THE ANDERSONS, INC.
ANNUAL REPORT 2009

**The Andersons, Inc. is a diversified Company with interests in the grain, ethanol and plant nutrient sectors of U.S. agriculture, as well as in railcar leasing and repair, turf products production, and general merchandise retailing. Founded in Maumee, Ohio, in 1947, the Company now has operations in 16 U.S. States and Puerto Rico, plus rail leasing interests in Canada and Mexico.**

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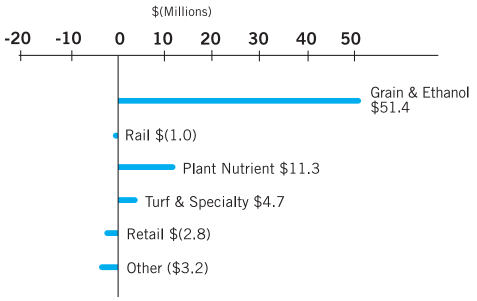
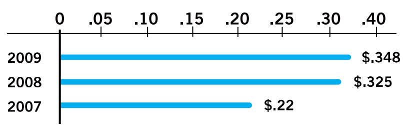
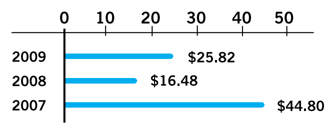
**OPERATING INCOME total: $60.3 million**




**DIVIDENDS PAID PER SHARE**

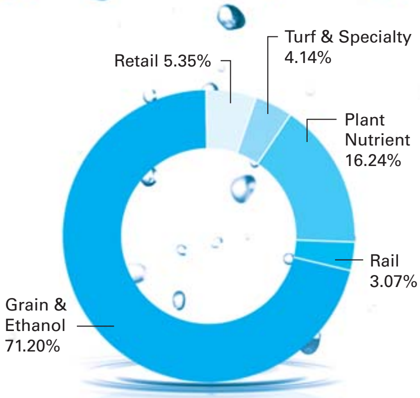



**CLOSING STOCK PRICE**



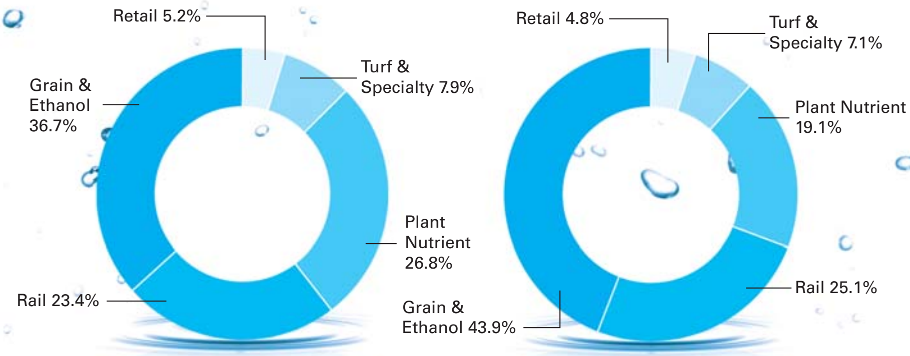

## 2009 ACCOMPLISHMENTS

- Grain operations achieved record income for the year.
- Turf & Specialty operations achieved record income for the year.
- The Plant Nutrient Group acquired the Fertilizer Division of Hartung Brothers, Inc., increasing fertilizer tonnage capacity by nearly 20 percent and expanding the Group's geographic footprint to include Wisconsin and Minnesota.
- Grain operations added more than five million bushels of grain capacity through merchandising agreements with two elevators in southern Michigan and increasing capacity at two other existing facilities.
- Ethanol business recorded its highest quarterly operating income during the Fourth Quarter 2009 due to expanded ethanol margins, which may not be sustainable in 2010.
- Two railcar repair shops were opened in Henderson, Nev., and Woodland, Calif. during the First Quarter 2010.
- Retail stores expanded product lines including appliances and mattresses.
- Increased an emphasis on safety with a corporate safety improvement initiative which is already providing benefits with a reduction in accident frequency.
- Experienced a 57 percent increase in year-end stock price.




**REVENUES** year: $3 billion

**2009 ALLOCATED CAPITAL** (b)



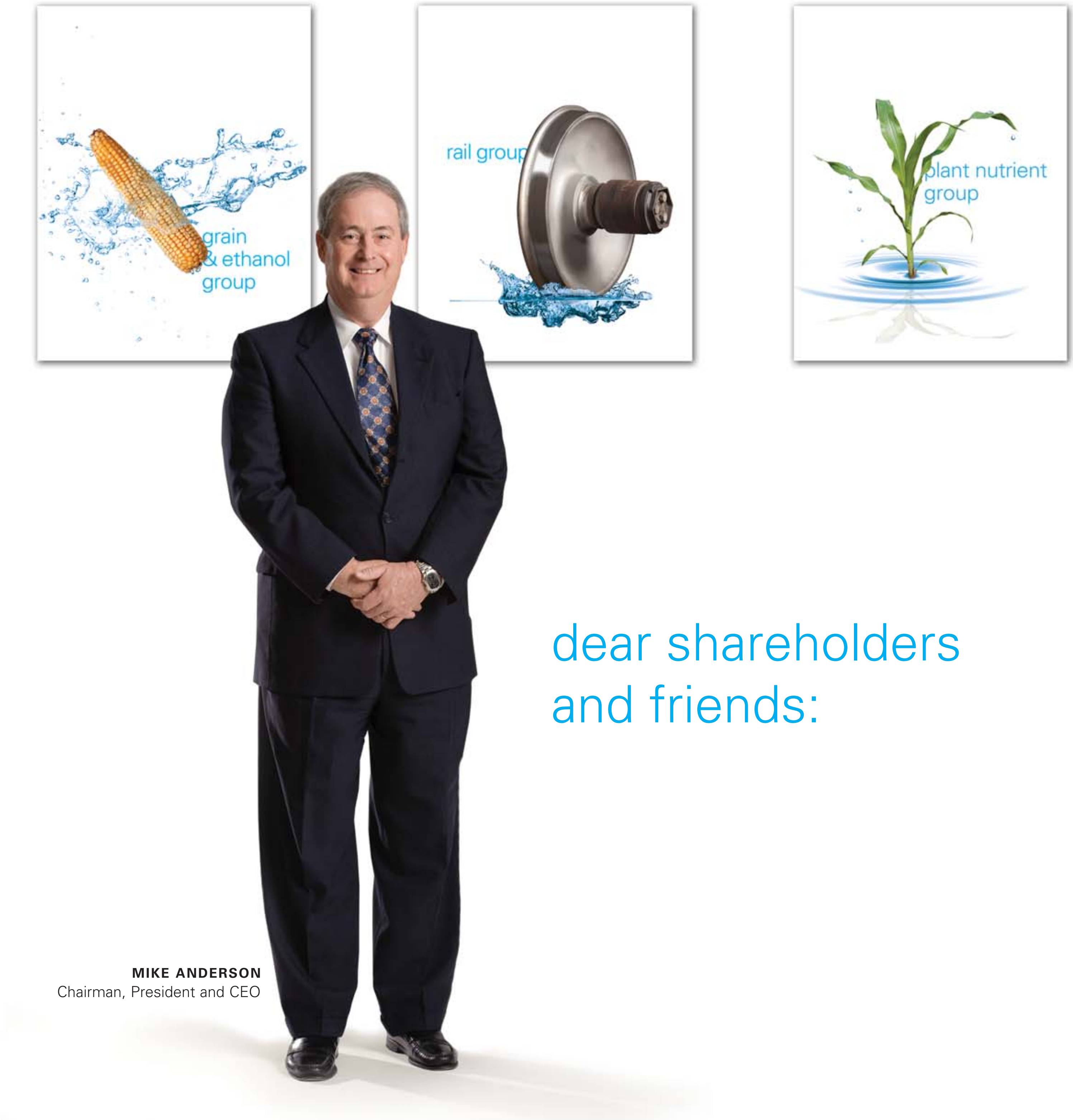

Beginning
Total: $784 Million

Ending
Total: $805 Million

# FINANCIAL HIGHLIGHTS

| (in thousands, except for per share, ratios and performance data) | 2009 | 2008 | % Increase |
|---|---|---|---|
| **Operating Results** | | | |
| Grain & ethanol sales & revenues | $ 2,153,978 | $ 2,411,144 | -10.7% |
| Fertilizer, rail, retail & other sales | 871,326 | 1,078,334 | -19.2% |
| Total sales & revenues | 3,025,304 | 3,489,478 | -13.3% |
| Gross profit - grain & ethanol | 106,804 | 110,954 | -3.7% |
| Gross profit - fertilizer, rail, retail & other | 148,702 | 146,875 | 1.2% |
| Total gross profit | 255,506 | 257,829 | -0.9% |
| Net income attributable to The Andersons, Inc. | 38,351 | 32,900 | 16.6% |
| **Financial Position** | | | |
| Total assets | 1,284,391 | 1,308,773 | -1.9% |
| Working capital | 307,702 | 330,699 | -7.0% |
| Weighted average shares outstanding (basic) | 18,190 | 18,068 | 0.7% |
| **Per Share Data** | | | |
| Net income - diluted | 2.08 | 1.79 | 16.2% |
| Dividends paid | 0.348 | 0.325 | 7.1% |
| Year end market value | 25.82 | 16.48 | 56.7% |
| **Ratios and Other Data** | | | |
| Net income attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc. | 10.9% | 9.6% | |
| Funded long-term debt to equity (a) | 0.8-to-1 | 0.9-to-1 | |
| Effective tax rate | 36.4% | 33.4% | |

(a) Excludes current portion of long-term and non-recourse debt
(b) Total assets minus current liabilities




# dear shareholders and friends:

**MIKE ANDERSON**
Chairman, President and CEO



The economic turbulence of the past 15 months gives added meaning to the phrase "enduring and evolving," words we've used the past few years to describe our Company. We have been around for more than 60 years, and plan on being around a lot longer. We are rooted in our principles, which include an unwavering commitment to service. While we remain steadfast to our values, our entrepreneurial spirit compels us to evolve. We are continually growing and adjusting to changes in our core industries.

Our ability to adapt to the challenging times of 2009 helped us provide our shareholders with improved earnings. The Company achieved $3.0 billion in revenue, $2.08 in diluted earnings per share and $38.4 million in earned net income in 2009.

Our grain operations achieved record income for the year, primarily due to increased storage income, higher volume, and additional services income. While still more unpredictable than historical norms, grain prices appear to have settled into a new range of value, and volatility has lessened slightly. The global nature of crop supply and demand will continue to drive higher volatility than historically, but we believe our strategy of integrated, objective risk management was key for us to endure the past year.

As the ethanol industry evolves we believe the potential for volatility will remain. That said, the industry experienced a period of good margins in the second half of 2009. For now, corn and natural gas prices have leveled off, and ethanol prices and demand have stabilized. We continue to view our position in this industry as strong.

Additionally, Lansing Trade Group, LLC (LTG), in which the Company holds a significant investment, benefited from a big harvest and had a good fourth quarter, rebounding from a slow start in the first half of 2009.

We also saw some moderation of the extreme price volatility of plant nutrients. The Plant Nutrient Group did not begin its normal process of building inventory until it was reasonably certain market lows were achieved. Additionally, the impact of wide shifts in prices on our 2008 earnings served as a catalyst for us to significantly improve our price risk management in this area.

The Turf & Specialty Group also set an income record, up about $2.4 million from the previous year. The 2009 results are mainly attributable to the Group's lawn volume increasing by almost 20 percent. Our professional turf and cob products are now sold in nearly 30 countries, confirming there is a solid appetite for our products domestically and globally.

In 2009, the economy took its toll on our Rail and Retail groups. Overall transportation in the U.S. was down and rail transportation specifically was significantly affected. These trends are evident in the Rail Group's results for 2009. Our Retail Group, which normally experiences strong competitive challenges, was further impacted by the weak consumer demand in 2009. Sales during the holiday season were down due in part to lower consumer demand in our stores and the closure of our Lima store.

While enduring the challenges of the past year, our Company evolved through growth. We added more than five million bushels of grain capacity through merchandising agreements with two elevators in southern Michigan and increased capacity at two other existing facilities. Total capacity now exceeds 101 million bushels. According to the *Grain & Milling Annual*, The Andersons ranks eighth in the U.S. grain industry in terms of capacity; our previous ranking was tenth.

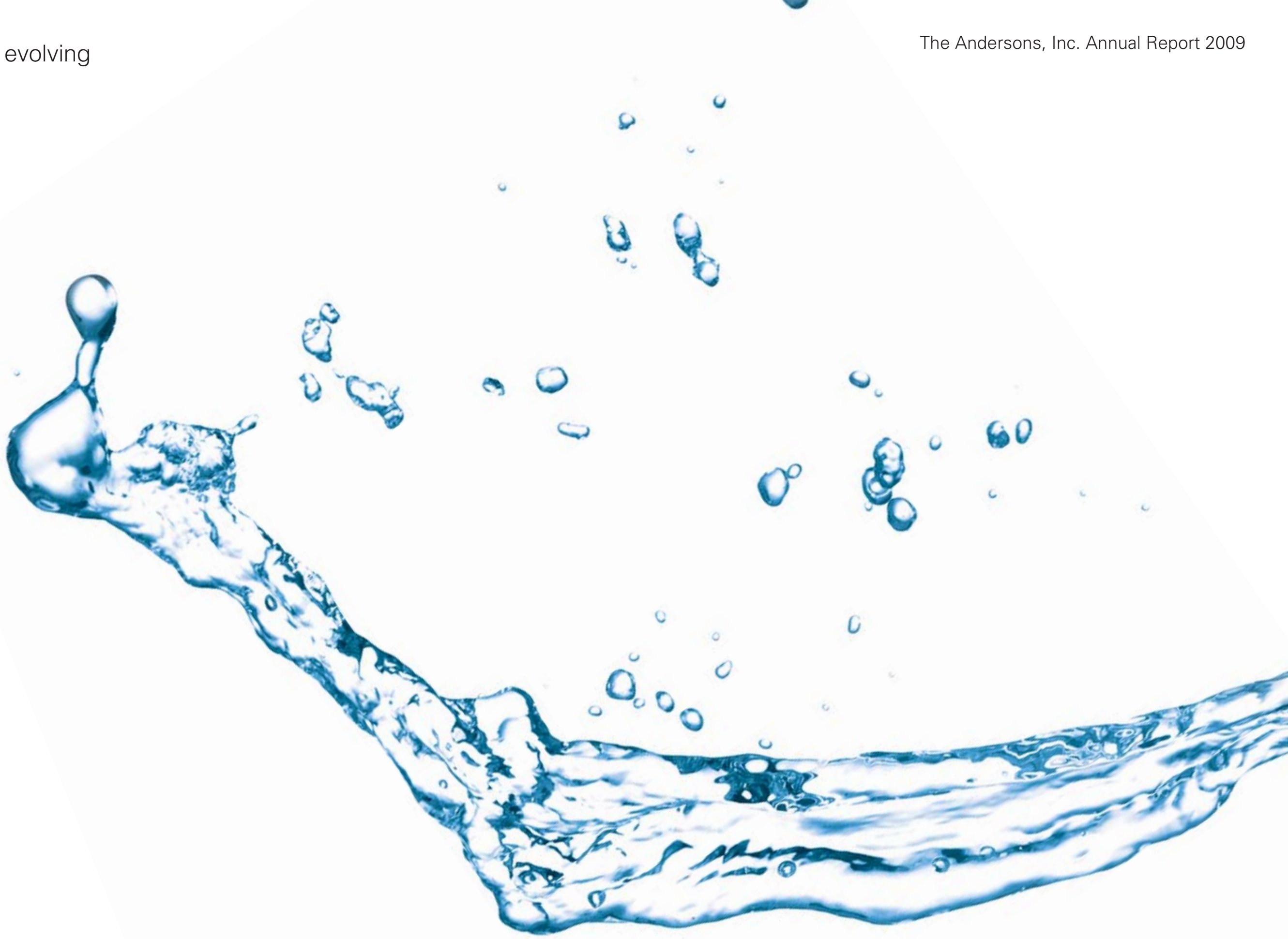
We acquired the Fertilizer Division of Hartung Brothers, Inc., increasing our fertilizer tonnage capacity by nearly 20 percent. With operations in Wisconsin and Minnesota, the Plant Nutrient Group's geographic reach was extended west of its traditional Eastern Corn Belt footprint. We are pleased with the successful integrations of our Southern Region, which sells retail and wholesale agricultural inputs, and Mineral Processing, which sells pelletized lime, operations both acquired in 2008.

The economic conditions of the past couple of years have shown the benefit of having our diverse mix of businesses. While each of our operations has specific markets and customers, reaping the benefits of working as one Company has been an overriding theme for us this year. We know that working together enhances our ability to grow and sustain each of our business units and the Company as a whole. "OneAnde" has been and will continue to be our mantra. We are committed to the advancement of all our corporate objectives, including enhancing safety, customer service and continuous improvement.

We have an enduring commitment to safety at our Company. At the start of 2009, we began our Safety Improvement Initiative, a two-year effort to further develop the safety behaviors of everyone on The Andersons team. The initiative is gaining momentum and we are already seeing a shift in how we each view our safety responsibilities, for ourselves and for one another. There is nothing more important to our Company, and to me personally, than each employee returning home in the same condition in which he or she arrived for work.

Our focus on customer service drives our Company. We are proud of our tradition of service, but as we all know, there is always room for improvement. As our service evolves, we will make sure we are providing relevant, value-oriented products and services. Our goal is to be the "partner of choice" in all the markets we serve, requiring us to place even further emphasis on our customers in all that we do.

Enhancing our safety and customer service are just two elements of our ongoing continuous improvement efforts. We are advancing the efforts of cross-functional teams to identify, define, implement and sustain improvements in our processes and systems throughout the organization.



Strengthening our Company from the inside enables us to be stronger for our customers, suppliers, investors, financial institutions and the communities in which we operate. We see great benefits on the horizon from our long-term strategies. We were able to make gains toward our objectives of growth and sustainability this past year and will continue the pursuit in 2010 and beyond.

Overall, we believe that our mix of grain and ethanol assets and services, along with our focus on customer relationships and safe, efficient operations is a complete package of customer and product value that we bring to our marketplaces. We will continue to increase capacity in our grain operations. In addition, we will focus on increasing contracts to supply grain and services to a variety of processing, food and feed companies. By expanding our marketing tools and risk management services we will enhance our service offerings to our farm customers. We will continue to improve the efficiencies of our ethanol operations to enhance product quality, increase output, reduce operating costs and introduce value-enhanced products.

While the current transportation environment is challenging, we are committed to our rail business long-term. We recognize that while the major railroads are predicting increased traffic this year, it remains difficult to project when railcar utilization for us will improve. In the meantime, we will be prudent in our growth, pursuing opportunities that build upon our strengths. In the first quarter of 2010 we've opened two railcar repair shops in Henderson, Nev., and Woodland, Calif.

A focus on acquisition opportunities will play an important role in achieving long-term growth objectives for plant nutrient operations. We will also achieve organic market share growth in the agricultural crop nutrient business by continuing to add to our product, service and location offering. In addition we believe growth is sustainable in our non-agricultural product lines primarily through addition of new customers and expanded geographic footprint.

A continued emphasis on proprietary products in the lawn business is continuing to show positive results, even though there has been some softness in the professional turf industry. We will continue to develop these products, with the assistance of the $5 million Third Frontier Grant awarded by the State of Ohio in 2008. Additionally, we are gaining market share for our cob products in the laboratory market, an industry which has seen recent declines.

The retail segment will continue to be challenged in the foreseeable future. Product enhancements that are relevant to our customers are being planned to help improve the Group's financial contribution. Primary emphasis will be on improving sales performance.

Before I close, I want to take a moment to again thank Dick Anderson for his life-long, irreplaceable leadership to this Company. Dick retired from the Board of Directors at the Annual Meeting of Shareholders in May. Dick continues to provide wisdom and counsel in his new role as Chairman Emeritus, a non-voting position on the Board. Later in the year, we were pleased to have John T. Stout, Jr., join our Board. John is the Chief Executive Officer of Plaza Belmont Management Group LLC, a private equity firm specializing in the acquisition of food manufacturing companies, a position he has held since founding the Company in 1998. John's extensive career in the financial market, specifically as it relates to the food industry, provides a nice dimension to our Board.

Finally, I must express my profound thanks to Chuck Sullivan, who has reached the Company's mandatory director retirement age and will not be running for re-election to the Board. Chuck served most recently as the lead independent director on the Board, providing leadership to the independent directors, and serving as an invaluable counterweight to me in my role as Chairman.

We all know that experts have been talking about the speed of change for years. But, I doubt few of them would have predicted the recent volume of change compressed into such a short amount of time. It is times like these, however, that serve as great opportunities. Some of the greatest discoveries, inventions and human achievements have come during times of great difficulty.

I am excited about the opportunities before us. I have confidence in our team and its ability to learn and discover. I have faith in our determination to rise and meet any challenge. And while doing so, I know we will remain true to our values and employ our entrepreneurial skills to ensure that our Company both endures and evolves to become even greater.

With sincere thanks for your ongoing support,

Mike

Mike Anderson
Chairman, President and CEO

# enduring And evolving

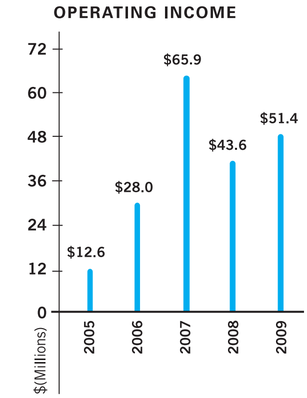
We considered this key phrase, taken from our branding statement, an appropriate annual report theme given the volatility of our economic times juxtaposed against our proven ability to respond to adversity and innovate our way to successful outcomes.

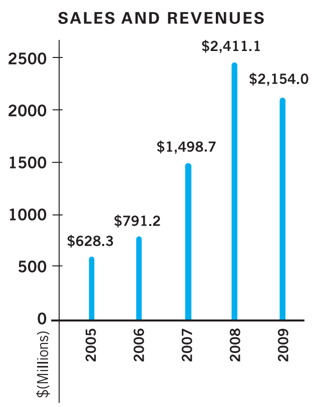
The wheat symbol has endured as part of our logo and company history for decades. In fact you might say it is "carved in stone" as much as the traditions and the values we hold and that guide our business everyday.

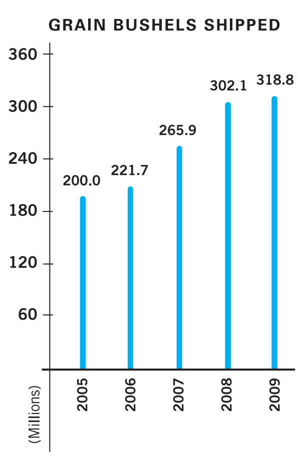
The water used throughout this report is representative of the fluid, evolving nature of the company and the infinite possibilities the future holds for us. Water is primary to sustainable growth and we are committed to assuring the successes of the company are able to ripple across the broadest horizons.

For more than six decades the Company has endured through many cycles in the grain industry and continues to evolve as the market develops, including expanding into ethanol. Throughout the years, the Grain & Ethanol Group has continued to provide exceptional, relevant service to the farming community of the Eastern Corn Belt and to end users throughout the United States and across the globe.

# grain & ethanol group




Expanding capacity and stabilizing markets combined with a strategy of integrated, objective risk management enabled the Grain & Ethanol Group to achieve operating income of $51.4 million for the year, which is up from its 2008 income of $43.6 million. Total revenues in 2009 were $2.2 billion, which is slightly below the $2.4 billion recorded the previous year.

The grain business achieved record income in 2009. Space income and put thru income returned to the levels seen in recent years while services income increased. Although harvest was late, it resulted in high yields and good carry in the market, which also contributed to the record income. Lansing Trade Group, LLC (LTG), in which the Company holds a significant investment, benefited from the big harvest and had a good fourth quarter, rebounding from a slow start in the first half of 2009.

During the year, more than five million bushels of grain capacity were added through merchandising agreements with two elevators in southern Michigan and increased capacity at two other existing facilities. Total capacity now exceeds 101 million bushels. According to the *Grain & Milling Annual,* The Andersons ranks eighth in the U.S. grain industry in terms of capacity, previously ranking tenth.

The Group now operates or controls 20 grain terminals in Ohio, Michigan, Indiana and Illinois. The Group traded approximately 385 million bushels of grain and oilseeds (primarily corn, soybeans and wheat) in 2009. Grain is stored and conditioned at these facilities, marketed and transported to domestic and export users primarily by rail or ship. The Group offers an array of risk management, grain origination, and marketing services to grain producers, elevators, ethanol plants, and other commodity end-users throughout the U.S. and Canada. Continuing to expand storage capacity and service to customers is a key component of the long-term strategy for the grain operations.

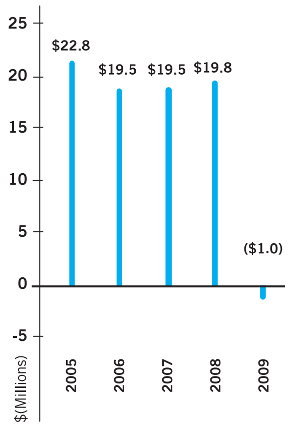
During the second half of the year the ethanol business benefited from greatly improved margins, resulting in a significant turn around in that industry. The ethanol marketing and risk management environments have significantly improved and enabled the Group to hedge forward sales at profitable margins. However, volatility will continue to exist for the ethanol industry. The Group continues to view its position in this industry as strong with a focus on risk management, minority investment in strategically-positioned production facilities, new technology and in providing integrated services to select client plants. Currently, The Andersons is a minority investor in, and manager of, the facilities in Clymers, Ind., Albion, Mich., and Greenville, Ohio, which are collectively capable of producing nearly 300 million gallons annually.

In the coming year and beyond, the Grain & Ethanol Group is focused on working to increase contracts to supply grain and services to a variety of processing, food and feed companies as well as continue to enhance service offerings to farm customers by expanding marketing tools and risk management services. The efficiencies of the ethanol operations will continue to be improved to enhance product quality, increase output, reduce operating costs and introduce value-enhanced products.

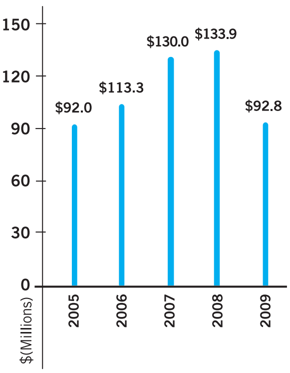
The Rail Group has endured challenging times and its position in the industry has been strengthened. The group is poised to take advantage of opportunities as the economy recovers and continue its evolution into the future.

# rail group

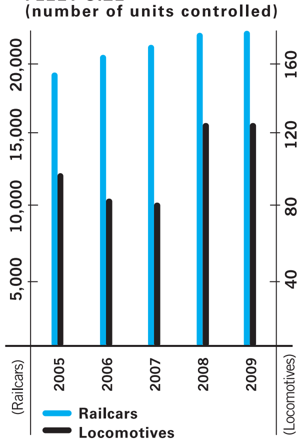
OPERATING INCOME




SALES AND REVENUES




FLEET SIZE
(number of units controlled)




The economic conditions of 2009 took a heavy toll on the Rail Group which reported an operating loss of $1.0 million, down significantly from its 2008 earnings of $19.8 million. Revenues totaled $93 million, considerably below the 2008 revenues of $134 million. Full year results included gains on sales of railcars and related leases of $1.8 million in 2009, which was $2.3 million lower than in 2008.

During the year, the Group continued to be affected by the double-digit declines in national rail traffic. Gross profit from the leasing business was significantly lower than 2008 due primarily to lower utilization rates and the corresponding increase in storage expense from idle cars. The average utilization rate (the percentage of the fleet's railcars in service) for 2009 was 78.1 percent, which was down notably from the prior year rate of 92.5 percent. The Group ended the year with a utilization rate of 70.5 percent.

The rail fleet ended the year with approximately 23,800 cars and locomotives, which is comparable to 2008. The diversified railcar fleet primarily consists of covered hopper cars, boxcars, open top hopper cars, gondolas, and tank cars that are leased to shippers, railroads and fleet owners in a wide range of industries. The fleet also includes more than 120 locomotives. Additionally, the Group has about 755 railcars under management. The Group ranks seventh among the largest privately-owned fleets in the United States.

From time to time, the Group sells railcars, either to rebalance its portfolio or to take advantage of unique market opportunities. These sales can vary quite a bit from year to year and 2009 was a slow year for this activity.

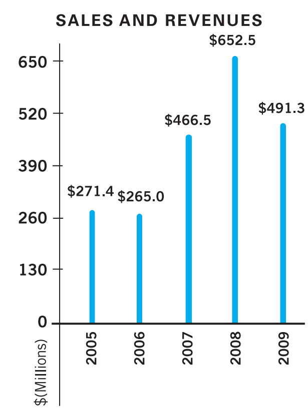
Additionally, both the railcar repair and manufacturing businesses experienced decreases in gross profit during the year, as sales were down more than 30 percent. The railcar repair shops restore customers' railcars. The railcar repair facilities also provide onsite railcar repairs, utilizing each location's mobile units. The manufacturing business provides custom fabrication work and manufactures and markets railcar components such as discharge gates, hatch covers and bulkheads. It also markets proprietary fluid filtration product lines.

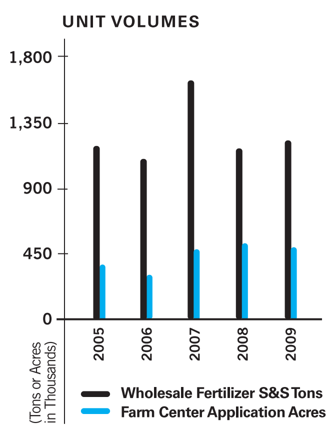
While the major railroads are predicting increased traffic this year, it is difficult to project when The Andersons' railcar utilization will improve. The Rail Group remains committed to its pursuit of growth.

While the current transportation environment is challenging, the Group continues to focus on its long-term strategy. Moreover, expanding the geographic reach of its railcar repair network is an ongoing strategy for the Rail Group. In the first quarter of 2010 two new railcar repair sites were opened in Woodland, Calif. and Henderson, Nev. The Group now has eight railcar repair facilities in eight states. Despite significant decreases in gross profit resulting from the economy in 2009, the Group continues to explore additional railcar repair shop opportunities.

Enduring relationships are at the cornerstone of the Plant Nutrient Group's success. A tradition of providing exceptional service and products to the agricultural community has laid the foundation for expansion into new products and geographies. Anticipating and responding to the evolving needs of customers and potential new applications for nutrients will continue to serve as a strong competitive advantage.

# plant nutrient group


As a result of a more stable fertilizer market in 2009, the Plant Nutrient Group posted improved results with operating income of $11.3 million for the year, up from the $12.3 million loss incurred in 2008 as a result of inventory and contract adjustments. Total revenues in 2009 were $491 million, which is lower than the $653 million recorded the previous year due to a significant decrease in the price per ton sold.

During the first half of the year nitrogen and phosphate prices generally returned to more typical levels of years preceding 2008. Although potassium prices fell materially during the year, wholesale and retail prices for this basic nutrient remain above historic trends. The Group's margins also returned to the levels seen in recent years. Volume from locations, not including those acquired in 2009, increased year over year as dealers began to restock during the second half of the year.

Fundamental market conditions appear to be more favorable coming into 2010 than a year ago. The Group should experience increased profitability if farmers return to more normal application rates on phosphate and potash, corn acres increase modestly as predicted and the Group begins reaping the benefits of recent acquisitions. As with any future look, these factors cannot be assured, but if realized could lead to a nice rebound in volume in 2010.

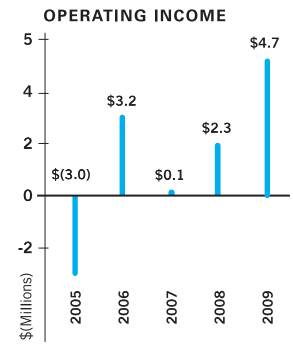
During the year, the Group continued to pursue its growth strategy. In August, the Fertilizer Division of Hartung Brothers, Inc. was acquired, increasing fertilizer tonnage capacity by nearly 20 percent. With operations in Wisconsin and Minnesota, the purchase extended the Group's wholesale geographic footprint into the Western Corn Belt. In these two states, product sales typically occur in the spring.

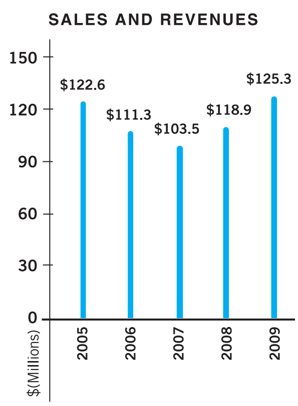
The Plant Nutrient Group now operates 31 locations in Ohio, Michigan, Indiana, Illinois, Florida, Minnesota, Wisconsin and Puerto Rico. These locations formulate, store and distribute nearly two million tons of dry and liquid agricultural nutrients each year to dealers and distributors through 19 wholesale facilities and to farmers through 11 retail farm centers (several of the facilities offer both wholesale and retail). The Group also manufactures low corrosive liquid anti-icer products for use commercially in roadway, airport runway, and industrial applications and is a supplier of nitrogen reagents used to scrub nitrous oxide pollution.

The Group intends to grow its U.S. market share through customer base, capacity and product line expansion, as well as through acquisitions. Continued growth in non-agricultural product lines is expected, primarily through the addition of new customers and an expanded geographic footprint.

With an enduring philosophy of innovation, the Turf & Specialty Group has evolved into one of the industry's leading suppliers of premium turf-care products and the foremost expert on corncob-based products. Emerging technologies and developing global markets will continue to advance the evolution of this group.

# turf & specialty group




Andersons GOLF PRODUCTS®

Expanding its strategy based on technology while continuing to serve its traditional customers, the Turf & Specialty Group achieved record operating income of $4.7 million on revenues of $125.3 million. In 2008, the Group posted $2.3 million in operating income on revenues of $119 million.

The 2009 results are mainly attributable to the Group's lawn volume increasing by almost 20 percent. The Group's focus on proprietary products in its lawn business is continuing to show positive results, even though there has been some softness in the professional product market. However, customers continue to be pleased with the performance of the dispersible granular products, which are exclusive to the Group.

Contec DG®, the dispersible granular product sold in the U.S., provides golf course superintendents with healthy, beautiful grass on greens, tees and fairways. Known as Nutri DG® in international markets, the product is sold in many countries outside the U.S. Dispersible granulars are safer, easier to use and "earth friendly," remaining unmatched in the professional turf industry. The Group also offers proprietary selling tools such as the Turf Nutrition Tool™ (TNT) to help customers realize the economy and efficiency of using dispersible products.

During 2009, the Group gained market share for cob products in the laboratory market, an industry which has experienced recent declines. During the past three years the cob products team has demonstrated the most consistent, positive results in its history. The Group's patented corncob-based cat litter and proprietary laboratory products, Bed-o'cobs® and Enrich-o'cobs®, are at the core of this business which continues to have growth opportunities.

The professional turf and cob products are now sold in nearly 30 countries. Growth in international sales confirms there is a solid appetite for The Andersons' products around the globe. Products include premium turf-care products for golf courses and other professional markets as well as turf nutrition and control products for branded marketers and the consumer industry. Ice-melter products as well as corncob-based carriers, cat litter, and laboratory animal bedding are also available. Products are processed and manufactured at facilities in Montgomery, Ala., Delphi, Ind., Maumee and Bowling Green, Ohio.

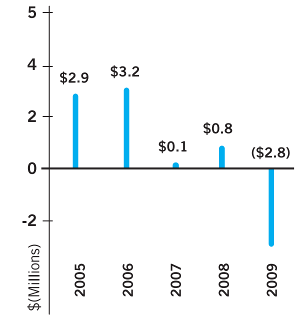
With a commitment to saving customers money while giving them a superior product, the Group will pursue offering its newly branded A+ Health System℠. A comprehensive approach ensuring turf health, the program offers new tools, the new foliar product Foltec™ and dispersible products.

Product development will continue with the assistance of the $5 million Third Frontier Grant awarded by the State of Ohio in 2008. This grant enables the Group to accelerate research in extending the proprietary technology to new products in existing and new markets. These applications could provide benefits on a global scale, creating jobs and revenue for the state of Ohio.

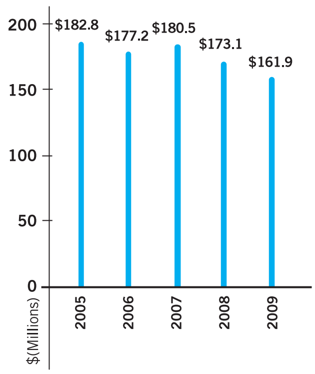
Vast product assortment and extraordinary service is the Retail Group's enduring promise to customers. During this exceptionally challenging environment, the Group continues to evolve to meet customer needs through improved efficiencies, new product offerings and ensuring a unique and enjoyable shopping experience during each visit.

# retail group

OPERATING INCOME




SALES AND REVENUES




With significant cost and competitive challenges even in good economic conditions, the Retail Group was further affected by weakened consumer demand. In 2009, the Group recorded $162 million in sales, or about 6 percent below the 2008 total of $173 million. The operating loss of $2.8 million for the year is significantly lower than the $0.8 million income realized in 2008. Reductions in operating costs were not enough to offset reduced sales and the closure of one store.

In November, the Group closed its store located in Lima, Ohio. The American Mall, in which the store was located, had closed and all other occupants of the mall had vacated the facility nearly a year prior.

At year end, the Retail Group operated five large More For Your Home® stores in Ohio; three in the Toledo area and two in the Columbus area. Four are stand-alone facilities with in-store selling space of 130,000 or more square feet and the other is a slightly smaller mall-based unit. A smaller, more focused store, The Andersons Market® in Sylvania, Ohio, features an extensive line of specialty foods and wines.

The Group's More For Your Home® retail concept revolves around a product mix that provides a broad array of traditional home center merchandise - kitchen and bath, flooring, plumbing, electrical and building supplies, hardware, tools, paint and lighting products. In 2009, products including appliances and mattresses were added. These stores also feature lawn and garden products, extensive lines of housewares, work wear, pet supplies, automotive supplies, storage supplies and sporting goods. Each store also has a unique offering of high quality foods including produce, baked goods, deli items, specialty gourmet foods, frozen and fresh meats, and one of the finest selections of fine wines and specialty beer in the state of Ohio. The Andersons Market® focuses exclusively on specialty foods with emphasis on fresh products in produce, deli, bakery, beef, poultry, pork and seafood. A dominant selection of specialty grocery and wine rounds out the offering.

The retail segment will continue to be challenged in the foreseeable future. Enhancements will continue to be made that are relevant to customers and improve the Group's financial contribution. Primary emphasis will be placed on improving sales performance. Despite external challenges, the Group is committed to improving results by focusing on service and quality.

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

## TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF THE ANDERSONS, INC.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Andersons, Inc. and its subsidiaries as of December 31, 2009 and December 31, 2008, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2009 (not presented herein) appearing in The Andersons, Inc. annual report on Form 10-K for the year ended December 31, 2009; and in our report dated February 26, 2010, in which we indicated the extent of our reliance on the report of other auditors, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Toledo, Ohio
February 26, 2010

# CONSOLIDATED STATEMENTS OF INCOME

| | Year ended December 31, | | |
|---|---|---|---|
| (in thousands, except per common share data) | 2009 | 2008 | 2007 |
| Sales and merchandising revenues | $ 3,025,304 | $ 3,489,478 | $ 2,379,059 |
| Cost of sales and merchandising revenues | 2,769,798 | 3,231,649 | 2,139,347 |
| Gross profit | 255,506 | 257,829 | 239,712 |
| Operating, administrative and general expenses | 199,116 | 190,230 | 169,753 |
| Interest expense | 20,688 | 31,239 | 19,048 |
| Other income: | | | |
| Equity in earnings of affiliates | 17,463 | 4,033 | 31,863 |
| Other income, net | 8,331 | 6,170 | 21,731 |
| Income before income taxes | 61,496 | 46,563 | 104,505 |
| Income tax provision | 21,930 | 16,466 | 37,077 |
| Net income | 39,566 | 30,097 | 67,428 |
| Net (income) loss attributable to the noncontrolling interest | (1,215) | 2,803 | 1,356 |
| Net income attributable to The Andersons, Inc. | $ 38,351 | $ 32,900 | $ 68,784 |
| **Per common share:** | | | |
| Basic earnings | $ 2.10 | $ 1.82 | $ 3.86 |
| Diluted earnings | $ 2.08 | $ 1.79 | $ 3.75 |
| Dividends paid | $ 0.348 | $ 0.325 | $ 0.220 |

# CONSOLIDATED BALANCE SHEETS

| | December 31, | |
|---|---|---|
| (in thousands) | 2009 | 2008 |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 145,929 | $ 81,682 |
| Restricted cash | 3,123 | 3,927 |
| Accounts and notes receivable, less allowance for doubtful accounts of $8,753 in 2009; $13,584 in 2008 | 137,195 | 126,255 |
| Margin deposits, net | 27,012 | 13,094 |
| Inventories | 407,845 | 436,920 |
| Commodity derivative assets - current | 24,255 | 84,919 |
| Deferred income taxes | 13,284 | 15,338 |
| Prepaid expenses and other current assets | 28,180 | 93,827 |
| Total current assets | 786,823 | 855,962 |
| Other assets: | | |
| Commodity derivative assets - noncurrent | 3,137 | 3,662 |
| Other assets | 25,629 | 12,433 |
| Investments in and advances to affiliates | 157,360 | 141,055 |
| | 186,126 | 157,150 |
| Railcar assets leased to others (net) | 179,154 | 174,132 |
| Property, plant and equipment (net) | 132,288 | 121,529 |
| Total assets | 1,284,391 | 1,308,773 |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Accounts payable for grain | 234,396 | 216,307 |
| Other accounts payable | 110,658 | 97,770 |
| Customer prepayments and deferred revenue | 56,698 | 55,953 |
| Commodity derivative liabilities - current | 24,871 | 67,055 |
| Accrued expenses | 41,563 | 60,437 |
| Current maturities of long-term debt - non-recourse | 5,080 | 13,147 |
| Current maturities of long-term debt | 5,855 | 14,594 |
| Total current liabilities | 479,121 | 525,263 |
| Deferred income and other long-term liabilities | 16,051 | 12,977 |
| Commodity derivative liabilities - noncurrent | 830 | 3,706 |
| Employee benefit plan obligations | 24,949 | 35,513 |
| Long-term debt non-recourse, less current maturities | 19,270 | 40,055 |
| Long-term debt, less current maturities | 288,756 | 293,955 |
| Deferred income taxes | 49,138 | 32,197 |
| Total liabilities | 878,115 | 943,666 |
| Shareholders' equity: | | |
| Common shares, without par value, 25,000 authorized; 19,198 shares issued | 96 | 96 |
| Preferred shares, without par value, 1,000 shares authorized; none issued | - | - |
| Additional paid-in capital | 175,477 | 173,393 |
| Treasury shares, at cost (918 in 2009; 1,069 in 2008) | (15,554) | (16,737) |
| Accumulated other comprehensive loss | (25,314) | (30,046) |
| Retained earnings | 258,662 | 226,707 |
| Total shareholders' equity of The Andersons, Inc. | 393,367 | 353,413 |
| Noncontrolling interest | 12,909 | 11,694 |
| Total shareholders' equity | 406,276 | 365,107 |
| Total liabilities and shareholders' equity | $ 1,284,391 | $ 1,308,773 |

# CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year ended December 31, | | |
|---|---|---|---|
| (in thousands) | 2009 | 2008 | 2007 |
| **Operating activities** | | | |
| Net income | $ 39,566 | $ 30,097 | $ 67,428 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | | |
| Depreciation and amortization | 36,020 | 29,767 | 26,253 |
| Bad debt expense | 4,973 | 8,710 | 3,267 |
| Equity in earnings of unconsolidated affiliates, net of distributions received | (15,105) | 19,307 | (23,583) |
| Realized gains on sales of railcars and related leases | (1,758) | (4,040) | (8,103) |
| Excess tax benefit from share-based payment arrangement | (566) | (2,620) | (5,399) |
| Deferred income taxes | 16,430 | 4,124 | 5,274 |
| Gain from pension plan curtailment | (4,132) | - | - |
| Stock based compensation expense | 2,747 | 4,050 | 4,374 |
| Gain on donation of equity securities | - | - | (4,773) |
| Lower of cost or market inventory and contract adjustment | 2,944 | 97,268 | - |
| Other | 186 | 58 | 1,734 |
| Changes in operating assets and liabilities: | | | |
| Accounts and notes receivable | (15,259) | (23,460) | (21,826) |
| Inventories | 32,227 | 3,074 | (206,447) |
| Commodity derivatives and margin deposits | 2,211 | 102,818 | (79,534) |
| Prepaid expenses and other assets | 62,242 | (56,939) | (12,849) |
| Accounts payable for grain | 18,089 | 72,648 | 47,564 |
| Other accounts payable and accrued expenses | (574) | (6,198) | 48,225 |
| Net cash (used in) provided by operating activities | 180,241 | 278,664 | (158,395) |
| **Investing activities** | | | |
| Acquisition of businesses, net of cash acquired | (30,480) | (18,920) | - |
| Purchases of property, plant and equipment | (16,560) | (20,315) | (20,346) |
| Purchases of railcars | (24,965) | (97,989) | (56,014) |
| Proceeds from sale and disposition of railcars and related leases | 8,453 | 68,456 | 47,263 |
| Proceeds from sale of property, plant and equipment and other | 1,343 | (21) | 1,847 |
| Proceeds received from minority interest | - | 2,278 | 13,575 |
| Investment in affiliates | (1,200) | (41,450) | (36,249) |
| Net cash used in investing activities | (63,409) | (107,961) | (49,924) |
| **Financing activities** | | | |
| Net increase (decrease) in short-term borrowings | - | (245,500) | 170,500 |
| Proceeds from issuance of long-term debt | 9,523 | 220,827 | 56,892 |
| Proceeds from issuance of non-recourse, securitized long-term debt | - | - | 835 |
| Payments on long-term debt | (23,497) | (65,293) | (9,999) |
| Payments on non-recourse, securitized long-term debt | (28,852) | (16,797) | (15,831) |
| Payment of debt issue costs | (4,500) | (2,283) | - |
| Purchase of treasury stock | (229) | (924) | - |
| Proceeds from issuance of treasury shares under stock compensation plans | 750 | 1,914 | 3,354 |
| Excess tax benefit from share-based payment arrangement | 566 | 2,620 | 5,399 |
| Dividends paid | (6,346) | (5,885) | (3,929) |
| Net cash provided by (used in) financing activities | (52,585) | (111,321) | 207,221 |
| Increase (decrease) in cash and cash equivalents | 64,247 | 59,382 | (1,098) |
| Cash and cash equivalents at beginning of period | 81,682 | 22,300 | 23,398 |
| Cash and cash equivalents at end of period | $ 145,929 | $ 81,682 | $ 22,300 |

# SELECTED FINANCIAL DATA: FIVE YEAR SUMMARY

| (in thousands, except for per share and ratios and other data) | For the years ended December 31, 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Operating results** | | | | | |
| Grain & ethanol sales and revenues (a) | $ 2,153,978 | $ 2,411,144 | $ 1,498,652 | $ 791,207 | $ 628,255 |
| Fertilizer, retail & other sales | 871,326 | 1,078,334 | 880,407 | 666,846 | 668,694 |
| Total sales & revenues | 3,025,304 | 3,489,478 | 2,379,059 | 1,458,053 | 1,296,949 |
| Gross profit – grain & ethanol | 106,804 | 110,954 | 79,367 | 62,809 | 50,456 |
| Gross profit – fertilizer, retail & other | 148,702 | 146,875 | 160,345 | 136,431 | 142,116 |
| Total gross profit | 255,506 | 257,829 | 239,712 | 199,240 | 192,572 |
| Equity in earnings (losses) of affiliates | 17,463 | 4,033 | 31,863 | 8,190 | 2,321 |
| Other income, net (b) | 8,331 | 6,170 | 21,731 | 13,914 | 4,386 |
| Net income | 39,566 | 30,097 | 67,428 | 36,347 | 26,087 |
| Net income attributable to The Andersons, Inc. | 38,351 | 32,900 | 68,784 | 36,347 | 26,087 |
| **Financial position** | | | | | |
| Total assets | 1,284,391 | 1,308,773 | 1,324,988 | 879,048 | 647,951 |
| Working capital | 307,702 | 330,669 | 177,679 | 162,077 | 96,113 |
| Long-term debt (c) | 288,756 | 293,955 | 133,195 | 86,238 | 79,329 |
| Long-term debt, non-recourse (c) | 19,270 | 40,055 | 56,277 | 71,624 | 88,714 |
| Shareholders' equity | 406,276 | 365,107 | 356,583 | 270,175 | 158,883 |
| **Cash flows / liquidity** | | | | | |
| Cash flows from (used in) operations | 180,241 | 278,664 | (158,395) | (54,283) | (38,767) |
| Depreciation and amortization | 36,020 | 29,767 | 26,253 | 24,737 | 22,888 |
| Cash invested in acquisitions / investments in affiliates | 31,680 | 60,370 | 36,249 | 34,255 | 16,005 |
| Investments in property, plant & equipment | 16,560 | 20,315 | 20,346 | 16,031 | 11,927 |
| Net investment in (sale of) railcars (d) | 16,512 | 29,533 | 8,751 | 20,643 | 29,810 |
| EBITDA (e) | 116,989 | 110,372 | 151,162 | 95,505 | 74,279 |
| **Per share data:** | | | | | |
| Net income – basic | 2.10 | 1.82 | 3.85 | 2.27 | 1.76 |
| Net income – diluted | 2.08 | 1.79 | 3.75 | 2.19 | 1.69 |
| Dividends paid | 0.348 | 0.325 | 0.220 | 0.178 | 0.165 |
| Year-end market value | 25.82 | 16.48 | 44.80 | 42.39 | 21.54 |
| **Ratios and other data** | | | | | |
| Net income attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc. | 10.9% | 9.6% | 25.4% | 22.9% | 19.5% |
| Funded long-term debt to equity ratio (f) | 0.8-to-1 | 0.9-to-1 | 0.5-to-1 | 0.6-to-1 | 1.1-to-1 |
| Weighted average shares outstanding (000's) | 18,190 | 18,068 | 17,833 | 16,007 | 14,842 |
| Effective tax rate | 36.4% | 33.4% | 35.0% | 33.3% | 33.6% |

Note: Prior years have been revised to conform to the 2008 presentation.

(a) Includes sales of $806.3 million in 2009, $865.8 million in 2008, $407.4 million in 2007 and $23.5 million in 2006 of sales pursuant to marketing and originations agreements between the Company and its ethanol LLCs.

(b) Gross profit in 2008 includes a $97.2 million write down in the Plant Nutrient Group for lower-of-cost-or-market inventory adjustments for inventory on hand and firm purchase commitments that was valued higher than the market.

(c) Includes gains on insurance settlements of $0.1 million in 2008, $3.1 million in 2007 and $4.6 million in 2006. Includes development fees related to ethanol joint venture formation of $1.3 million in 2008, $5.4 million in 2007 and $1.9 million in 2006. Includes $4.9 million in gain on available for sale securities in 2007.

(d) Excludes current portion of long-term debt.

(e) Represents the net of purchases of railcars offset by proceeds on sales of railcars.

(f) Earnings before interest, taxes, depreciation and amortization, or EBITDA, is a non-GAAP measure. We believe that EBITDA provides additional information for investors and others in determining our ability to meet debt service obligations. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles, and EBITDA does not necessarily indicate whether cash flow will be sufficient to meet cash requirements, for debt service obligations otherwise. Because EBITDA, as determined by us, excludes some, but not all, items that affect net income, it may not be comparable to EBITDA or similarly titled measures used by other companies.

(g) Earnings per share are calculated based on Income attributable to The Andersons, Inc.

(h) Calculated by dividing long-term debt by total year-end equity as stated under "Financial position."

# BOARD OF DIRECTORS AND CORPORATE OFFICERS

TOP ROW, LEFT TO RIGHT:

ROSS W. MANIRE (2) (3)
Chairman and CEO
ExteNet Systems, Inc.

GERARD M. ANDERSON (4)
President
& Chief Operating Officer
DTE Energy

ROBERT J. KING, JR (2) (3)
President and CEO
Park View Federal Savings

CATHERINE M. KILBANE (1) (2)
Senior Vice President, General Counsel and Secretary
American Greetings Corporation

CHARLES A. SULLIVAN (1) (4)
Retired Chairman and CEO
Interstate Bakeries Corp.

DAVID L. NICHOLS (1) (3)
Past President & Chief Operating Officer, Macy's South,
a division of Macy's, Inc.

BOTTOM ROW, LEFT TO RIGHT:

JOHN T. STOUT, JR.
CEO
Plaza Belmont
Management Group, LLC

MICHAEL J. ANDERSON
Chairman, President & CEO
The Andersons, Inc.

DONALD L. MENNEL (1) (4)
President & Treasurer
The Mennel Milling Company

JACQUELINE F. WOODS (2) (3) (4)
Retired President
AT&T Ohio

(1) Audit Committee
(2) Compensation Committee
(3) Finance Committee
(4) Governance/ Nominating Committee

## CORPORATE OFFICERS

TOP ROW, LEFT TO RIGHT:

Mike Anderson, President & CEO
Nick Conrad, VP/Finance & Treasurer
Naran Burchinow, VP/General Counsel & Secretary
Dick George, VP/Corporate Controller & CIO
Art DePompei, VP/Human Resources
Tamara Sparks, VP/Corporate Relations & Business Analysis

LOWER ROW, LEFT TO RIGHT:

Hal Reed, President/Grain & Ethanol Group
Rasesh Shah, President/Rail Group
Denny Addis, President/Plant Nutrient Group
Tom Waggoner, President/Turf & Specialty Group
Dan Anderson, President/Retail Group
VP/Corporate Operations Services

**INVESTOR INFORMATION**

CORPORATE OFFICES
The Andersons, Inc.
480 West Dussel Drive
Maumee, OH 43537
419-893-5050
www.andersonsinc.com

NASDAQ SYMBOL
The Andersons, Inc. common shares are traded on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol ANDE.

COMMON STOCK
18,279,617 shares outstanding (12/31/09)

STOCK PURCHASE AND DIVIDEND REINVESTMENT
Computershare BYDS℠ is a direct stock purchase program that provides an alternative to traditional methods of buying, holding and selling shares in The Andersons, Inc. Through Computershare BYDS℠ you can purchase and sell The Andersons shares directly, rather than dealing with a broker. Call 312-360-5260 for more information on the program.

TRANSFER AGENT & REGISTRAR
Computershare Investor Services, LLC
P.O. Box 43078
Providence, RI 02940-3078
312-360-5260
www.computershare.com/investor

FORM 10-K
Additional copies of The Andersons' 2009 Form 10-K, filed on February 26, 2010 with the SEC, are available to shareholders and interested individuals without charge by writing or calling Investor Relations.

INVESTOR RELATIONS
Nicholas C. Conrad
Vice President, Finance & Treasurer
419-891-6415
nick_conrad@andersonsinc.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
PricewaterhouseCoopers LLP
Toledo, OH

ANNUAL MEETING
The annual shareholders' meeting of The Andersons, Inc. will be held at The Andersons' Headquarters, 480 West Dussel Drive, Maumee, OH 43537 at 8:00 a.m. on May 7, 2010.

WE THANK OUR 3,000 HARD WORKING, CREATIVE AND DEDICATED EMPLOYEES WHO PROVIDE THE FOUNDATION FOR OUR EXTRAORDINARY PRODUCTS AND SERVICE TO OUR CUSTOMERS. WE ARE GRATEFUL TO THEM, TO OUR CUSTOMERS AND SUPPLIERS, AND TO YOU, OUR SHAREHOLDERS.

## MISSION STATEMENT

We firmly believe that our company is a powerful vehicle through which we channel our time, talent, and energy in pursuit of the fundamental goal of serving God by serving others. Through our collective action we greatly magnify the impact of our individual efforts to:

- Provide extraordinary service to our customers
- Support our communities
- Help each other improve
- Increase the value of our company

The Andersons, Inc.
480 West Dussel Drive
Maumee, Ohio 43537
www.andersonsinc.com

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