

ANDERSONS INC
Form DEF 14A
March 15, 2011

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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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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

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

March 15, 2011

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of shareholders that will be held on Friday, May 6, 2011 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 card and our 2010 annual report to shareholders are also included with this booklet.

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 6th.

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 6, 2011
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, 2011.
3. To approve, an advisory vote on executive compensation.
4. To recommend, the frequency of advisory votes on executive compensation.
5. 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 9, 2011 will be entitled to vote at the Annual Meeting.

Maumee, Ohio
March 15, 2011

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 6, 2011

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

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

Annual Meeting of Shareholders
May 6, 2011

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 statement is intended to be first mailed or otherwise delivered to shareholders on March 21, 2011.

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 eight sections:

Voting

Proposals

Board of Directors

Appointment of Independent Registered Public Accounting Firm

Advisory Vote on Executive Compensation

Advisory Vote on the Frequency of Executive Compensation Advisory Vote

Share Ownership

Executive Compensation

Other Information

The Annual Meeting; Quorum

The Annual Meeting will be held on Friday, May 6, 2011 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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Abstentions and broker non-votes will be treated as present for purposes of determining whether a majority of our Common Shares is represented at the meeting, and will therefore affect whether a quorum has been achieved. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

There were no shareholder proposals submitted for the 2011 Annual Meeting.

Common Shares Outstanding

The record date for determining holder of the Company's Common shares entitled to vote at the Annual Meeting is March 9, 2011. As of the record date, the Company had 18,514,115 Common Shares issued and outstanding.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 6, 2011

The proxy statement and Annual Report to Shareholders with Form 10K is available at www.proxyvote.com.

Voting

You are entitled to one vote at the Annual Meeting for each of the Company's Common Shares that you owned of record as of the close of business on the record date for the Annual Meeting. There is no right to cumulative voting as to any matter, including the election of directors.

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 complete and submit your proxy in advance to ensure your vote is represented. 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.

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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. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from your broker or nominee that holds your shares, giving you the right to vote the shares at the meeting.

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 or proxy holders) 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.

If your shares are held in street name, you must contact your broker or nominee to revoke your proxy.

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 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,

for the approval of the advisory resolution on executive compensation, and

for a frequency of every year on the advisory resolution on executive compensation.

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 and, therefore, will not have an effect on the election of directors.

The ratification of the independent registered public accounting firm requires an affirmative vote of the holders of a majority of the Common Shares present, in person or by proxy, and entitled to vote. An abstention will count as a vote against this proposal. A proposal to ratify the selection of auditors is considered a routine matter that brokers may vote on without instruction from beneficial owners. As a result, a broker non-vote cannot occur with respect to this proposal.

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The advisory vote on executive compensation requires an affirmative vote of the holders of a majority of the Common Shares present, in person or by proxy, and entitled to vote to be considered approved. 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.

With respect to the advisory vote on the frequency of future advisory votes on executive compensation, the Company will present the votes cast for each of the four alternatives (including abstention). The option receiving the affirmative vote of the holders of a majority of the Common Shares present, in person or by proxy, and entitled to vote will be considered approved.

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 in writing at 480 West Dussel Drive, Maumee, Ohio 43537 or via telephone at (419)893-5050

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 2011 and recommends that you vote to ratify their appointment.

The Board is submitting to an advisory vote the compensation of the Company's named executive officers, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), and conducted in conformance with new regulations promulgated by the Securities and Exchange Commission thereunder. While this new vote is not binding, the Compensation Committee and Board expect to take the results of this vote into consideration when making future compensation decisions.

The Board is also submitting to an advisory vote the frequency of future advisory votes on named executive officer compensation. The regulations allow for a one, two or three year frequency and require that the shareholders be provided the opportunity to vote their preference as to frequency in an advisory vote. The results of this advisory vote are not binding. The Board recommends that the advisory vote on named executive officer compensation be conducted annually, and will take the results of this vote into consideration when recommending future advisory votes.

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.

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The Board of Directors is currently comprised of nine directors. 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. 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 under the caption "Share Ownership" in this proxy statement. All information provided is current as of February 28, 2011.

Name	Age	Principal Occupation, Business Experience and Other Directorships	Director Since
Michael J. Anderson	59	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	52	President and Chief Executive Officer, DTE Energy since 2010; President and Chief Operating Officer 2005-2010. 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	47	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.	55	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

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Name	Age	Principal Occupation, Business Experience and Other Directorships	Director Since
Ross W. Manire	59	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
Donald L. Mennel	64	President and Treasurer of The Mennel Milling Company since 1984. Served on the Executive Committee of the North American Millers Association.	1998
David L. Nichols	69	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.	57	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	63	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 under the caption Corporate Governance Board Meetings and Committees Governance / Nominating Committee. 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:

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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 Executive 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
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 of 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

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Director	Specific experience, qualifications, attributes or skills
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 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
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****Committees of the Board effective as of the May 2010 Annual Meeting**

Name	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
Jacqueline F. Woods	X	X	X	X	

C Chair, X Member

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The Board of Directors held five regular meetings and one special board meeting in 2010. Each director attended 75% or more of the 2010 meetings of the Board of Directors and committees on which each such director served. We do not have a formal policy regarding board members' attendance at the annual meeting. However, each of the then current Board members attended the 2010 Annual Shareholders Meeting. Charles A. Sullivan was a member of the Board until the May 2010 Annual Meeting at which point he did not stand for re-election. Richard P. Anderson is a 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.

A temporary advisory panel comprised of Catherine M. Kilbane, Ross W. Manire and Gerard M. Anderson has been formed this year to monitor progress and report to the Board on the Company's enterprise resource planning project regarding its information technology infrastructure. Such members will receive compensation commensurate with committee attendance for service on this panel.

Director Independence: The Board is made up of a majority of independent directors. Each of the Audit, Compensation, Finance and Governance / Nominating Committees is made up entirely of independent members.

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

Audit Committee: The Audit Committee is comprised of four independent members 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 2010. The Board has determined that David L. Nichols is an audit committee financial expert as defined in the federal securities laws and regulations.

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. The Compensation Committee met 3 times during 2010. 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 3 times in 2010.

Governance / Nominating Committee: The Governance / Nominating Committee is comprised of

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four directors. The Governance / Nominating Committee met twice in 2010. 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.

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 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.

The Board has adopted a policy not to nominate for re-election to the Board any member reaching

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the age of 72.

Board Leadership Structure: Since 2009, Michael J. Anderson has served as Chairman of the Board of Directors and President and Chief Executive Officer. As Chairman, Mr. Andersons 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.

Since 2010, Donald L. Mennel has served as Lead Director of the Board of Directors. As the Lead Director, Mr. Mennel chairs meetings of the independent directors, chairs the Governance / Nominating Committee, approves board meeting agendas, has the authority to call meetings of the independent directors, and serves as liaison with the Chairman.

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. Michael J. Anderson 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.

Board Oversight of Risk: The Board is responsible for overseeing risk management for the Company. It has delegated to each of the Audit Committee, the Finance Committee, the Compensation Committee and the Governance / Nominating Committee, certain of its responsibilities in this area. For example, the Audit Committee has the oversight responsibility for the integrity of the Company's financial statements and its financial reporting process; its systems of internal accounting and financial controls and the performance of the Company's internal audit function and independent auditor. The Finance Committee has responsibility for risks relating to capital markets including interest rate volatility and access to capital, counterparties, product liability, price volatility and general industry market risks. The Compensation Committee has the responsibility for reviewing the Company's compensation policies to ensure that these policies are not reasonably likely to created undue risk to the Company. The Governance / Nominating Committee has responsibility for oversight of Company's ethics policies, including the Company's Code of Business Conduct, Board Succession and other regulatory / legislative issues.

Although the Board has delegated certain responsibilities for risk management to its Committees, the Board retains overall responsibility and coordination of this duty. Each Committee Chairman reports to the full Board matters discussed or reviewed at Committee meetings. Although the Board oversees the Company's risk management, company management is responsible for day-to-day risk management processes and provides regular updates to the Board and its Committees.

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).

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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 Related Person Transaction Policy). The Related Person Transaction 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).

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. The Related Person Transaction 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 Governance / Nominating 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, 2010.

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

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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.

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, 2010 filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

David L. Nichols (Chair), Catherine M. Kilbane, Donald L. Mennel,
Jacqueline F. Woods

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 2010 as follows:

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Fees	2010	2009
Executive Compensation Consulting	\$ 84,416	\$ 11,820
Fees for other consulting and actuarial services (1)	422,725	229,840
Fees specific to retirement plan revisions	109,158	348,128
Total	\$616,299	\$589,788

- (1) Services include consulting, communications, and technical support of the Company's health and welfare and retirement plans. In 2010 and 2009, \$52,930 and \$46,200, respectively, was charged directly to the pension trust. Major changes were made to the Company's health care plans during 2010 which required significant consulting, technical, and communications support.

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 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 (which are 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 claw-back provisions currently 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, although the Company will implement the new claw-back provisions required under the Dodd-Frank Act in connection with required restatement of financial statements following issuance by the Securities and Exchange Commission of final regulations governing such provisions..
- (b) **Performance Share Units.** Company officers receive Performance Share Units (PSUs) that vest based upon service and performance which is measured by three years of 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 otherwise induce actions to be taken to improve Company earnings per share results by creating 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 encourage aggressive acquisition strategies, under which the Company might incur imprudent amounts of debt 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

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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. From 2006-2010, the Company awarded Stock Only Stock Appreciation Rights (SOSARs) in lieu of traditional stock options. SOSARs are awards paid in shares of Company stock whose number 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 that become available as a result of stock appreciation under the program. In that respect, SOSARs, like any stock option, can encourage 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 criteri