominating Committee to consider for nomination as a director any person whose name is submitted by a shareholder, provided that the submission is made prior to December 31 of the year that precedes the next annual meeting of shareholders and provided that the person

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is willing to be considered as a candidate.

Submission of names by shareholders is to be made to the Secretary of the Company, at the Company's Maumee, Ohio address. The Secretary, in turn, submits the names to the Chair of the Governance / Nominating Committee. The shareholder's notice must set forth all information relating to any nominee that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Act of 1934, as amended (including, if so required, such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected). Additionally, as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, the notice must provide the name and address of such shareholder and beneficial owner and the class and number of shares of the Company which are owned beneficially and of record by such shareholder and beneficial owner.

Each candidate for director (no matter how nominated) is evaluated on the basis of his or her ability to contribute expertise to the businesses and services in which the Company engages, to conduct himself or herself in accordance with the Company's Statement of Principles, and to contribute to the mission and greater good of the Company. The candidate's particular expertise, as well as existing Board expertise, is taken into consideration. A candidate's independence, as defined by applicable stock exchange regulations and any other applicable laws, and the Board's ratio of independent to non-independent directors is also taken into consideration. Qualifications and specific qualities or skills considered necessary for one or more of the directors to possess include, but are not limited to, the following:

Able to serve for a reasonable period of time

Multi-business background preferred

Successful career in business preferred

Active vs. retired preferred

Audit Committee membership potential

Strategic thinker

Leader / manager

Agribusiness background, domestic and international

Transportation background

Retail background

Brand marketing exposure

The Committee does not have specific diversity goals other than to annually present a slate of nominees who will contribute expertise to the Board, who will conduct themselves in accordance with the Company's Statement of Principles and share their diverse skills and experiences for the greater good of the Company. Because the Company consists of several diverse businesses, we highly value differing viewpoints shared in the pursuit of Board actions that best balance the objectives of each of the following stakeholders; customers, employees, shareholders and communities.

Chairman: Upon his re-election to the Board, Michael J. Anderson will serve as Chairman of the Board of Directors, and will continue as President and Chief Executive Officer. The Chairman chairs meetings of the Board, sets Board meeting agendas, has authority to call meetings of the Board and serves as liaison with management of the Company.

Lead Director: Effective with this Annual Meeting and upon his re-election to the Board, Donald L. Mennel will succeed Charles A. Sullivan as Lead Director. The Lead Director chairs meetings of the independent directors, approves board meeting agendas, has the authority to call meetings of the independent directors and serves as a liaison with the Chairman.

Board Leadership Structure: Effective with the retirement from the Board of Directors of Richard P. Anderson in 2009, Michael J. Anderson assumed the position of Chairman of the Board in addition to his roles as President and Chief Executive Officer. Charles A. Sullivan has served in the active role of Lead

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Director for many years and chairs the independent board members discussion that has been a standing session in every regular board meeting since 2003. Donald L. Mennel will be assuming the role of Lead Director effective with the May 2010 Annual Meeting.

The Board has determined that combining the positions of Chairman and Chief Executive Officer enhances the efficiency and focus of Board meetings, and its coordination with management and plans of the Company, provided that the Board also has the services of an experienced and effective Lead Director to perform that role's essential duties. The company's current Chairman and CEO brings to his position experience on two other public company boards, including service as chairman, coupled with a detailed knowledge of the Company's businesses derived from decades long experience with the Company. Moreover, the variety and complexity of the Company's businesses underscores the need for a Chairman with detailed knowledge of the Company's day to day issues to assure relevant Board agendas, adequate information and analysis for meetings, and the coordination with management. Combining the function is appropriate, and effective, when the Company also has the benefit of an experienced Lead Director, with responsibilities and authority to manage decisively the meetings of the independent directors, to communicate their interests to the Chairman, and to assert to the Chairman any other concerns for the benefit of the stockholders, and in so doing serving as an institutional counterweight to the Chairman and CEO.

Executive Sessions of the Board: Our independent directors meet in executive session at each Board meeting. Our Lead Director chairs these executive sessions.

Shareholder Communications to Board: Shareholders may send communications to the Board by writing any of its officers at the Company's Maumee, Ohio address or by calling any officer at 419-893-5050 or 800-537-3370. All shareholder communications intended for the Board will be forwarded to the Board members. Shareholders may also obtain additional information about the Company at the Company's website (www.andersonsinc.com).

Code of Ethics

The Company has adopted Standards of Business Conduct that apply to all employees, including the principal executive officer, principal financial officer and the principal accounting officer. These Standards of Business Conduct are available on the Company's website (www.andersonsinc.com) under the Corporate Governance tab within the Investor Relations section of the website. The Company intends to post amendments to or waivers, if any, from its Standards of Business Conduct as relates to the Company's principal executive officer, principal financial officer or principal accounting officer on its website.

Review, Approval or Ratification of Transactions with Related Persons

The Board has practices and procedures to address potential or actual conflicts of interest and the appearance that decisions are based on considerations other than the best interests of the Company that may arise in connection with transactions with certain persons or entities, which include the completion of annual written questionnaires requiring disclosure of potential conflict situations, financial transactions, and annual affirmation of compliance with the Company's Standards of Business Conduct and Statement of Principles (the Policy). The Policy operates in conjunction with the Company's Standards of Business Conduct and is applicable to all transactions, arrangements or relationships in which: (a) the aggregate amount involved is material to the individual (and in any event, to any transaction in which the amount may be expected to exceed \$120,000 in any calendar year; (b) the Company is a participant; and (c) any Related Person (as that term is defined in Item 404 under Regulation S-K of the Securities Act of 1933, as amended) has or will have a direct or indirect interest (a Related Person Transaction).

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The Governance / Nominating Committee is charged with the review of any transactions with related persons. They may utilize outside legal counsel or the Company's general counsel to provide opinions as to the appropriateness of any potential related party transaction. All directors and officers complete annual questionnaires regarding their stockholdings and transactions which may possibly be regarded as involving related parties. In considering any matter, the Governance / Nominating Committee will consider the terms of the Company's Standards of Business Conduct, which directors and officers also commit to observe.

A Related Person Transaction is subject to review and approval or ratification by the Governance / Nominating Committee. As part of its review of each Related Person Transaction, the Governance / Nominating Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than the terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction. This Policy also provides that certain transactions, based on their nature and/or monetary amount, are deemed to be pre-approved or ratified by the Committee and do not require separate approval or ratification. The Director involved in a Related Person Transaction will recuse himself/herself from any decision to approve or ratify such transaction.

The Committee's activities with respect to the review and approval or ratification of all Related Person Transactions are reported periodically to the Board of Directors.

There were no Related Person Transactions for the year ended December 31, 2009.

Audit Committee Report

The Audit Committee of The Andersons, Inc. Board of Directors is comprised of four independent directors and operates under a written charter. The Audit Committee appoints, establishes fees to, pre-approves non-audit services provided by, and evaluates the performance of, the Company's independent registered public accounting firm. The Audit Committee's appointment of the Company's independent registered public accounting firm is presented to the shareholders in the annual proxy statement for ratification.

Management is responsible for the Company's internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The Company's independent registered public accounting firm is responsible for performing an audit of the consolidated financial statements of the Company in accordance with standards established by the Public Company Accounting Oversight Board (PCAOB) and assessing the effectiveness of the Company's internal controls over financial reporting and for issuing their reports. The Audit Committee is responsible for monitoring and overseeing these processes.

In this context, the Audit Committee has met and held separate discussions with management, the Company's internal audit manager and the independent registered public accounting firm. Management represented to the Audit Committee that the consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management, the Company's internal audit manager and the independent registered public accounting firm. The Audit Committee also discussed with the independent registered public accounting firm matters required to be discussed by PCAOB AU Section 380 Communications with Audit Committees and reviewed all material written communications between the independent registered public accounting firm and management.

The Company's independent registered public accounting firm also provided to the Audit Committee the written disclosures required by PCAOB Rule 3526 Communication with Audit Committees Concerning Independence, and the Audit Committee discussed with the independent registered public accounting firm that firm's independence.

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The Audit Committee has also reviewed the services provided by the independent registered public accounting firm (as disclosed below under the caption "Audit and Other Fees") when considering their independence.

Based upon the Audit Committee's discussion with management and the independent registered public accounting firm and the Audit Committee's review of the representations of management and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

Donald L. Mennel (outgoing chair), David L. Nichols (incoming chair), Charles A. Sullivan,
Catherine M. Kilbane

Use of Compensation Consultants

To date, the Compensation Committee of the Board of Directors has not engaged independent compensation consultants but has express authority to do so. Management of the Company has engaged two separate consultants as noted in the Compensation Discussion and Analysis section of the document. Findley-Davies' role in providing executive compensation consulting was primarily focused on providing benchmarking data and analysis but did not recommend specific director or executive compensation levels. Findley Davies provided both compensation consulting and other services to the Company in 2009 as follows:

| | Fees | 2009 |
|--|-------------|-------------------|
| Executive Compensation Consulting | | \$ 11,820 |
| Fees for other consulting and actuarial services (1) | | 229,840 |
| Fees specific to retirement plan revisions | | 348,128 |
| Total | | \$ 589,788 |

- (1) Services include technical and communications support of the Company's health and welfare and retirement plans. In 2009, a portion (\$46,200) was charged directly to the pension trust.

Compensation / Risk Relationship

Company management has reviewed the compensation programs established for all employees and determined that certain aspects of our incentive programs may encourage the taking of undue risk positions, but that such situations are infrequent and mitigated by compensating controls. In all cases, the Company believes that it has appropriate mitigating controls and that compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. The results of this review are discussed below:

- (a) **One Year Income Incentives.** The Company's annual cash compensation program for management (MPP) is generally based on one year of income performance as defined by generally accepted accounting principles in the U.S.. By measuring only one year of income results, an incentive can be created to maximize short-term, same

year profits by making unwise credit decisions which might increase long-term counterparty risk. This incentive is mitigated by the following: (i) the Company caps all short term incentive compensation at two times the targeted amount for each

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position; (ii) the Company's Vice President Finance & Treasurer must establish all credit limits above any material size (varies by business group); (iii) a majority of management employees who participate in MPP also participate in the Company's long-term equity compensation program, which is coupled with equity retention requirements (large in the case of senior officers); and (iv) losses in subsequent years from imprudent credit decisions will reduce compensation in such subsequent years. No formal claw back provisions exist which would require disgorgement by any officer or employee of previously paid MPP payments should subsequent financial results indicate that undue risk positions were taken by such person, other than as provided by federal securities laws.

- (b) **Performance Share Units.** Company officers receive Performance Share Units (PSUs) that vest based upon service and performance which is measured by three year cumulative diluted earnings per share on a rolling basis. Absent mitigating controls to monitor equity transactions and manage the Company's leverage, this award might suggest that actions could be taken to improve Company earnings per share results but create a riskier balance sheet position by increasing the Company's leverage or through the use of cash to purchase shares on the open market. The PSU award criteria might also incent aggressive acquisitions strategies, under which the Company might incur imprudent amounts of debt in order to finance riskier acquisitions in order to increase short term earnings per share and thereby increase PSU awards. This incentive is mitigated by the following controls: (i) acquisitions of any significance require the approval of the CEO and the Board of Directors; (ii) officers have large equity retention requirements, which would be negatively impacted by transactions with large inherent risk, (iii) the Company's leverage is controlled by the CEO and the Vice President, Finance & Treasurer within levels approved by the Board of Directors.
- (c) **Stock Appreciation Rights.** Since 2006, the Company has awarded Stock Only Stock Appreciation Rights (SOSARs) in lieu of traditional stock options. SOSARs are awards paid in shares of Company stock; the amount is determined based on the share price appreciation (at the exercise date) of the number of shares granted. While the Company's SOSAR program presents a long term incentive different than traditional stock options, it nonetheless presents executives with the choice of when to exercise the right to acquire the shares of stock that are awarded under the program. In that respect, SOSAR
- (d) s, like any stock option, can incent executives to enter into transactions with long term risks which may result in short term gains in stock price at the expense of the Company's long term financial performance. The temptation to engage in such transactions is mitigated by the following controls: (i) major transactions which might affect short term stock price require the approval of both the CEO, as well as the Board, and (ii) our internal criteria for approving major investments utilizes a RAROC (Risk Adjusted Return on Capital) analysis whereby riskier investments require higher reward prospects for approval, making approval more difficult to achieve.

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Appointment of Independent Registered Public Accounting Firm

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP (PwC) served as the Company s independent registered public accounting firm for the year ended December 31, 2009. The Audit Committee has appointed PwC as the independent registered public accounting firm of the Company for the year ending December 31, 2010.

Representatives from PwC are expected to attend the annual meeting. They will have an opportunity to make a statement at the meeting if they desire to do so and are expected to be available to respond to questions.

Audit and Other Fees

During 2009, PwC not only acted as the Company s independent registered public accounting firm but also rendered other services to the Company. The following table sets forth the aggregate fees billed by PwC for audit and tax related services related to 2009 and 2008 and for other services billed in the most recent two years: