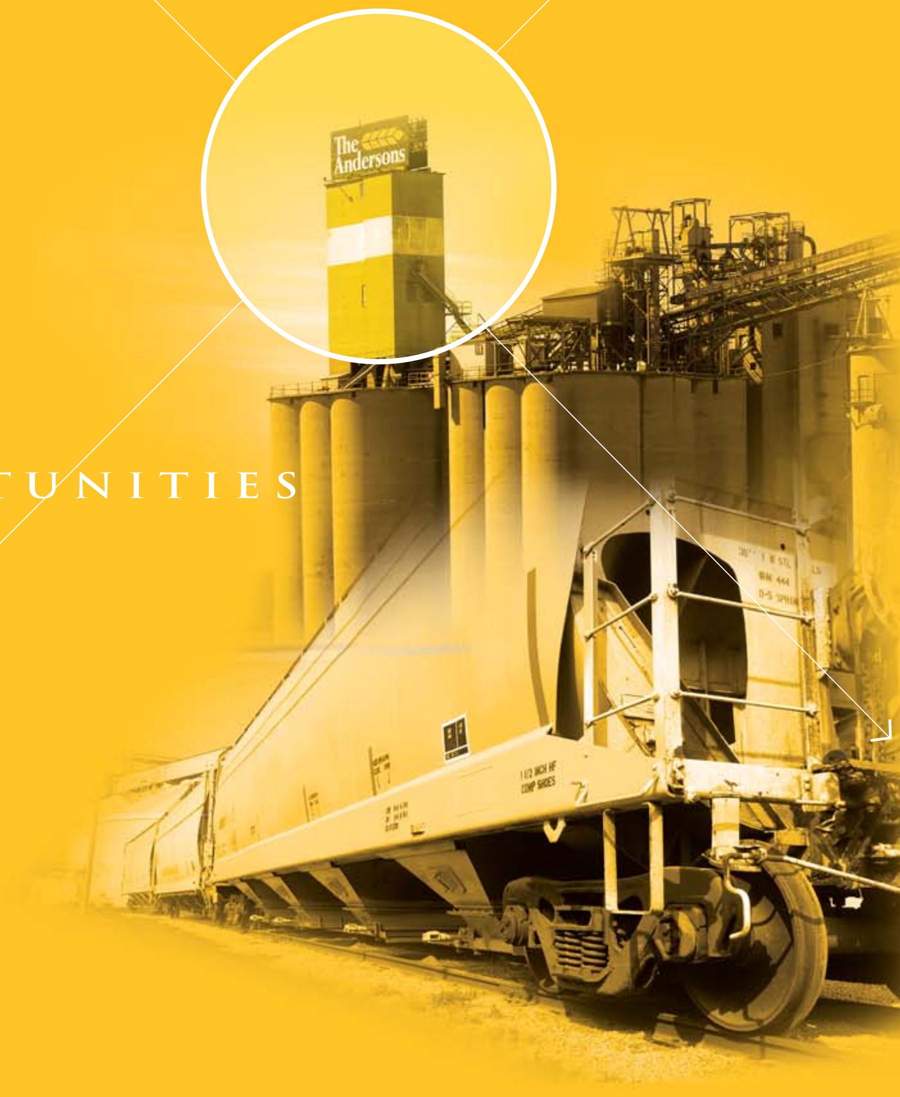
The Andersons



EXPANDING OPPORTUNITIES

The Andersons, Inc. Summary Annual Report 2005

FINANCIAL HIGHLIGHTS

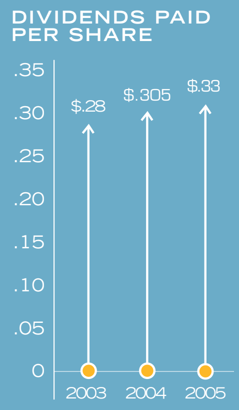
(in thousands, except for per share, ratios and performance data)	2005	2004	% Change
Operating Results			
Grain sales & revenues	**$ 627,958**	$ 664,565	-5.5%
Fertilizer, retail & other sales	**668,694**	602,367	11.0%
Total sales & revenues	**1,296,652**	1,266,932	2.3%
Gross profit - grain	**50,159**	52,680	-4.8%
Gross profit - fertilizer, retail & other	**147,987**	136,419	8.5%
Total gross profit	**198,146**	189,099	4.8%
Net income	**26,087**	19,144	36.3%
Financial Position			
Total assets	**634,144**	573,598	10.6%
Working capital	**96,219**	102,170	-5.8%
Weighted average shares outstanding (basic)	**7,421**	7,246	2.4%
Per Share Data			
Net income - diluted	**3.39**	2.55	32.9%
Dividends paid	**0.330**	0.305	8.2%
Year end market value	**43.08**	25.50	68.9%
Ratios and Other Data			
Pretax return on beginning equity	**29.4%**	26.0%	
Net income return on beginning equity	**19.5%**	16.5%	
Funded long-term debt to equity (a)	**0.5-to-1**	0.7-to-1	
Effective tax rate	**33.6%**	36.4%	

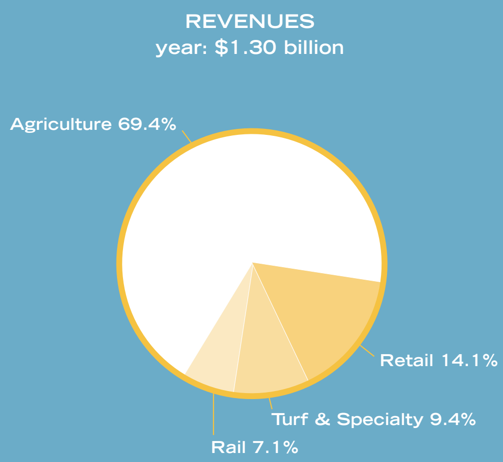
(a) Excludes current portion of long-term debt and non-recourse debt

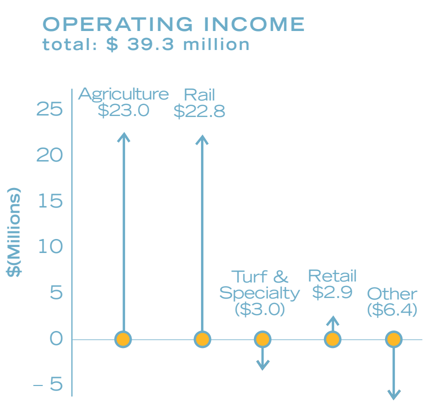
THE ANDERSONS, INC. (NASDAQ: ANDE) IS A DIVERSIFIED COMPANY WITH INTERESTS IN THE GRAIN, ETHANOL AND PLANT NUTRIENT SECTORS OF U.S. AGRICULTURE, AS WELL AS IN RAILCAR MARKETING, INDUSTRIAL PRODUCTS FORMULATION, TURF PRODUCTS PRODUCTION, AND GENERAL MERCHANDISE RETAILING. FOUNDED IN MAUMEE, OHIO, IN 1947, THE COMPANY NOW HAS OPERATIONS IN SEVEN U.S. STATES PLUS RAIL EQUIPMENT LEASING INTERESTS IN CANADA AND MEXICO.

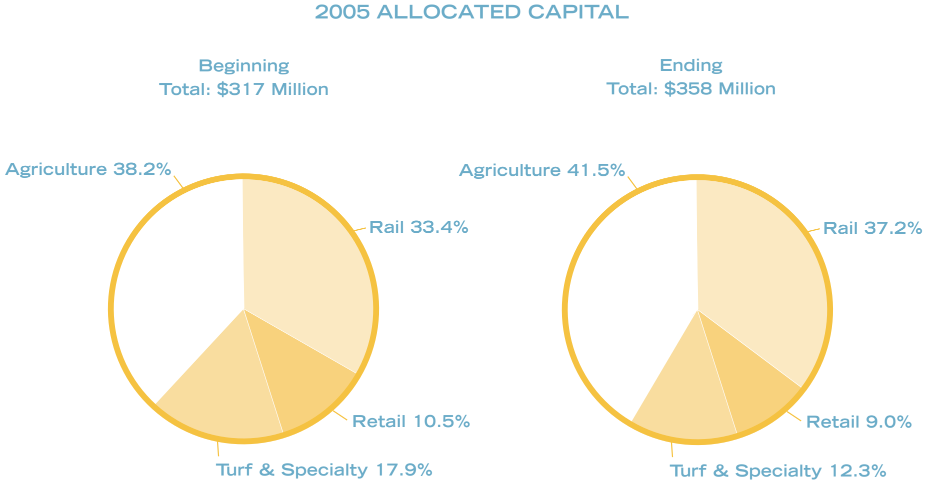
2005 ACCOMPLISHMENTS

- Shareholders received a 71 percent total return on their investment
- Income per diluted share reached a record $3.39
- Total railcars neared 20,000 with 96 locomotives
- Rail operating income increased 108 percent
- Ag Group had record operating income of $23 million
- Made strategic investments in the ethanol industry
- Restructured and reorganized the Turf & Specialty Group
- Sales and gross margins were up in the Retail Group
- Nine years of consecutive quarterly cash dividends

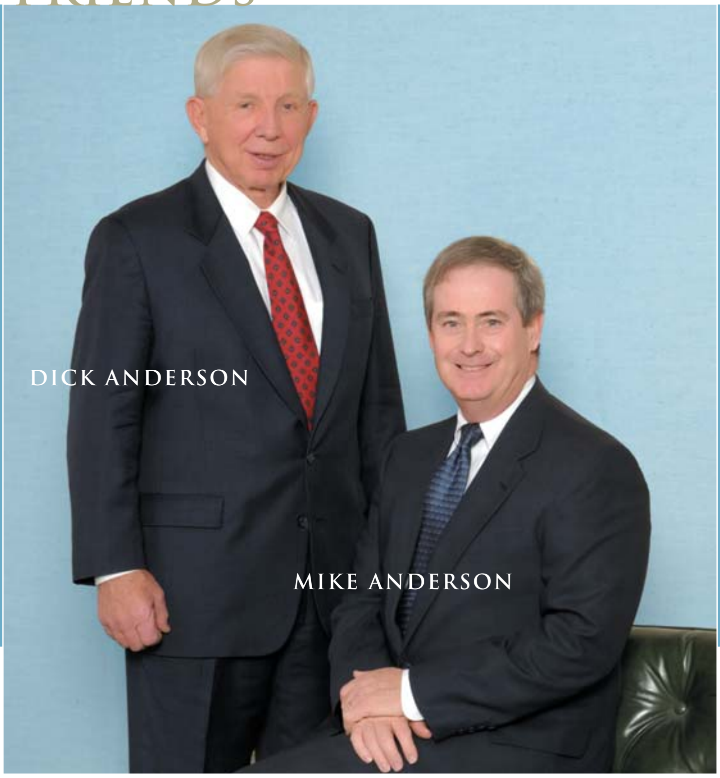








TO OUR SHAREHOLDERS AND FRIENDS



What an incredible year. We can list many factors contributing to the record-breaking results of 2005; however, there was no greater contribution than the efforts by our employees to expand upon the opportunities presented to them at every turn. During the year the members of our organization laid the groundwork for future growth by applying their many abilities, focusing on our customers, widening the scope of our business and seizing the moment.

Our expanding opportunities paid off well in the form of share value, net income and record revenues. We earned $3.39 per diluted share compared to $2.55 in 2004, a 33 percent increase. We recorded net income of $26.1 million compared to $19.1 million in 2004, and we generated revenue of $1.3 billion.

Our shareholders reaped the benefit of our efforts receiving an outstanding total return of 71 percent. This marks the fourth consecutive year we've provided very good total returns: 62 percent in 2004, 28 percent in 2003 and 30 percent in 2002. This is the ninth consecutive year we've paid dividends.

We secured significant long-term debt funding in the fourth quarter, helping to support our growth initiatives for 2006 as well as strengthening our balance sheet.

OUR EXPANDING EFFORTS

For the second consecutive year, our **Rail Group** achieved outstanding results. Full-year income of $22.8 million and revenues of $92 million significantly exceeded 2004 results. While we profited from the sale of a few railcars, our railcar fleet grew by 32 percent through targeted acquisitions. Demand for rail transportation equipment is on the rise primarily because of increasing demands for commodities coupled with a shortage of railcars. As a result, the number of cars we have under lease, which determines our utilization, is higher and lease rates have improved significantly. With nearly 20,000 rail cars and 96 locomotives under ownership and/or management, our growing fleet helps us meet a variety of customer needs.

The Group's fabrication business, in addition to keeping up with the increased demand in rail component orders, successfully acquired and integrated two product lines - Hydroflow® Filtration Systems and Systems Equipment Division (SED) - that added filtration systems to our product mix.

During the first half of the year, the Group added a repair facility in Bay St. Louis, Mississippi. The facility, along with a small portion of our railcar inventory, sustained damage during Hurricane Katrina. Although briefly interrupted, this location continues to operate, and the workforce there has tripled to meet the demand for repairs to railcars damaged by the hurricane.

The **Agriculture Group's** operating income increased by $1.7 million to $23 million on revenues of $899 million during 2005. This outstanding performance was due in part to the significant increase in volume and income from our **Agriculture Group's Grain Division** during the fourth quarter. This resulted from an outstanding harvest in spite of challenging weather during the 2005 growing season. We also pursued three significant investments in ethanol facilities, two of which should be in production during 2006. We are well positioned to offer strategic services to this industry, which we will elaborate on subsequently in this letter. Lansing Grain Company, LLC, in which we are the largest individual investor, operates primarily in the western grain markets and had an exceptional year with record earnings and revenues.

The **Agriculture Group's Plant Nutrient Division** (PND) achieved record earnings during 2005 in spite of a slight reduction in volume from 2004. Revenues were up as a result of materially escalating prices for major crop nutrients. Higher energy costs and growing worldwide demand for the major crop nutrients were the driving forces behind the increased prices which had already risen between 2003 and 2004.

Capital improvements included nearly doubling the storage space and adding a high-speed blender at the Champaign, Illinois, facility. In addition, PND launched a long-term process improvement program to enhance the value we provide to our customers and optimize our operating efficiencies.

Sales and gross margins for the **Retail Group** were up during the year in spite of a slight reduction in customer counts. The strongest performing sales categories were in food products – especially wine and produce. Expansion of the flooring and lighting categories produced solid sales increases as well. The weather provided sales opportunities for the lawn and garden centers during the excellent growing season and for home insulation and energy products in the fall as homeowners anticipated higher natural gas prices.

A new name and a new direction define most of 2005 for the **Turf & Specialty Group**, formerly known as the Processing Group. Our primary focus was to align our structure and cost more closely with our volume and change our emphasis to premium, proprietary products rather than our previous emphasis on commodities. In addition, the Group underwent a restructuring and reorganization. Benefits have been realized through improved working capital management, reduced expenses and inventories and improved overall asset utilization. As a part of this transition, operations were suspended at the Maumee, Ohio, cob facility and consolidated in Delphi, Indiana, for efficiency improvement. During 2005, the company incurred a non-recurring charge of $1.2 million as a result of the restructuring.

During 2005 we continued to focus on compliance with the SEC's regulations resulting from the Sarbanes-Oxley Act and related Section 404 requirements. Hiring people with integrity, maintaining a culture of accountability and fostering the spirit of transparency are important components of this initiative. We continued "fine tuning" our financial control processes to ensure the effectiveness of all of our controls during the year. We have taken the necessary measures to remedy the material weakness we disclosed in the third quarter and have obtained a clean opinion from our independent auditors as reported in the Form 10-K. The cost of implementation eased in 2005 and necessary processes have been integrated into daily operations.

By the beginning of this year, we were fully operational under our state-of-the-art Human Resource Management System. We have already begun to reap the benefits of this automated system that has streamlined the human resource, payroll and time management functions. Future strategic functionality will help provide additional long-term efficiencies.

Natural disasters topped the national headlines during 2005, and The Andersons and our employees responded in traditional fashion. Donations were sent to the victims of the tsunami in Southeast Asia via three national organizations, which were selected by our employees. Later in the year, Rail Group employees raised funds to provide immediate relief to fellow employees in Bay St. Louis, Mississippi, who lost their homes as a result of hurricane Katrina's impact on the Mississippi coast. We also donated monies to assist employees of a major customer and a primary railway serving the area. Also, indicative of the type of people who work at The Andersons, there were employees who chose to forego previous plans and use their vacation to assist in the relief efforts. At The Andersons, we believe in generously sharing our time, talents and financial resources to support and strengthen our communities, as well as contributing a reasonable portion of our profits to charitable causes. From the 2005 earnings, the company donated approximately $1 million toward the greater good.

OUR FUTURE OPPORTUNITIES

As we proceed through 2006, we will expand on the opportunities we enjoy because of our diverse organization and the exceptional value we offer to our customers. In 2006, we want to take differentiation and value to a new level. We know our customers' needs evolve, and we pride ourselves on being flexible and quick to respond with innovative solutions.

As the year progresses, the **Rail Group** will continue to look for growth in selective opportunities to acquire additional cars from various sources and liquidate pieces of its portfolio as we strive to enhance our asset allocation. We will engage our entrepreneurial and innovative methods of purchasing and refurbishing railcars that best meet our customers' needs. This successful strategy provides us with the leverage to be a total rail solution provider to our customers.

We are exploring the possibilities of adding a state-of-the-art blast and paint shop as well as a railcar wash facility in Maumee, Ohio, and possibly building a similar blast/paint facility on the premises of the existing shop in Darlington, South Carolina, in addition to selectively increasing the use of our successful mobile railcar repair units in certain markets. We will continue to increase the market share of our existing rail components line and simultaneously work on product development for new ones. We also anticipate developing our fluid filtration systems offerings internationally though licensing arrangements.

Our investment in ethanol production is a natural extension of our agriculture business since the majority of the cost of ethanol is corn. During 2006, the **Agriculture Group's Grain Division** will be providing services to the ethanol industry through plant management, corn origination, and the marketing of distiller dried grain and ethanol marketing. Additionally, our core competencies in risk management can be extended to help optimize the return on ethanol investments.

Construction of ethanol plants in Albion, Michigan, scheduled to open during the third quarter, and Clymers, Indiana, which should be operational in the first quarter of 2007, will be a key accomplishment this year. We are the largest equity investor in The Andersons Albion Ethanol LLC and The Andersons Clymers Ethanol LLC. With these ethanol plants strategically located near our existing grain facilities, we are well positioned to serve this industry. We are also pleased with the development of the ethanol facility in Rensselaer, Indiana, in which we are a minority equity investor and for which we will provide grain origination services.

We have sufficient assets capable of supplying our traditional grain markets as well as meeting the increased demands brought about by the ethanol industry. We will continue to study additional investments in this growing industry.

We expect demand for grain to strengthen in 2006 because of worldwide population and GDP growth, higher demand for protein products and the increased consumption of grain for energy-related products. The rate at which the ethanol industry is growing will change the dynamics of the grain markets, which we are monitoring closely. We are looking beyond our current market territory to extend our superior services to new customers. Our investment in Lansing Grain Company LLC (LGC) has been very complementary for both companies. We are always seeking ways to enhance our strong LGC working relationship with the objective of improved customer service throughout the grain and ethanol industries. In January 2006, we exercised our option to increase our ownership share in Lansing Grain to be the largest investor.

One of our two ship-loading grain elevators at the Port of Toledo was significantly damaged by an explosion and fire in July 2005, and we have been determined to meet our service commitments to our customers in spite of the situation. The facility is being restored to its former operational capability along with safety, efficiency and service enhancements and should return to full operations by fall harvest. Thankfully no one was injured during the incident; however, it was a significant interruption in 2005 and will impact our insurance costs for 2006.

With nutrient demand in the U.S. market being quite mature, the **Agriculture Group's Plant Nutrient Division** is focusing on continued, sustainable organic growth. We also are watching for acquisition opportunities as well as selling reagents for air pollution control technologies used in coal-fired power plants and marketing the resulting byproducts that can be used as plant nutrients.

Differentiation and value-added services and products are vital to enhanced growth. We will continue to invest in higher value, specially formulated product lines in both our traditional agricultural and industrial markets. During the past five years, we have grown our gross profit through a concerted effort to increase the mix of value-added, formulated products and through improved efficiencies.

We will continue to invest in our human resources as they will be the key to our long-term growth and stability. In addition, we will continue to pursue off-shore sourcing of plant nutrients – primarily nitrogen products – to reduce our dependence on North American natural gas which is a significant feedstock in producing nitrogen products.

The **Retail Group** will continue to deliver on its brand promise of providing MORE FOR YOUR HOME.™ Continued emphasis on delivering improved services in project selling areas like kitchen and bath, window coverings and flooring will get significant attention.

The Group will continue to capitalize on our already successful specialty food category. Coffee and pastry bars recently were added to the Maumee and Toledo stores and plans are underway to expand the selection of organic and healthy food products.

A series of process improvement initiatives will be undertaken to increase efficiency in front-end operations, stocking and inventory turnover.

Keying in on its market differentiation of providing Quality, Service and Technology (QST), the **Turf & Specialty Group's** focus is on premium, proprietary products for 2006. Andersons Golf Products has launched a record number of new or enhanced high-performance products with two major objectives in mind for our customers. First, provide products which require less labor to achieve the desired results. Second, provide products that result in healthy, beautiful grass throughout the golf course. Utilizing the popularity of the web, these products are highlighted on the recently redesigned web site www.AndersonsGolfProducts.com.

The Group's strategy also includes leveraging patented cat litter technology with national brand labels distributed among big box, food store and pet supply retailers. Enhancing differentiation among The Andersons branded products will be pursued as well. Growth opportunities are abundant for the high-quality, corncob-based Bed-o'cobs® product and we intend to expand this brand. The patented, dispersible particle technology DG Lite® is an unmatched carrier for the pesticide industry.

To further enhance performance, a "made to order" approach to building inventory has been adopted to reduce working capital, and the supply chain will continue to be resized as appropriate to support the Group's new direction.

While we are optimistic about our prospects for 2006, some of the challenges we face include rising fuel, steel and insurance costs. Additionally, we operate in a number of commodity intensive industries which can cause earnings volatility from time to time. It's one of the dynamics of dealing in commodities. Performance and efficiency improvement throughout the organization is on our agenda for 2006. As we grow our business, we know the demand on our human resources will increase proportionately. Employee training will be critical so that we can manage our growth efficiently and effectively.

We were fortunate to have enjoyed an outstanding 2005, and we have high expectations for the coming year. We know we will be successful as our employees continue to seize the possibilities presented to them and seek new ways to provide excellent service to our customers. With our roots firmly planted in the values of our company – honesty, integrity and mutual respect – we will grow through our expanding opportunities.

SINCERELY,

Mike

Mike Anderson, CEO & President

Dick

Dick Anderson, Chairman of the Board

The Agriculture Group, consisting of the Grain Division and the Plant Nutrient Division, operates grain elevators and plant nutrient formulation and distribution facilities in Ohio, Michigan, Indiana and Illinois. The Group's grain elevators handle in excess of 150 million bushels of grain and oilseeds (primarily corn, soybeans and wheat), store and condition it, then market it via rail, truck and vessel to domestic and export end-users. Various risk management and marketing services also are provided to grain producers and elevators throughout the corn belt and the company is making significant investments in the ethanol industry. The plant nutrient facilities formulate, store and distribute 1.5 million tons of dry and liquid agricultural nutrients each year to dealers, distributors and company-owned farm centers. The Group also manufactures technologically advanced and environmentally-friendly liquid anti-icer products for use in highway and airport runway applications. In addition, it is a supplier of nitrogen reagents used to scrub pollutants from the emissions of coal-burning power plants and other industries.

AGRICULTURE GROUP

In 2005, the Agriculture Group achieved record operating income of $23 million, an increase of $1.7 million above 2004's record performance. Total revenues for the year were $899 million.

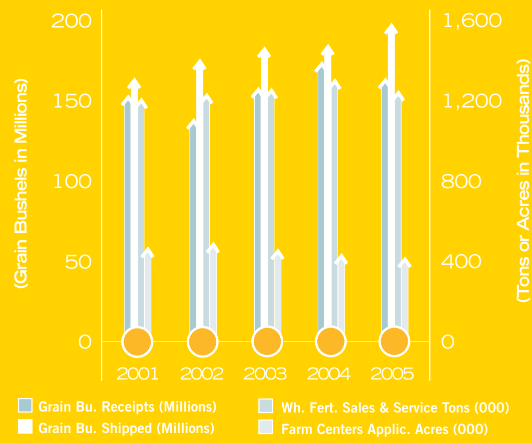
The fall harvest turned out to be good despite exceptionally dry growing conditions in some areas of the corn belt. However, total bushels delivered to Andersons' elevators were reduced due in part to the interruption of operations at one of the two ship-loading grain elevators operated at the Port of Toledo. The elevator was damaged by an explosion and fire in July. It is currently being reconstructed and should return to full operation by the 2006 fall harvest.

During the year, The Andersons began investing in the ethanol industry serving as the largest equity investor in The Andersons Albion Ethanol LLC, located adjacent to The Andersons' grain elevator in Albion, Michigan. The facility is scheduled to begin production during the third quarter of 2006. The company also is the largest equity investor in The Andersons Clymers Ethanol LLC ethanol plant being constructed adjacent to an existing Andersons' grain elevator in Clymers, Indiana. This facility should be operational in early 2007. For both facilities, The Andersons will provide facility management, corn origination services, ethanol and distillers dried grain marketing, and risk

OPERATING INCOME

SALES AND REVENUES

UNIT VOLUMES



management services. The company also has a minority equity investment in an ethanol facility under construction in Rensselaer, Indiana, for which it will provide grain origination services.

Lansing Grain Company, LLC, which operates primarily in the western grain markets, had an exceptional year with record earnings and revenues. Recently, The Andersons exercised its option to increase its ownership share in Lansing Grain.

During the past five years, the Plant Nutrient Division has increased its income through a concerted effort to increase the mix of value-added formulated products and through improved efficiencies. The division continues to seek growth opportunities through innovative technologies.

The Agriculture Group continued to make significant capital investments in 2005 to recapitalize and improve its existing facilities, including the construction of additional fertilizer storage and a high-speed blender at the Champaign, Illinois, facility.

The Rail Group repairs, sells, manages, and leases various types of railcars and locomotives, offers fleet management services to private railcar owners, and operates a custom steel fabrication business. Consistent with its goal of becoming a total rail solutions provider for its customers, the Group has the ability to design and fabricate components, reconfigure the railcars, then sell or lease the refurbished cars to its customers. With portions of its fleet located in Canada and Mexico as well as the United States, the Rail Group is truly an international business.

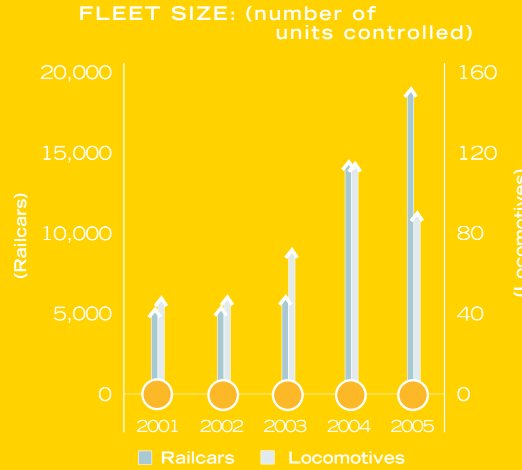
The Group's rail marketing business has grown significantly in recent years and now has nearly 20,000 rail cars and 96 locomotives under ownership and/or lease. The railcar fleet consists of covered hopper cars, boxcars, open top hopper cars, gondolas, flat cars and tank cars. The Group leases its rolling stock to shippers, railroads and fleet owners in a wide range of industries.

RAIL GROUP

For the second consecutive year, the Rail Group achieved record-breaking results. Full-year income of $22.8 million and revenues of $92 million significantly exceeded 2004 results. Overall the Group grew its fleet by 32 percent through targeted acquisitions. The Group continues to fine-tune its asset allocation by acquiring additional cars from various sources and liquidating rail cars as appropriate to enhance its overall portfolio.

Increasing demands for commodities and higher costs for oil continue to drive the demand for rail transportation equipment. As a result, the Rail Group's utilization rate – the percent of cars currently under lease - is at an all-time high, and lease rates continue to grow significantly. Additionally, orders for rail components continue to be very strong.

The railcar repair shops also performed well during 2005. Although the newly opened rail car repair facility in Bay St. Louis, Mississippi, sustained damage from Hurricane Katrina, the facility continues to be operational and the workforce there has tripled during recent months to meet the demand for the rail cars damaged by the hurricane. The Group's other two repair facilities in Maumee, Ohio and Darlington, South Carolina were very busy and currently have



significant orders in the queue. In addition to the three shops, several mobile units provide customers with on-site railcar repair within approximately a 200-plus mile radius of these facilities.

In July, the fabrication business unit successfully acquired and integrated two product lines - Hydroflow® Filtration Systems and Systems Equipment Division (SED) broadening the product offering of this unit.

The Turf & Specialty Group, formerly known as the Processing Group, manufactures and markets turf fertilizers and control products for consumers and professionals. These products are sold under a variety of private labels in the consumer industry, and under The Andersons' Golf Products brand in the professional markets. The Group also produces corncob-based chemical and feed ingredient carriers, animal bedding, cat litter and ice-melter products. The Group operates processing facilities in Maumee and Bowling Green, Ohio, Montgomery, Alabama, and Delphi, Indiana.

During 2005 the Group underwent restructuring and reorganization. Benefits already have been realized through improved working capital management, expense and inventory reduction as well as improved asset utilization. As a part of this transition, operations were suspended at the Maumee, Ohio, cob facility and consolidated into a geographically better-positioned plant in Delphi, Indiana.

TURF & SPECIALTY GROUP

The primary focus of the effort was to improve efficiency by aligning structure and cost more closely with volume. The Group's emphasis moved to premium, proprietary products rather than commodities.

For the full year, the Group incurred an operating loss of $3 million. This included $1.8 million of severance and other restructuring costs associated with the realignment and some property losses.

During 2005, the Turf & Specialty Group began promoting its Quality, Service and Technology (QST), to help define its product differentiation. The Andersons Golf Products has already launched a record number of new or enhanced products that will require less labor to achieve healthy, beautiful grass throughout the

Andersons
GOLF PRODUCTS®

golf course. Utilizing the popularity of the web, these products are highlighted on the recently redesigned web site www.AndersonsGolfProducts.com.

Strategies are in place to leverage the Turf & Specialty Group's patented technologies with national brand marketers. Growth opportunities are being pursued for the high-quality, corncob-based Bed-o'cobs® product line. The patented, dispersible particle technology DGLite® is an unmatched carrier for the pesticide industry.

The Retail Group operates six large stores in Ohio; three in the Toledo area, two in the Columbus area and one in Lima. Four are stand-alone facilities with in-store selling space of 128,000 or more square feet. The other two are slightly smaller mall-based units. The goal of the Retail Group is to serve the needs of homeowners more effectively than competing home centers and mass merchants. Consistent with that goal, the Group focuses on ensuring that customers enjoy an extraordinary shopping experience each time they visit The Andersons. The Group's central message to the retail customer is MORE FOR YOUR HOME™.

The product offering in The Andersons' stores includes a broad array of traditional home center merchandise - kitchen and bath design, flooring, plumbing, electrical and building supplies, hardware, tools, paint and lighting products. In addition to these, the stores feature lawn and garden products, extensive lines of housewares and domestics, workwear, pet supplies, automotive supplies, and sporting goods.

RETAIL GROUP

Each store also has an Uncommon Market™ with a unique offering of high quality foods including produce, a deli, a bakery, specialty gourmet foods, frozen and fresh meats, and one of the largest selections of fine wines in the region.

Total sales for the Retail Group were up slightly to $183 million, compared to $179 million in 2004. Operating income also increased to $2.9 million from $2.1 million the year prior. Despite slightly lower customer counts, gross margins remained stable as the average amount each customer purchased increased.

The Uncommon Market™ concept provided the stores with strong sales in specialty food products – especially wine and produce. Continuing its focus on home interior renovations, the Group expanded the flooring and lighting areas which produced solid sales increases. Weather conditions were favorable for sales in the lawn and garden centers during the excellent growing season in the spring and for home insulation and energy products in the fall as homeowners anticipated higher natural gas prices.

The Andersons MORE FOR YOUR HOME®

The Retail Group continued its emphasis on operational factors such as working capital management, in-stock performance, and labor efficiency throughout the year. In addition, the Group began capitalizing on its already successful specialty food category, recently opening coffee and pastry bars in the Maumee and Toledo stores.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of The Andersons, Inc. and its subsidiaries as of December 31, 2005 and 2004, and for each of the three years in the period ended December 31, 2005, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2005; and in our report dated March 14, 2006 , we expressed unqualified opinions thereon. The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting referred to above (not presented herein) appear in the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

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

Toledo, OH
March 14, 2006

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per common share data)	2005	2004	2003
	Year ended December 31		
Sales and merchandising revenues	**$ 1,296,652**	$ 1,266,932	$ 1,239,005
Cost of sales and merchandising revenues	**1,098,506**	1,077,833	1,074,911
Gross profit	**198,146**	189,099	164,094
Operating, administrative and general expenses	**153,759**	154,895	143,129
Interest expense	**12,079**	10,545	8,048
Other income / gains:			
Other income (net)	**4,683**	4,973	4,701
Equity in earnings of affiliates	**2,321**	1,471	347
Income before income taxes	**39,312**	30,103	17,965
Income tax provision	**13,225**	10,959	6,264
Net income	$ **26,087**	$ 19,144	$ 11,701
Per common share:			
Basic earnings	$ **3.52**	$ 2.64	$ 1.64
Diluted earnings	$ **3.39**	$ 2.55	$ 1.59
Dividends paid	$ **0.33**	$ 0.305	$ 0.28

The consolidated Statements of Income, Balance Sheets, Statements of Cash Flows and the Selected Financial Data: Five Year Summary have been condensed and should be read in conjunction with the audited consolidated financial statements included in the Company's 2005 10K.

CONSOLIDATED BALANCE SHEETS

(in thousands)	December 31 2005	2004
Assets		
Current assets:		
Cash and cash equivalents	**$ 13,876**	$ 8,439
Restricted cash	**3,936**	1,532
Accounts and notes receivable:		
Trade receivables, less allowance for doubtful accounts of $2,106 in 2005; $2,136 in 2004	**74,436**	64,458
Margin deposits	**8,855**	1,777
	83,291	66,235
Inventories	**240,806**	251,428
Railcars available for sale	**5,375**	6,937
Deferred income taxes	**2,087**	2,650
Prepaid expenses and other current assets	**23,170**	21,072
Total current assets	**372,541**	358,293
Other assets:		
Pension asset	**10,130**	6,936
Other assets and notes receivable, less allowance for doubtful notes receivable of $32 in 2005; $173 in 2004	**8,393**	10,464
Investments in and advances to affiliates	**20,485**	4,037
	39,008	21,437
Railcar assets leased to others, net	**131,097**	101,358
Property, plant and equipment, net	**91,498**	92,510
	$ 634,144	$ 573,598
Liabilities and Shareholders' equity		
Current liabilities:		
Notes payable	**$ 12,400**	$ 12,100
Accounts payable for grain	**80,945**	87,322
Other accounts payable	**72,240**	66,208
Customer prepayments and deferred revenue	**53,502**	50,105
Accrued expenses	**27,684**	24,320
Current maturities of long-term debt – non-recourse	**19,641**	10,063
Current maturities of long-term debt	**9,910**	6,005
Total current liabilities	**276,322**	256,123
Deferred income and other long-term liabilities	**1,131**	1,213
Employee benefit plan obligations	**14,290**	14,123
Long-term debt – non-recourse, less current maturities	**88,714**	64,343
Long-term debt, less current maturities	**79,329**	89,803
Deferred income taxes	**15,475**	14,117
Total liabilities	**475,261**	439,722
Shareholders' equity:		
Common shares, without par value, 25,000 shares authorized		
Issued -- 8,430 shares at stated value of $0.01 per share	**84**	84
Additional paid-in capital	**70,121**	67,960
Treasury shares, at cost (910 in 2005; 1,077 in 2004)	**(13,195)**	(12,654)
Accumulated other comprehensive loss	**(455)**	(397)
Unearned compensation	**(259)**	(119)
Retained earnings	**102,587**	79,002
	158,883	133,876
	$ 634,144	$ 573,598

STATEMENTS OF CASH FLOWS

(in thousands)	Year ended December 31 2005	2004	2003
Operating activities			
Net income	**$ 26,087**	$ 19,144	$ 11,701
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**22,888**	21,435	15,139
Unremitted earnings of affiliates	**(443)**	(854)	(353)
(Gain) loss on disposal of property, plant and equipment	**540**	(431)	(273)
Realized and unrealized gains on railcars and related leases	**(7,682)**	(3,127)	(2,146)
Deferred income taxes	**1,964**	3,184	382
Other	**407**	739	446
Changes in operating assets and liabilities:			
Accounts and notes receivable	**(17,056)**	2,311	(8,814)
Inventories	**10,622**	8,327	(3,480)
Prepaid expenses and other assets	**(4,647)**	(2,731)	(6,266)
Accounts payable for grain	**(6,377)**	(992)	12,893
Other accounts payable and accrued expenses	**11,577**	15,487	24,864
Net cash provided by operating activities	**37,880**	62,492	44,093
Investing activities			
Purchases of property, plant and equipment	**(11,927)**	(13,201)	(11,749)
Purchases of railcars	**(98,880)**	(45,550)	(20,498)
Proceeds from sale or financing of railcars and related leases	**69,070**	45,640	16,710
Investment in affiliate	**(16,005)**	(675)	(1,182)
Change in restricted cash	**(2,404)**	(1,532)	–
Proceeds from disposals of property, plant and equipment	**658**	1,386	607
Acquisition of business	–	(85,078)	–
Net cash used in investing activities	**(59,488)**	(99,010)	(16,112)
Financing activities			
Net decrease in short-term borrowings	**300**	(35,900)	(22,000)
Proceeds from issuance of long-term debt	**2,717**	14,678	2,916
Proceeds from issuance of non-recourse, securitized long-term debt	**46,566**	86,400	–
Payments of long-term debt	**(9,286)**	(6,449)	(9,385)
Payments of non-recourse, securitized long-term debt	**(12,617)**	(11,994)	–
Change in overdrafts	**887**	(2,307)	3,126
Payment of debt issuance costs	**(268)**	(4,704)	–
Proceeds from sale of treasury shares under stock compensation plans	**1,199**	1,004	964
Dividends paid	**(2,453)**	(2,215)	(2,009)
Purchase of treasury shares	–	–	(1,244)
Net cash provided by (used in) financing activities	**27,045**	38,513	(27,632)
Increase in cash and cash equivalents	**5,437**	1,995	349
Cash and cash equivalents at beginning of year	**8,439**	6,444	6,095
Cash and cash equivalents at end of year	**$ 13,876**	$ 8,439	$ 6,444

SELECTED FINANCIAL DATA: FIVE YEAR SUMMARY

(in thousands, except for per share and ratios and other data)	For the years ended December 31				
	2005	**2004**	**2003**	**2002**	**2001**
Operating results					
Grain sales and revenues	**$ 627,958**	$ 664,565	$ 696,615	$ 577,686	$ 471,625
Fertilizer, retail & other sales	**668,694**	602,367	542,390	492,580	504,408
Total sales & revenues	**1,296,652**	1,266,932	1,239,005	1,070,266	976,033
Gross profit – grain	**50,159**	52,680	41,783	47,348	52,029
Gross profit – fertilizer, retail & other	**147,987**	136,419	122,311	115,753	108,722
Total gross profit	**198,146**	189,099	164,094	163,101	160,751
Other income / gains (a)	**4,683**	4,973	4,701	3,728	3,846
Equity in earnings (losses) of affiliates	**2,321**	1,471	347	13	(5)
Pretax income	**39,312**	30,103	17,965	16,002	11,931
Income before cumulative effect of change in accounting principle	**26,087**	19,144	11,701	10,764	9,042
Cumulative effect of change in accounting principle (net of tax)	–	–	–	3,480	(185)
Net income	**26,087**	19,144	11,701	14,244	8,857
Financial position					
Total assets	**634,144**	573,598	493,292	469,780	458,718
Working capital	**96,219**	102,170	86,871	80,044	73,608
Long-term debt (b)	**79,329**	89,803	82,127	84,272	91,316
Long-term debt, non-recourse (b)	**88,714**	64,343	–	–	–
Shareholders' equity	**158,833**	133,876	115,791	105,765	94,934
Cash flows / liquidity					
Cash flows from operations	**37,880**	62,492	44,093	23,249	(6,108)
Depreciation and amortization	**22,888**	21,435	15,139	14,314	14,264
Cash invested in acquisitions / investments in affiliates	**16,005**	85,753	1,182	–	–
Investments in property, plant & equipment	**11,927**	13,201	11,749	9,834	9,155
Net investment in (sale of) railcars (c)	**29,810**	(90)	3,788	(7,782)	6,414
EBITDA (e)	**74,279**	62,083	41,152	40,128	37,765
Per share data:					
Net income – basic	**3.52**	2.64	1.64	1.96	1.22
Net income – diluted	**3.39**	2.55	1.59	1.92	1.21
Dividends paid	**0.33**	0.305	0.28	0.26	0.26
Year-end market value	**43.08**	25.50	15.97	12.70	10.00
Ratios and other data					
Pretax return on beginning equity	**29.4%**	26.0%	17.0%	16.9%	13.3%
Net income return on beginning equity	**19.5%**	16.5%	11.1%	15.0%	9.9%
Funded long-term debt to equity ratio (d)	**0.5-to-1**	0.7-to-1	0.7-to-1	0.8-to-1	1.0-to-1
Weighted average shares outstanding (000's)	**7,421**	7,246	7,141	7,283	7,281
Effective tax rate	**33.6%**	36.4%	34.9%	32.7%	24.2%

Note: Prior years have been revised to conform to the 2005 presentation; these changes did not impact net income.

(a) Includes gains of $0.3 million in each of 2002 and 2001 for insurance settlements received.

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

(c) Represents the net of purchases of railcars offset by proceeds on sales of railcars. In 2004 and 2002, proceeds exceeded purchases. In 2004, cars acquired as described in Note 3 to the consolidated financial statements have been excluded from this number.

(d) Calculated by dividing long-term debt by total year-end equity as stated under "Financial position." Does not include non-recourse debt.

(e) 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. 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.

BOARD OF DIRECTORS AND CORPORATE OFFICERS

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

TOP ROW

MICHAEL J. ANDERSON
President
& Chief Executive Officer
The Andersons, Inc.

RICHARD P. ANDERSON
Chairman
The Andersons, Inc.

THOMAS H. ANDERSON
Chairman Emeritus
The Andersons, Inc.

JOHN F. BARRETT (2)
Chairman, President &
Chief Executive Officer
The Western & Southern
Financial Group

ROBERT J. KING, JR
Managing Director
Western Reserve Partners, LLC

PAUL M. KRAUS
Of Counsel
Marshall & Melhorn LLC

LOWER ROW

DONALD L. MENNEL (1) (3)
President & Treasurer
The Mennel Milling Company

DAVID L. NICHOLS (1)
Past President & Chief Operating
Officer, Rich's Lazarus
Goldsmith's Macy's Division
of Federated Department
Stores, Inc.

DR. SIDNEY A. RIBEAU (2) (3)
President
Bowling Green State University

CHARLES A. SULLIVAN (1) (3)
Past Chairman and Former CEO
Interstate Bakeries Corp.

JACQUELINE F. WOODS (2)
Retired President
Ameritech Ohio (subsequently
renamed AT&T Ohio)

CORPORATE OFFICERS

STANDING, LEFT TO RIGHT: Phil Fox, VP/Corporate Planning; Dick George, VP/Corporate Controller & CIO; Rasesh Shah, President/Rail Group; Tom Waggoner, President/Turf & Specialty Group; Dan Anderson, President/Retail Group; Gary Smith, VP/Finance & Treasurer; Naran Burchinow, VP/General Counsel & Corp. Secretary; Dale Fallat, VP/Corporate Services;

SEATED, LEFT TO RIGHT: Mike Anderson, President & CEO; Chuck Gallagher, VP/Human Resources; Hal Reed, President/Grain Division; Denny Addis, President/Plant Nutrient Division.

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.

SHAREHOLDERS
As of February 28, 2006, there were 7.6 million shares of common stock outstanding, 747 shareholders of record, and approximately 2,700 shareholders for whom security firms acted as nominees.

TRANSFER AGENT & REGISTRAR
Computershare Investor Services, LLC
2 North LaSalle Street
Chicago, IL 60602
312-360-5260

FORM 10-K
Additional copies of The Andersons' 2005 Form 10-K, filed in mid-March 2006 with the SEC, are available to shareholders and interested individuals without charge by writing or calling Investor Relations.

INVESTOR RELATIONS
Gary L. Smith
Vice President, Finance & Treasurer
419-891-6417
gary_smith@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 12, 2006.

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
- Help each other improve
- Support our communities
- Increase the value of our company

The Andersons®