SETTING OUR FOCUS

THE ANDERSONS, INC.

Summary Annual Report 2006

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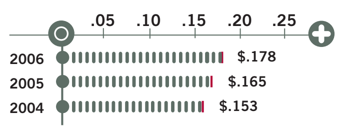
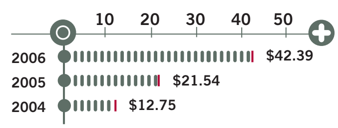
DIVIDENDS PAID PER SHARE



CLOSING STOCK PRICE

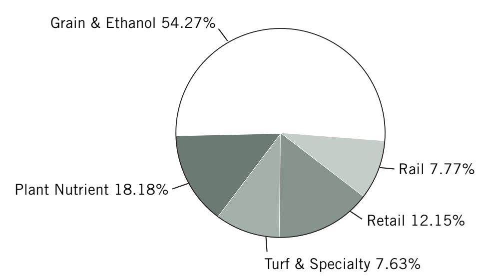


2006 ACCOMPLISHMENTS

- Celebrated 10 years as a public company
- Record $1.5 billion in revenue
- Third consecutive year of record earnings
- Shareholders received a 98 percent total return on their investment
- The company's first two-for-one stock split
- Sold 2.3 million additional shares generating $81.6 million for future growth initiatives
- First ethanol plant – Albion, Michigan - operational in August 06
- The Andersons Clymers Ethanol LLC 110 million gallon ethanol plant on schedule for completion second quarter 2007
- The first The Andersons Marathon Ethanol LLC 110 million gallon ethanol plant under construction in Greenville, Ohio, scheduled to open early in 2008
- Rail car fleet grew by more than 8 percent
- Broke ground in October for Retail's new specialty fresh food store
- Turf & Specialty accomplished a significant turnaround
- Record earnings and revenue for Lansing Trade Group, LLC
- Contributions to our communities neared $1.8 million in 2006
- Entering 60th year of growth and success

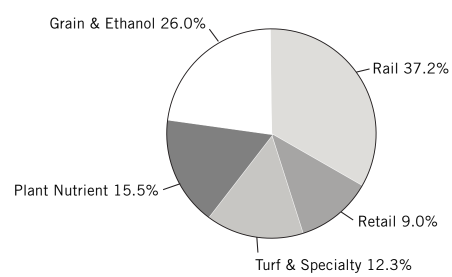
The Andersons 60th Anniversary Service • Integrity Commitment

REVENUES year: $1.5 billion

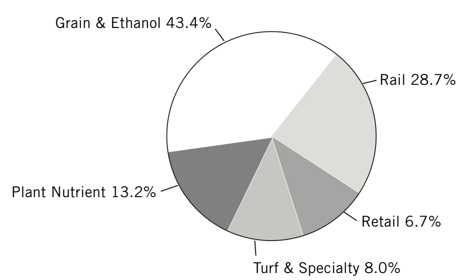


2006 ALLOCATED CAPITAL

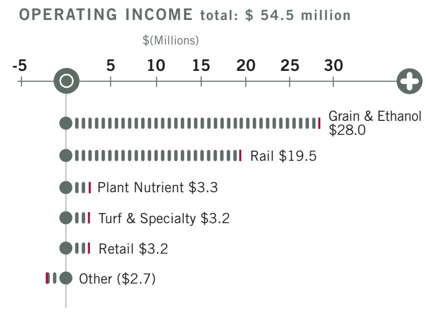
Beginning
Total: $358 Million



Ending
Total: $469 Million



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



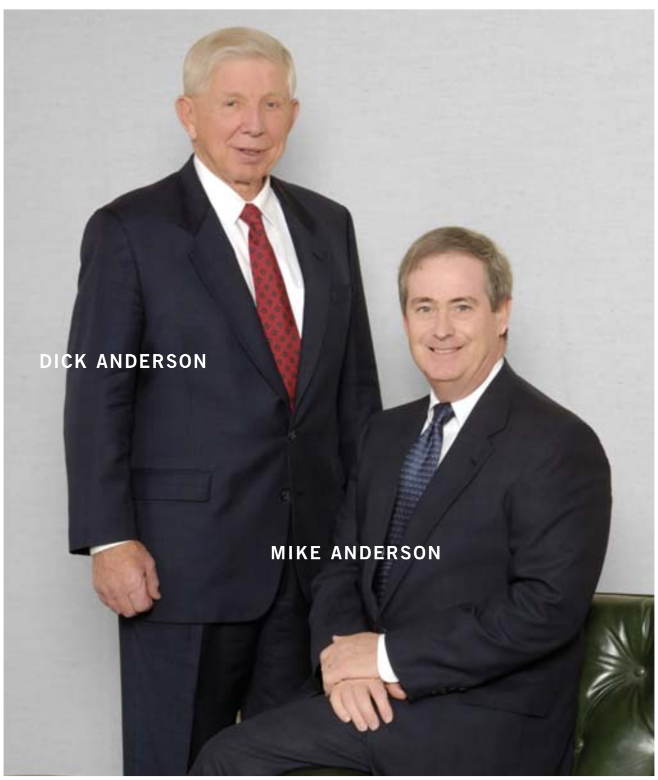
FINANCIAL HIGHLIGHTS

(in thousands, except for per share, ratios and performance data)	2006	2005	% Change
Operating Results			
Grain sales & revenues	$ 791,207	$ 628,255	25.9%
Fertilizer, retail & other sales	666,846	668,694	-0.3%
Total sales & revenues	1,458,053	1,296,949	12.4%
Gross profit - grain	62,809	50,456	24.5%
Gross profit - fertilizer, retail & other	144,323	147,987	-2.5%
Total gross profit	207,132	198,443	4.4%
Net income	36,347	26,087	39.3%
Financial Position			
Total assets	809,344	634,144	27.6%
Working capital	156,408	96,219	62.6%
Weighted average shares outstanding (basic)	16,007	14,842	7.8%
Per Share Data			
Net income - diluted	2.19	1.69	29.6%
Dividends paid	0.178	0.165	7.9%
Year end market value	42.39	21.54	96.8%
Ratios and Other Data			
Pretax return on beginning equity	34.3%	29.4%	
Net income return on beginning equity	22.9%	19.5%	
Funded long-term debt to equity (a)	0.3-to-1	0.5-to-1	
Effective tax rate	33.3%	33.6%	

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

TO OUR SHAREHOLDERS AND FRIENDS

As we are sure many of you experience each day, our culture is obsessed with multi-tasking. We believe the more we can do at one time, the more efficient we are. But we should be cautious, because trying to **FOCUS** on too many things at once can easily lead to a fragmented attention span, and we stand a good chance of losing sight of what is important. Having a **FOCUS** - paying strict attention to what really provides success in our business – is vital.



Many of you knew one of our founders, the late Tom Anderson. He had an excellent analogy regarding the difference between what is "necessary" in business and what is "urgent." Tom eloquently likened it to the necessities to live. To sustain life we need food, water and air. We cannot survive without any of the three. But which one is the most urgent? Breathing, obviously. He equated this urgency for breath to the urgency for **CUSTOMERS**. While all of our primary constituencies – our employees, our investors, our **CUSTOMERS** and the support from our communities – are necessary for our business, the **CUSTOMER** is what keeps us in business every day. Meeting, and exceeding, our **CUSTOMERS'** needs is our primary **FOCUS**.

Taking this anatomical comparison one step further, many fitness instructors tout the need to strengthen the core of our bodies. As the core strengthens, it fortifies the rest of our body. By having a **CUSTOMER FOCUS** at our core - truly providing added value and increasing benefits - we can serve our other stakeholders through added employment, expanded markets, increased community contributions and increased shareholder value. Succeeding with our **CUSTOMERS** extends to benefits for all of our stakeholders.

To that end, during 2006 we entered new markets, expanded existing products and services and began reaping the benefits in the form of share value and record net income and revenues.

We earned a record $2.19 per diluted share compared to $1.69 in 2005, a nearly 30 percent increase. We recorded net income of $36.3 million compared to $26.1 million in 2005, and we generated record revenue of $1.5 billion.

In 2006, total shareholder return reached a record 98 percent. That is the fifth consecutive year we've provided a superior total return: 71 percent in 2005, 62 percent in 2004, 28 percent in 2003 and 30 percent in 2002.

We provided shareholders with more liquidity from our two-for-one stock split in June. And, the follow-on offering of 2.3 million shares, priced at $37 in August, provided us with capital to support our many growth initiatives.

Many Initiatives, One Company

We take pride that we are a purposefully diversified company. We seek opportunities to expand into adjacencies of our core businesses supported by our core competencies:

- long-term **CUSTOMER** relationships
- commodity market knowledge
- risk management
- bulk commodity handling
- transportation and logistics

A few years ago we determined we had a place in the ethanol industry. It is a logical extension of our grain business and we view it as an additional market for our corn producers. Our strategy is to (1) be an equity investor in the ethanol industry, (2) provide infrastructure services including corn originations, plant operations management and marketing of ethanol and distillers dried grain (DDG), and (3) complement our value proposition through the trading of ethanol and DDG. During 2006, the ***Grain & Ethanol Group*** began operations at one ethanol plant and construction of another, while establishing an investment relationship and initiating construction of a third. All of this occurred while we were obtaining outstanding performance in many of our traditional grain locations. We achieved full-year operating income of $28 million, a new record. The previous full-year performance record was achieved in 2005 with $12.6 million in operating income. We experienced strong income from wheat storage and profitably expanded into the ethanol and DDG markets. Our increasing investment in Lansing Trade Group, LLC, continues to perform exceptionally well as that business turned in another record year.

A key strategy in the ***Rail Group*** is to build a diversified portfolio of railcars that enables us to service a wide range of **CUSTOMER** needs in many industries. Part of this objective is to strategically buy and sell cars to better position our portfolio. Even when railcar values were increasing during 2006, we were able to make reasonably-priced purchases that grew our fleet by more than 8 percent, while at the same time we liquidated certain railcars and locomotives. The number of cars liquidated in 2006 was lower than the year prior and maintenance was considerably higher, contributing to a slight decline in operating income. However, 2006 revenues of $113 million exceeded 2005 by $21 million. The utilization of our fleet reached an all-time high and currently is in excess of 95 percent. As a matter of fact, we effectively renewed or obtained new **CUSTOMERS** for most of last year's expiring lease contracts, which annually represents approximately 20 percent of our fleet. We also extended the service life of a significant number of railcars by 10 years.

Increases in production costs – primarily in the form of nutrients, energy and seed –adversely affected our **CUSTOMERS** and thus reduced our agriculture plant nutrient volume and gross profit for the ***Plant Nutrient Group*** last year. However, the margins for blended nutrient products improved year over year and the industrial products portion of the business achieved expected growth targets. Revenues for 2006 were $265 million and operating income was $3.3 million. In 2005, revenues amounted to $271 million and operating income was $10.4 million.

During 2006, the ***Retail Group*** achieved an operating income of $3.2 million, which was $0.3 million higher than its 2005 performance. Revenues were $177 million, down 3 percent from 2005. Winter merchandise sales were adversely

affected by the warmer weather both in the first and fourth quarters but the decrease was mostly offset by outstanding sales in produce, specialty food, wine, housewares, sporting goods and workwear. This favorable sales mix also improved our average gross margins. We received good, solid feedback from **CUSTOMERS** in 2006 when we conducted an extensive **CUSTOMER** satisfaction survey. We are currently applying those responses to product assortment and service metrics. And, with our continued success in the specialty food category in our existing stores, we embarked on a new specialty fresh food store concept, breaking ground in October. The Andersons Market™ will have a product offering with a strong emphasis on "freshness" that features produce, deli and bakery items, fresh meats, specialty and conventional dry goods, wine and beer presented in an atmosphere that is both educational and fun.

Less than two years ago, the ***Turf & Specialty Group*** made some difficult decisions, believing that we had a sound strategy and skilled people to deliver it. Our move during 2006 away from commodities and towards proprietary and professional products, has begun to pay off. Full-year operating income was $3.2 million in 2006, on $111 million of revenues. In 2005, the group incurred an operating loss of $3 million, on revenues of $123 million. During the year, we lowered our investment, improved operating efficiency, improved asset utilization and introduced new products into the marketplace that **CUSTOMERS** have responded to very favorably.

OUR FOCUS: CUSTOMER VALUE

Looking to 2007 and beyond, our operating groups will **FOCUS** on a **CUSTOMER**-centric business model. Just giving our **CUSTOMERS** what they need today isn't enough. We need to know their needs and what they will value tomorrow. We will **FOCUS** on anticipating our **CUSTOMERS'** needs and offering them a solid value proposition with outstanding products, service and relationships.

We have many opportunities for our **CUSTOMERS** in the ***Grain & Ethanol Group***. We expect overall bushel volume to be up this year, with corn production as a large percentage of that growth. Many market analysts are predicting the rise in demand for ethanol will lead to an additional 10 million acres of corn planted during 2007 alone. Weather permitting, this will translate well for us and all of our **CUSTOMERS** – corn producers, ethanol blenders and farmers with livestock that consume DDG.

With The Andersons Albion Ethanol, LLC plant in Albion, Mich., operational and running profitably, we are eagerly anticipating the start up of The Andersons Clymers Ethanol, LLC plant in Clymers, Ind., early in the second quarter. Construction is progressing for the ethanol plant in Greenville, Ohio, the first to be constructed through our joint venture with a unit of Marathon Oil Company (NYSE:MRO), The Andersons Marathon Ethanol, LLC, which is on schedule to be completed in the first quarter of 2008. For all of these facilities, we will serve as operations manager and provide corn origination, risk management and DDG and ethanol marketing services. For two of these facilities we will provide grain storage capacity by leasing two of our existing grain elevators under operating leases. These investments, combined with corn origination services we are providing Iroquois Bio-Energy Company, LLC in Rensselaer, Ind., present us with growth opportunities in the trading and marketing of grain, ethanol and DDG.

All of this activity will continue to lead to a broadening of our **CUSTOMER** base in traditional markets as well as in emerging markets. The popularity of our proprietary services to producers also continues to increase as we assist them in managing their business and navigating the changing agriculture landscape.

Building a portfolio of long-lived railcar assets is at the core of our ***Rail Group***. We must ensure our fleet has the proper mix of railcars to meet the requirements of our **CUSTOMERS**. As a result, we continue to selectively make additions, or liquidate assets, to optimize our portfolio.

Additionally, we are reviewing all of our underlying processes to see where there are opportunities to improve our service and offering. We make a point to communicate with our **CUSTOMERS** regularly to make sure we are increasing our understanding of their needs and providing an effective and efficient solution.

Timely maintenance to the railcars also is crucial to providing quality service. We are exploring the possibilities of adding to our mobile unit fleet and expanding the railcar repair shops as it makes sense and provides value to our **CUSTOMERS**. We will continue to pursue the expansion of our current offering of proprietary rail components, such as outlet gates and hatch covers, to increase the **CUSTOMER** base for these products.

The increasing demand for ethanol also bodes well for the ***Plant Nutrient Group,*** since early industry projections have crop input sales growing at least 10 percent during 2007. This increase is attributable to increased corn prices as well as an acreage shift to corn production in the U.S. that is expected to reach its highest level in recent history. And, keep in mind, corn requires more nutrient inputs than any other major row crop.

We believe we have a great value proposition to share with prospective **CUSTOMERS** and basic nutrient manufacturers and we intend to capitalize on that. We will continue to grow our market share in our core region as well as strengthen our geographic coverage by expanding our wholesale and industrial businesses into new territories. We intend to continue to broaden our product and service offering and capitalize on our core formulation and distribution strengths. Seeking alternative nitrogen sourcing, particularly off-shore, remains very high on our objectives.

Moving beyond our core **CUSTOMER** base, we've been successful in growing our industrial nitrogen sales into the scrubbing of flue gas emissions from coal-fired boilers in power plants. We continue to actively pursue service agreements, in conjunction with Powerspan's ECO™ technology, for use at major coal-fired power plants. The ECO multi-pollutant control technology converts nitrogen oxide and sulfur dioxide emissions into harmless elemental nitrogen and commercially saleable nitrogen-sulfur combination nutrient products for agriculture and turf applications.

The biggest news for the ***Retail Group*** in 2007 will be the opening of the first The Andersons Market™ during the second quarter. Because of our growing success with our conventional and specialty fresh food product offering in our existing stores, we chose to expand that offering through this new store concept. Located in Sylvania, a suburb of Toledo, the 30,000-square-foot store will serve as an anchor of a retail center. We are excited about this venue to further serve the needs of the greater Toledo area.

At the same time, we will continue to **FOCUS** on our current store concept - More For Your Home™- using the survey results from last year to assess products and categories based on our **CUSTOMERS'** preferences and optimize the space within all of our stores.

During the course of 2007 and culminating in 2008, the group will be implementing a new information system, completely replacing and upgrading the existing system from the back office to point-of-sale.

The turnaround in the performance of the ***Turf & Specialty Group*** has been very gratifying, though we are measuring our new strategy in terms of years not one year. A key element of the group's future success will be continuing to bring to life the mantra of Quality, Service and Technology (QST).

Concentrating on patented, proprietary products serving the professional turf and lawn care markets required an investment in additional manufacturing technology. We are able to serve new **CUSTOMERS** who bring more stringent requirements for production. This also elevates our ability to service our core **CUSTOMERS** better. In addition to improving our manufacturing abilities, we have also become more flexible with our production, supporting the objective of reducing **CUSTOMER** order cycle times.

There are many opportunities for The Andersons-branded products in our markets. Our dispersible product lines based on DGLite® & Contec DG® form the core of our professional business growth. Innovation has led to the newly-released Enrich-o' Cobs™ that offers us greater opportunities in many of our cob-based products. We believe the Turf & Specialty Group can continue to grow profitably with a **FOCUS** on delivering better solutions through technology.

We would be remiss in not mentioning two losses the company experienced this year. An accident at one of the wheat storage buildings in Maumee claimed the life of Rodney Dinkens, a 20-year employee. This tragedy affected us personally, as well as many others throughout our company. The Andersons has always had a strong emphasis on safety, and we do not take a tragedy such as this lightly. We are committed to ensuring this situation is not repeated and will continue to reinforce the goal that all safety precautions are used at all times.

The other loss, of course, was the passing of one of our company's founders, Tom Anderson. In this report, we honor Tom and his contribution to our company, and our family.

Being **CUSTOMER FOCUSED** and value driven provided us great accomplishments in 2006 and will guide us to exciting opportunities in 2007 and beyond. But we know that just being **FOCUSED** isn't enough. Each day each of us must find that 'one more thing' we can do not to only satisfy, but provide added value to our **CUSTOMERS**. We must also seize the opportunity to eliminate waste through continuous process improvement efforts that will not only improve how we do things, but improve our quality and service to our **CUSTOMERS**. These efforts will bring big payoffs to all of our key stakeholders. We are excited about how much more there is to do. We're ready to get to it.

SINCERELY,

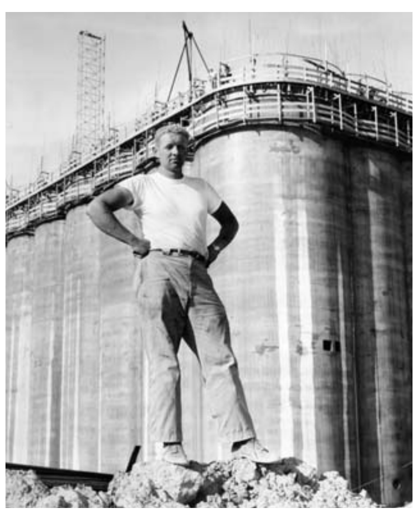
Mike — Dick

Mike Anderson, CEO & President — Dick Anderson, Chairman of the Board

IN MEMORY - TOM ANDERSON

Some people are admired for a great achievement, or a special talent, or perhaps their acts of generosity or kindness. But the late Tom Anderson, who died November 30 at the age of 82, is admired for all of these things and more.

Tom, who most recently served as Chairman Emeritus of The Andersons, Inc., helped grow the family business into a multimillion-dollar, publicly traded enterprise. One of the seven children of the late Harold and Margaret Anderson, Tom helped build the family partnership from a single elevator on Illinois Avenue in Maumee into a respected leader and prominent regional player in grain merchandising.



"He helped build the company from day one into what it is," says CEO Mike Anderson, Tom's nephew. "He was a leader who was wise in his thinking and judgment and was an integral part of the company for nearly 60 years."

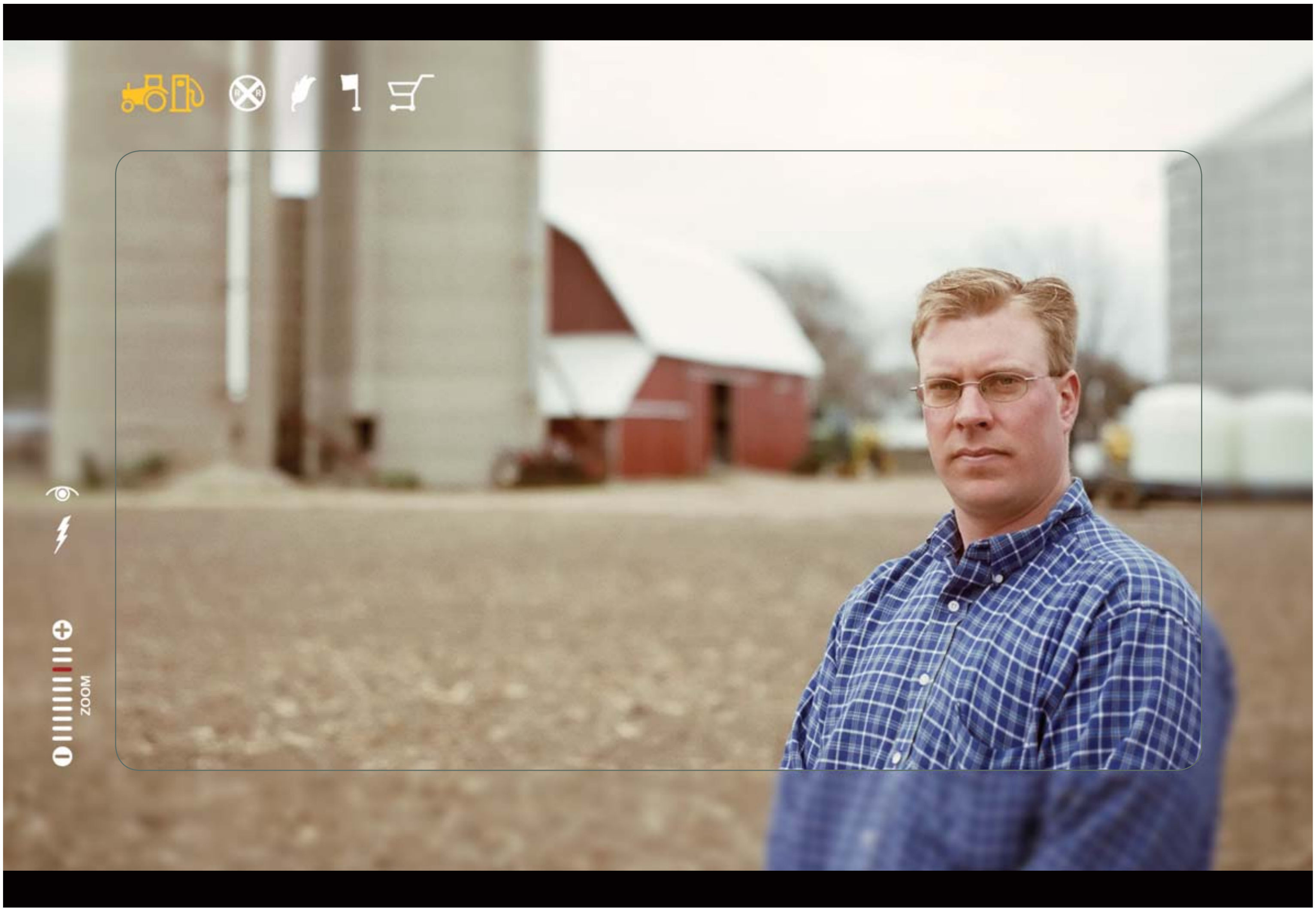
Known for his strongly held beliefs about corporate and individual responsibility – as well as for his ability as a "wordsmith" – Tom took a central role in writing The Andersons' Statement of Principles.

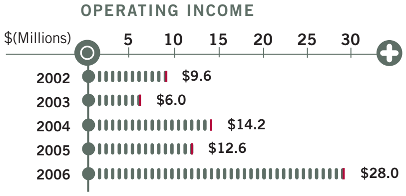
As chairman of the Anderson Foundation, he oversaw the distribution of millions of dollars in charitable contributions to organizations in Toledo and other locations in which The Andersons does business. He also was known for his own considerable philanthropy.

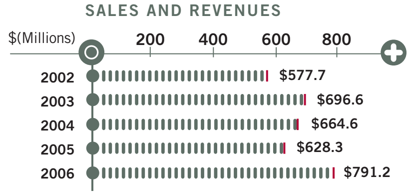
In his early years, he trained pilots in World War II, managed the Anderson family's former dairy farm while attending Michigan State University, earning a bachelor's degree in agriculture. Early in the company's history he supervised several sizable construction projects, and still found time to pursue life-long hobbies such as taxidermy, bird-watching, nature photography, and making model airplanes.

Tom is survived by his wife, Mary Pat, their 13 children, 53 grandchildren and five great-grandchildren.

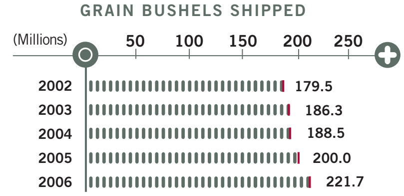
GRAIN & ETHANOL GROUP







Reclassified for change in d&m-2005



"Our association with The Andersons spans about three decades and a couple of generations. We are very pleased with the quality of the people we do business with. They are always looking out for the customer and helping them make the right marketing decisions to help make their farms profitable. We appreciate The Andersons and we know they appreciate us."

- John Schuerman
Schuerman Family Farm
Pemberville, Ohio

The Grain & Ethanol Group includes the Grain Division, the Ethanol Division, and an investment in Lansing Trade Group, LLC. In 2006, the Grain & Ethanol Group established another income record. It achieved operating income of $28 million for the year, $15.4 million above its previous record, set in 2005. Total revenues in 2006 were $791 million, or $163 million higher than the previous year.

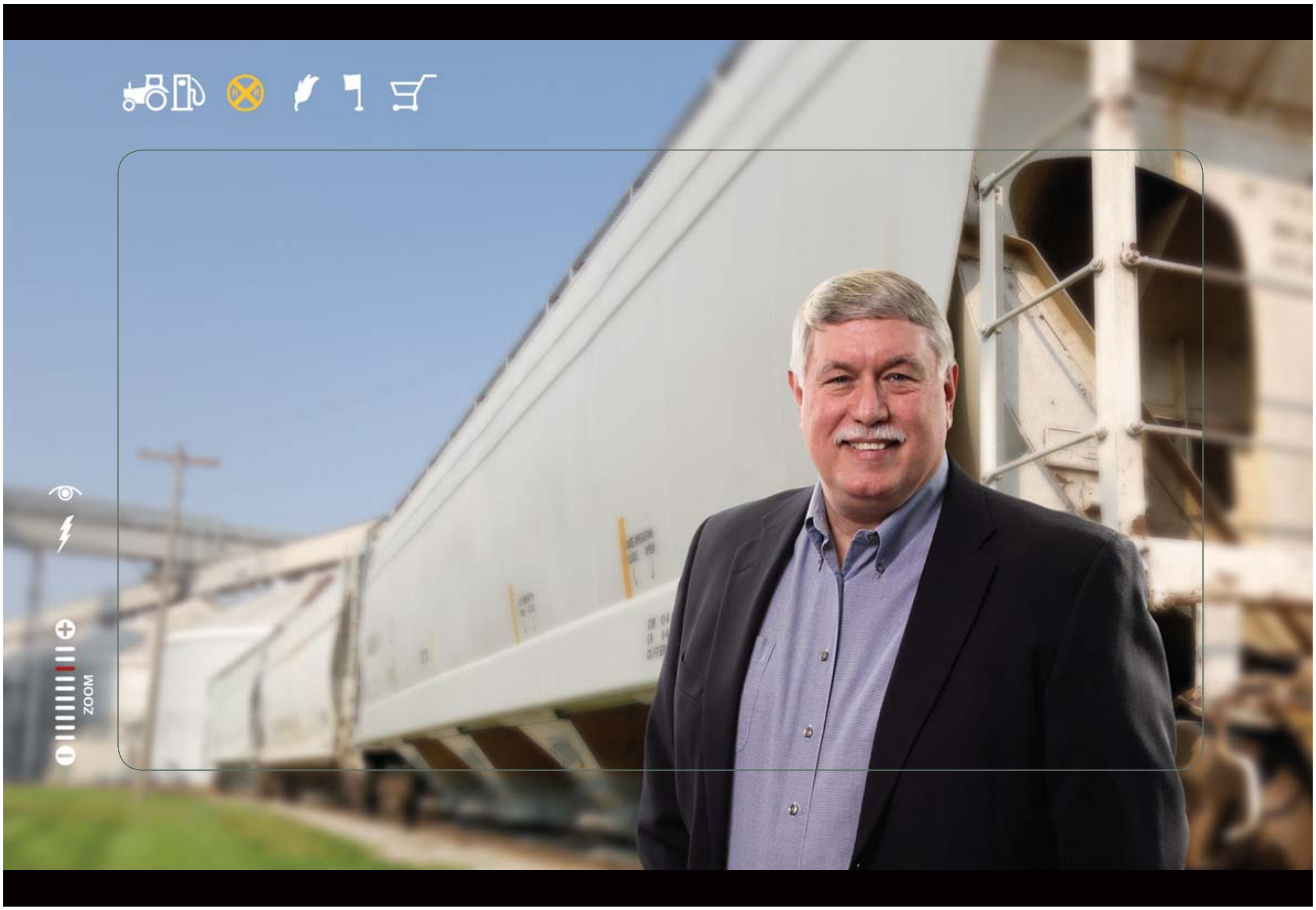
The Grain Division operates 14 grain terminals in Ohio, Michigan, Indiana and Illinois. The elevators in Clymers, Indiana, and Albion, Michigan, have been leased to the ethanol LLCs but are still operated and managed by the Grain Division. The 14 elevators handled in excess of 170 million bushels of grain and oilseeds (primarily corn, soybeans and wheat) in 2006. They store and condition the grain, then market it via rail or vessel to domestic and export users. The division also offers various risk management and marketing services to grain producers, ethanol plants and elevators throughout the eastern corn belt. The number of bushels of grain delivered to the group's elevators increased in 2006. Although interest costs associated with carrying grain rose considerably for the year due to higher average grain prices, total grain gross profit and operating income both were substantially higher than the group experienced in 2005.

The Ethanol Division made great progress in 2006. During the second half of the year, construction of a new ethanol production facility was completed. The plant, located adjacent to The Andersons' grain elevator in Albion, Michigan, is owned by The Andersons Albion Ethanol LLC (TAAE), of which The Andersons, Inc. is the manager and largest equity investor. Construction of another ethanol production facility, this one adjacent to The Andersons' grain elevator in Clymers, Indiana, will be owned by The Andersons Clymers Ethanol LLC (TACE) and is scheduled for completion in the second quarter of 2007. The Andersons, Inc. manages, and is a significant equity investor in this plant also. In conjunction with a unit of Marathon Oil Company, The Andersons also commenced construction of an ethanol plant in Greenville, Ohio, late in 2006 through The Andersons Marathon Ethanol LLC (TAME). TAME is an affiliate in which The Andersons, Inc. maintains a 50 percent interest through The Andersons Ethanol Investment LLC, a majority owned subsidiary. This facility is scheduled to be completed in early 2008. For all three plants, in addition to facility management, The Andersons will provide corn origination, ethanol and distillers dried grain marketing, and risk management services. The Andersons also provides grain origination services to a third-party ethanol production facility in Rensselaer, Indiana.

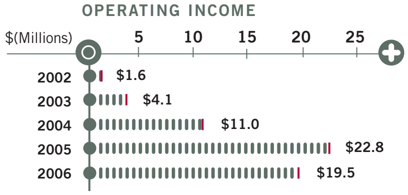
Lansing Trade Group, LLC (LTG) has a long and successful history of trading in U.S grain markets. During the past year, through its Lansing Ethanol Services subsidiary, it also entered the ethanol trading business. In total, Lansing Trade Group had an exceptional year in 2006 with record revenues and earnings. The Andersons' investment in Lansing continues to be advantageous, and in early 2007, the company exercised its option to increase its ownership share.

Under current reporting requirements, investments in less than majority controlled entities such as LTG, TAAE, TACE and TAME are not consolidated with The Andersons' financial statements. Investments in these entities are reported on the balance sheet and income statement under "investments in and advance to affiliates" and "equity in earnings of affiliates," respectively. If The Andersons' ownership were to increase to a majority or if the relationship with the entities changes affording The Andersons controlling financial interest over the business, the company would appropriately consolidate these entities in the future.

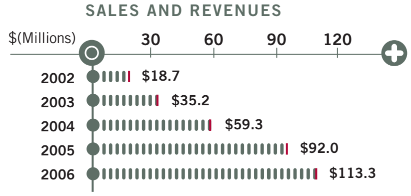
RAIL GROUP



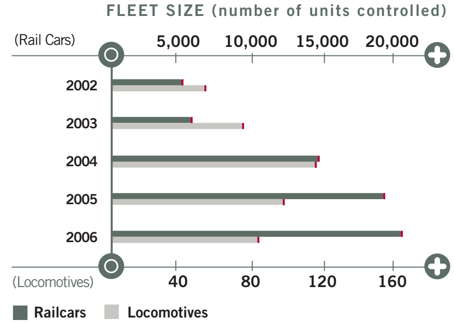
OPERATING INCOME



SALES AND REVENUES



FLEET SIZE (number of units controlled)



> "I have worked with The Andersons for many years and have found them to be a good partner. The company's commitment to customer service is evident in how easy it is to do business with their representatives. Their very strong commitment to the customer is one of the top reasons why we continue to build our railcar business with The Andersons."
>
> - Darrell Wallace, Vice President
> Transportation Commodities Group
> Bunge North America, Inc.

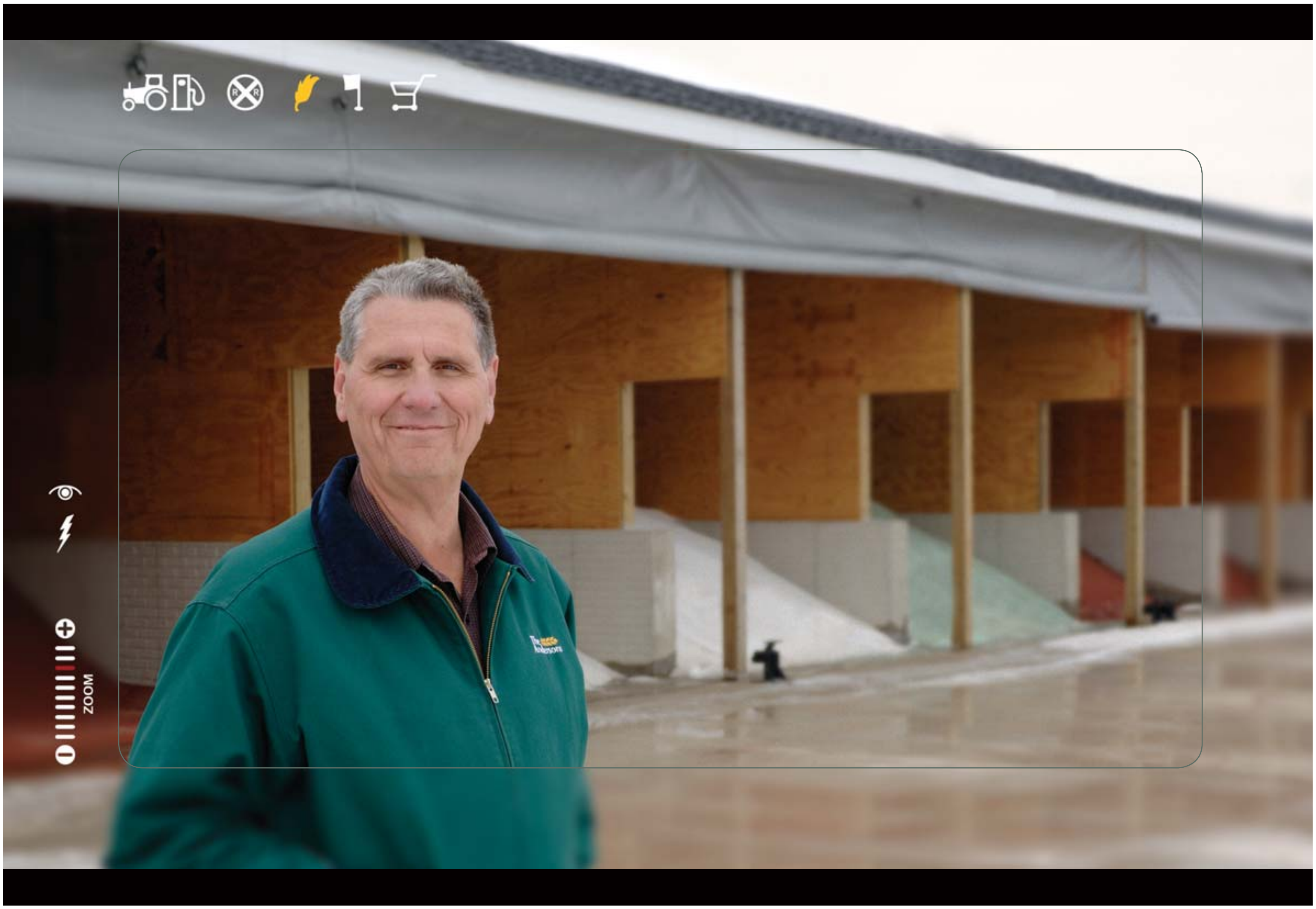
The Rail Group repairs, leases and sells various types of railcars and locomotives, offers fleet management services to private railcar owners, and operates a steel fabrication and manufacturing business. Consistent with its goal of becoming a total rail solutions provider for its customers, the group has the ability to design and fabricate components, reconfigure 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. In 2006, the group generated $113 million of revenues and operating income of $19.5 million. For 2005, it reported revenues of $92 million and operating income of $22.8 million.

The group's rail leasing business grew significantly in recent years. Despite the selective sale of some cars in 2006, the number of railcars in the Rail Group's fleet increased by about 8 percent during the year. This solidified the group's position as one of the top 10 private rail leasing companies in the U.S. The fleet consists of owned or leased covered hopper cars, boxcars, open top hopper cars, gondolas and tank cars which are leased to shippers, railroads and fleet owners in a wide range of industries. Strong demand for commodities and high costs for steel and oil continue to drive the demand for railcars. As a result, the utilization rate – the percent of the group's fleet currently under lease – remains at an all-time high. While the escalation in lease rates began to soften somewhat late in the year, the group has been able to renew leases at rates higher than those in the expiring leases. In spite of this increase in average lease rates per car per month, operating income in the rail leasing business was lower in 2006, primarily because of two factors. First, fewer cars were sold in 2006 than had been sold in 2005. From time to time, the group sells some railcars, either to rebalance its portfolio or to take advantage of unique market opportunities. These sales can vary quite a bit from year to year. Also contributing to the year-to-year decline in leasing income was increased maintenance expense caused primarily by inflation in steel prices and significantly higher wheel set replacements, conditions being experienced industry-wide. Leasing income was also negatively impacted in the near-term during 2006 by the Extended Service Life program. Under this initiative, a large number of railcars were taken out of lease service for the length of time required to make capital improvements which added 10 years of useful life.

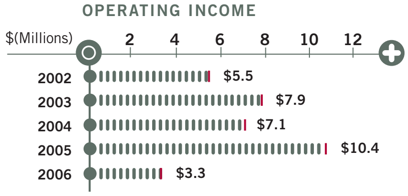
The group's railcar repair shops continued to perform well in 2006. With fixed-base facilities in Ohio, South Carolina and Mississippi supplemented by mobile units which can provide customers with on-site railcar repairs, this business achieved significant growth in revenues and operating income for the year.

The group's manufacturing business also achieved higher revenues and operating income in 2006. In addition to the custom fabrication work that it has done for decades, this business manufactures and markets railcar components such as discharge gates, hatch covers and bulkheads. It also markets proprietary fluid filtration product lines.

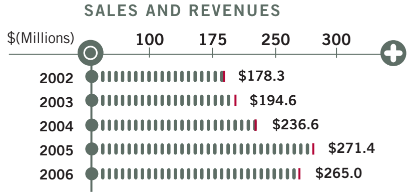
PLANT NUTRIENT GROUP



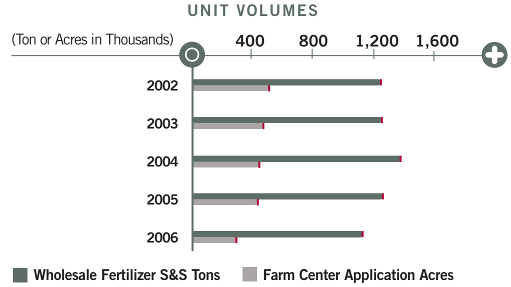
OPERATING INCOME



SALES AND REVENUES



UNIT VOLUMES



"It's the people that make The Andersons. During my 30-year association with The Andersons, I have gotten to know a lot of the people really well and they take care of their customers. The one-on-one service really makes a difference, especially when you need flexibility in situations where that something 'extra' is needed."

- Mike Dick
Ida Farmers Co-op
Ida, Michigan

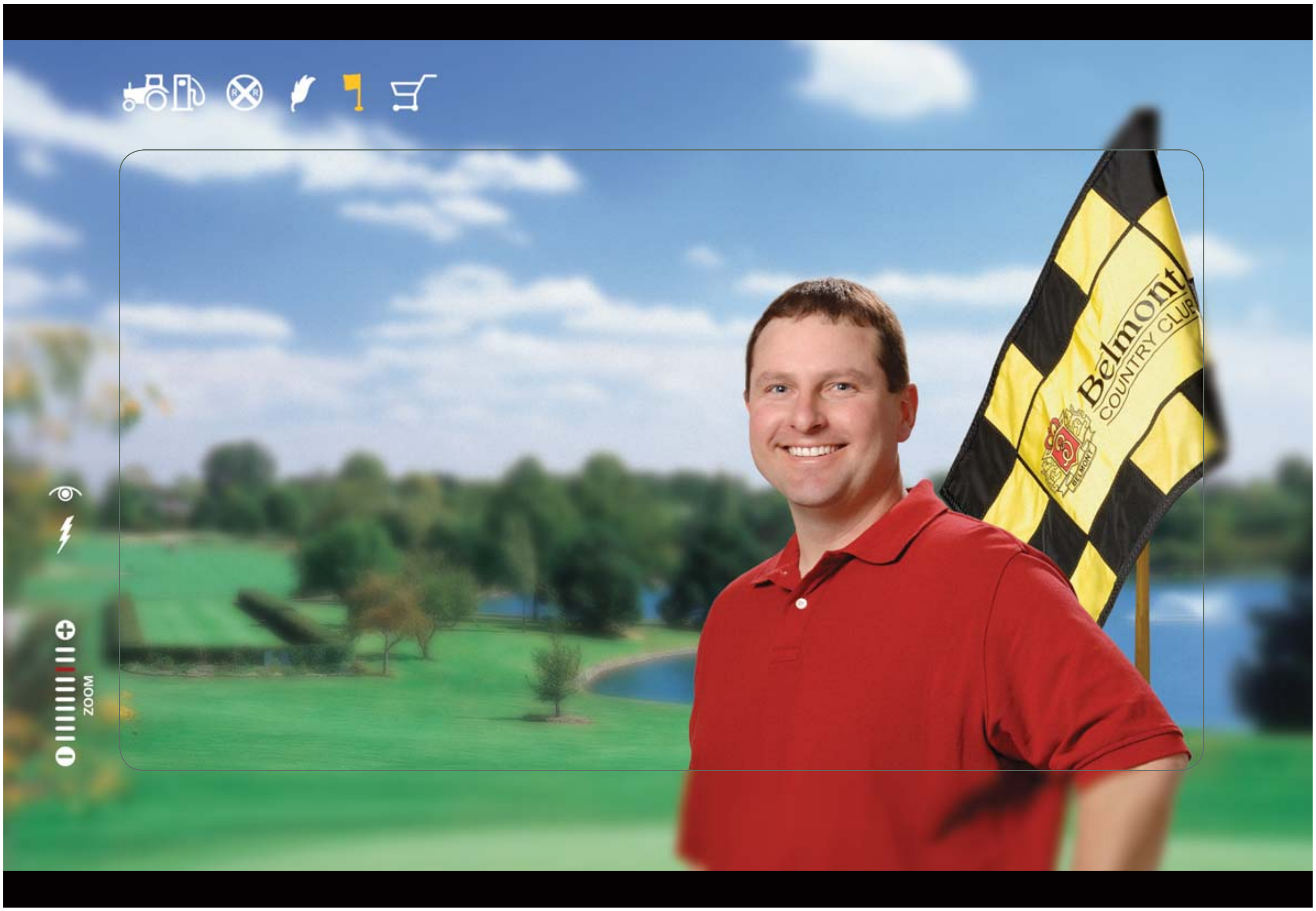
The Plant Nutrient Group operates facilities in Ohio, Michigan, Indiana and Illinois. These locations formulate, store and distribute about 1.5 million tons of dry and liquid agricultural nutrients each year to dealers, distributors and company-owned farm centers. The group also manufactures low corrosive and environmentally-friendly liquid anti-icer products for use in highway and airport runway applications and is a supplier of nitrogen reagents used to scrub pollutants from the emissions of coal- burning power plants. In 2006, the Plant Nutrient Group generated $265 million of revenues and operating income of $3.3 million. In 2005, it had revenues of $271 million, with operating income of $10.4 million.

In response to significantly higher energy and nutrient input costs, we believe that farmers in the United States reduced the amount of nutrients they applied to their fields in 2006 and deferred some traditional third and fourth quarter purchases. This reduced demand for the Plant Nutrient Group's products and services resulted in a significant decline in its total gross profit and operating income for the year. With increasing demand for corn-based ethanol and unusually high corn prices, it is generally anticipated that U.S. corn acreage will increase noticeably in 2007. Considering this and the fact that corn production requires more nutrient inputs, especially nitrogen, than some other crops, the Plant Nutrient Group expects a rebound in volume, gross profit and operating income in 2007.

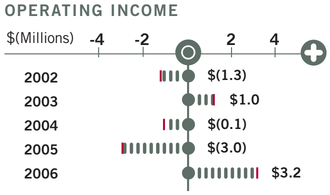
For several years, the group has made a concerted effort to increase the mix of value-added formulated products and to enhance the value provided to customers. The formulated products business traditionally provides higher gross profit for the company. The group continues to seek growth opportunities through innovative technologies such as renewable nutrient sourcing from Powerspan Corp's Electro Catalytic Oxidation multi-pollutant air pollution controls for coal-fired power plants. The Plant Nutrient Group also has an ongoing initiative to optimize operating efficiencies through process improvement programs.

In 2006, the group continued to make capital investments in plant and equipment to generate new sources of revenue and to make other operating improvements in its existing facilities. Included among those investments was the addition of automated equipment to allow for the production and packaging of non-agriculture products, such as deicers, on a contract basis.

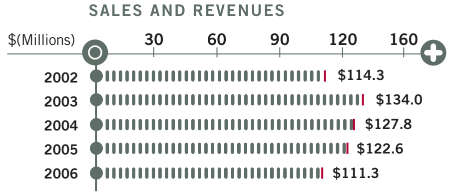
TURF & SPECIALTY GROUP



OPERATING INCOME



SALES AND REVENUES



> "I have used Andersons Golf Products for many years, and have been satisfied with the quality and performance of each and every one. Good customer service has always been high on my list, and The Andersons has handled my every need by always making me feel like I am a top priority."
>
> \- Eric Smith
> Belmont Country Club
> Perrysburg, Ohio

The Turf & Specialty Group manufactures turf and ornamental plant fertilizer and control products sold by retailers in the U.S. and is the industry's leading supplier of premium turf-care products for golf courses and other professional markets. It also produces corncob-based chemical and feed ingredient carriers, cat litter, animal bedding, and ice-melter products. The group operates processing facilities in Delphi, Indiana, Maumee and Bowling Green, Ohio, and Montgomery, Alabama.

In 2006, the group realized significant improvement from restructuring changes undertaken in 2005, in both its lawn products and its cob products businesses. These changes improved working capital management, reduced expenses, and improved asset utilization. In addition, emphasis was placed on producing premium, proprietary, branded products - rather than commodities. For the full year, the group achieved operating income of $3.2 million on $111 million of revenues. In 2005, it incurred an operating loss of $3 million with $122 million of revenues. The loss included $1.2 million of severance and other restructuring costs associated with the realignment and some property losses.

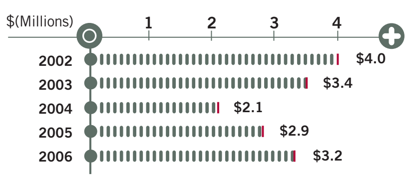
During the past year, the Turf & Specialty Group continued to focus on its Quality, Service and Technology (QST) program, to emphasize its product differentiation. In the past year and a half, The Andersons Golf Products launched a record number of new or enhanced high-performance products that will require less labor to produce while still resulting in healthy, beautiful grass throughout the golf course. These products are highlighted on the group's web site www.AndersonsGolfProducts.com. Success with pilot plant production of new premium dispersible products for golf courses and other professional markets – Contec DG™ and DGLite™ - encouraged the group to invest in a full-scale production facility. This Maumee-based plant, focusing on dispersible nutrients, will start production in the second half of 2007. These products are unmatched in the professional turf industry.

Strategies are also underway to leverage patented cat litter technology with national brand labels distributed among big box, food store and pet supply retailers, and growth opportunities are also being pursued with new corncob-based products.

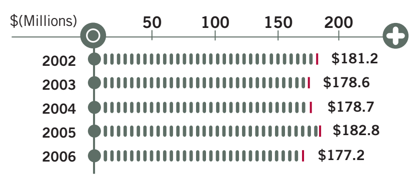
Andersons
GOLF PRODUCTS®

RETAIL GROUP

OPERATING INCOME



SALES AND REVENUES



> "Being raised in Toledo, I have shopped The Andersons my entire life. I love the freshness in the produce and meat departments and frequently purchase party trays for events I host for my job. There's everything here from greeting cards to kitchen and bath supplies and the customer service is second to none."
>
> - Cindy Minniear
> Holland, Ohio

The Retail Group operates six large stores in Ohio; three in the Toledo area, two in Columbus and one in Lima. Four are stand-alone facilities with in-store selling space of 130,000 or more square feet each. 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 shoppers 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, workwear, pet supplies, automotive supplies and sporting goods. 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 Midwest.

Total sales for the Retail Group were $177 million in 2006, or about 3 percent below the 2005 total of $183 million. On a fifty-two week same-store basis, sales were down 1.5 percent for the year. Operating income for the year increased to $3.2 million from $2.9 million the year prior. Customer counts were relatively unchanged, but the average sale per transaction was lower. Expenses increased somewhat compared to 2005, but the increase was more than offset by higher average gross margins.

Workwear, sporting goods and Christmas product categories achieved higher sales and gross profit in 2006, but the strongest growth was realized in The Uncommon Market™ specialty food categories, especially wine. To capitalize on a strength in this part of the retail business, the group began construction of a new store in the fall of 2006. Scheduled to open in the second quarter of 2007 in Sylvania, Ohio, The Andersons Market™ will occupy 30,000 square feet, and will feature all of the specialty food categories that are carried in the group's larger stores.

During the year, the Retail Group continued its emphasis on operational factors such as working capital management, in-stock performance, and labor efficiency. In addition to the new store investment, the group also initiated a significant capital project to replace and upgrade its computer system.

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, 2006 and 2005, and for each of the three years in the period ended December 31, 2006, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2006; and in our report dated March 12, 2007, 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, 2006.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for share-based compensation in 2006 and the manner in which it accounts for defined benefit pension and other postretirement plans effective December 31, 2006.

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 12, 2007

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per common share data)	Year ended December 31 2006	2005	2004
Sales and merchandising revenues	$ 1,458,053	$ 1,296,949	$ 1,266,932
Cost of sales and merchandising revenues	1,250,921	1,098,506	1,077,833
Gross profit	207,132	198,443	189,099
Operating, administrative and general expenses	158,468	153,759	154,895
Interest expense	16,299	12,079	10,545
Other income/gains:			
Other income (net)	13,914	4,386	4,973
Equity in earnings of affiliates	8,190	2,321	1,471
Income before income taxes	54,469	39,312	30,103
Income tax provision	18,122	13,225	10,959
Net income	$ 36,347	$ 26,087	$ 19,144
Per common share:			
Basic earnings	$ 2.27	$ 1.76	$ 1.32
Diluted earnings	$ 2.19	$ 1.69	$ 1.28
Dividends paid	$ 0.178	$ 0.165	$ 0.153

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 2006 10K.

CONSOLIDATED BALANCE SHEETS

(in thousands)	December 31 2006	2005
Assets		
Current assets:		
Cash and cash equivalents	$ 23,398	$ 13,876
Restricted cash	3,801	3,936
Accounts and notes receivable:		
Trade receivables, less allowance for doubtful accounts of $2,404 in 2006; $2,106 in 2005	87,698	74,436
Margin deposits	49,121	8,855
	136,819	83,291
Inventories	299,105	240,806
Railcars available for sale	5,576	5,375
Deferred income taxes	967	2,087
Prepaid expenses and other current assets	26,782	23,170
Total current assets	496,448	372,541
Other assets:		
Pension asset	445	10,130
Other assets	12,810	8,393
Investments in and advances to affiliates	59,080	20,485
	72,335	39,008
Railcar assets leased to others (net)	145,059	131,097
Property, plant and equipment (net)	95,502	91,498
	$ 809,344	$ 634,144
Liabilities and shareholders' equity		
Current liabilities:		
Notes payable	$ 75,000	$ 12,400
Accounts payable for grain	95,915	80,945
Other accounts payable	81,610	72,240
Customer prepayments and deferred revenue	32,919	53,502
Accrued expenses	31,065	27,684
Current maturities of long-term debt non-recourse	13,371	19,641
Current maturities of long-term debt	10,160	9,910
Total current liabilities	340,040	276,322
Deferred income and other liabilities	3,940	1,131
Employee benefit plan obligations	21,200	14,290
Long-term debt non-recourse, less current maturities	71,624	88,714
Long-term debt, less current maturities	86,238	79,329
Deferred income taxes	16,127	15,475
Total liabilities	539,169	475,261
Shareholders' equity:		
Common shares, without par value, 25,000 authorized Issued - 19,198 shares in 2006 and 16,860 in 2005	96	84
Additional pain-in capital	159,941	70,121
Treasury shares, at cost (1,492 in 2006; 1,820 in 2005)	(16,053)	(13,195)
Accumulated other comprehensive loss	(9,735)	(455)
Unearned compensation	-	(259)
Retained earnings	135,926	102,587
	270,175	158,883
	$ 809,344	$ 634,144

STATEMENTS OF CASH FLOWS

(in thousands)	Year ended December 31 2006	2005	2004
Operating activities			
Net income	**$ 36,347**	$ 26,087	$ 19,144
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	**24,737**	22,888	21,435
Unremitted earnings of affiliates	**(4,340)**	(443)	(854)
Realized gains on sales of railcars and related leases	**(5,887)**	(7,682)	(3,127)
(Gain) Loss on disposal of property, plant and equipment	**(1,238)**	540	(431)
Insurance recoveries	**(351)**	-	-
Excess tax benefit from share-based payment arrangement	**(5,921)**	-	-
Deferred income taxes	**7,371**	1,964	3,184
Stock based compensation expense	**2,891**	524	242
Other	**668**	(117)	497
Changes in operating assets and liabilities:			
Accounts and notes receivable	**(53,485)**	(17,056)	2,311
Inventories	**(58,299)**	10,622	8,327
Prepaid expenses and other assets	**(5,348)**	(4,647)	(2,731)
Accounts payable for grain	**14,970**	(6,377)	(992)
Other accounts payable and accrued expenses	**(15,018)**	11,577	15,487
Net cash (used in) provided by operating activities	**(62,903)**	37,880	62,492
Investing activities			
Purchases of railcars	**(85,855)**	(98,880)	(45,550)
Proceeds from sale or financing of railcars and related leases	**65,212**	69,070	45,640
Purchases of property, plant and equipment	**(16,031)**	(11,927)	(13,201)
Proceeds from disposal of property, plant and equipment	**1,472**	658	1,386
Investment in affiliates	**(34,255)**	(16,005)	(675)
Gain on available-for-sale securities	**(183)**	-	-
Proceeds from insurance recoveries	**351**	-	-
Change in restricted cash	**135**	(2,404)	(1,532)
Acquisition of business	**-**	-	(85,078)
Net cash used in investing activities	**(69,154)**	(59,488)	(99,010)
Financing activities			
Proceeds from offering of common shares	**81,607**	-	-
Net increase (decrease) in short-term borrowings	**62,600**	300	(35,900)
Proceeds from issuance of long-term debt	**15,845**	2,717	14,678
Payments on long-term debt	**(8,687)**	(9,286)	(6,449)
Proceeds from issuance of non-recourse, securitized long-term debt	**2,001**	46,566	86,400
Payments on non-recourse, securitized long-term debt	**(25,361)**	(12,617)	(11,994)
Change in overdrafts	**8,620**	887	(2,307)
Proceeds from sale of treasury shares under stock compensation plans	**1,893**	1,199	1,004
Excess tax benefit from share based payment arrangement	**5,921**	-	-
Payment of debt issue costs	**(52)**	(268)	(4,704)
Dividends paid	**(2,808)**	(2,453)	(2,215)
Net cash provided by financing activities	**141,579**	27,045	38,513
Increase in cash and cash equivalents	**9,522**	5,437	1,995
Cash and cash equivalents at beginning of period	**13,876**	8,439	6,444
Cash and cash equivalents at end of period	**$ 23,398**	$ 13,876	$ 8,439

SELECTED FINANCIAL DATA: FIVE YEAR SUMMARY

(in thousands, except for per share and ratios and other data)	For the years ended December 31				
	2006	2005	2004	2003	2002
Operating results					
Grain sales and revenues	**$ 791,207**	$ 628,255	$ 664,565	$ 696,615	$ 577,685
Fertilizer, retail & other sales	**666,846**	668,694	602,367	542,390	492,581
Total sales & revenues	**1,458,053**	1,296,949	1,266,932	1,239,005	1,070,266
Gross profit – grain	**62,809**	50,456	52,680	41,783	47,348
Gross profit – fertilizer, retail & other	**144,323**	147,987	136,419	122,311	115,753
Total gross profit	**207,132**	198,443	189,099	164,094	163,101
Other income / gains (a)	**13,914**	4,386	4,973	4,701	3,728
Equity in earnings (losses) of affiliates	**8,190**	2,321	1,471	347	13
Pretax income	**54,469**	39,312	30,103	17,965	16,002
Income before cumulative effect of change in accounting principle	**36,347**	26,087	19,144	11,701	10,764
Cumulative effect of change in accounting principle (net of tax)	**-**	-	-	-	3,480
Net income	**36,347**	26,087	19,144	11,701	14,244
Financial position					
Total assets	**809,344**	634,144	573,598	493,292	469,780
Working capital	**156,408**	96,219	102,170	86,871	80,044
Long-term debt (b)	**86,238**	79,329	89,803	82,127	84,272
Long-term debt, non-recourse (b)	**71,624**	88,714	64,343	--	--
Shareholders' equity	**270,175**	158,883	133,876	115,791	105,765
Cash flows / liquidity					
Cash flows (used in) from operations	**(62,903)**	37,880	62,492	44,093	23,249
Depreciation and amortization	**24,737**	22,888	21,435	15,139	14,314
Cash invested in acquisitions / investments in affiliates	**34,255**	16,005	85,753	1,182	--
Investments in property, plant & equipment	**16,031**	11,927	13,201	11,749	9,834
Net investment in (sale of) railcars (c)	**20,643**	29,810	(90)	3,788	(7,782)
EBITDA (d)	**95,505**	74,279	62,083	41,152	40,128
Per share data:					
Net income – basic	**2.27**	1.76	1.32	0.82	0.98
Net income – diluted	**2.19**	1.69	1.28	0.80	0.96
Dividends paid	**0.178**	0.165	0.153	0.140	0.130
Year-end market value	**42.39**	21.54	12.75	7.99	6.35
Ratios and other data					
Pretax return on beginning equity	**34.30%**	29.40%	26.00%	17.00%	16.90%
Net income return on beginning equity	**22.90%**	19.50%	16.50%	11.10%	15.00%
Funded long-term debt to equity ratio (e)	**0.3-to-1**	0.5-to-1	0.7-to-1	0.7-to-1	0.8-to-1
Weighted average shares outstanding (000's)	**16,007**	14,842	14,492	14,282	14,566
Effective tax rate	**33.30%**	33.60%	36.40%	34.90%	32.70%

Note: Prior years have been revised to conform to the 2006 presentation; these changes did not impact net income.

(a) Includes gains on insurance settlements of $4.6 million in 2006 and $0.3 million in 2002.

(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 part of an acquisition of a business have been excluded from this number.

(d) 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.

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

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.

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

ROBERT J. KING, JR (2)
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) (3)
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 & Ethanol Group; Denny Addis, President/Plant Nutrient Group.

INVESTOR INFORMATION

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

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

COMMON STOCK
17,706,00 shares outstanding (12/31/06)

STOCK PURCHASE AND DIVIDEND REINVESTMENT
Computershare BYDS℠ is a direct stock purchase program that provides an alternative to traditional methods of buying, holding and selling shares in The Andersons, Inc. Through Computershare BYDS℠ you can purchase and sell The Andersons shares through Computershare, rather than dealing with a broker. Call 312.360.5260 for more information on the program.

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' 2006 Form 10-K, filed in mid-March 2007 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 11, 2007.

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

MISSION STATEMENT

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

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

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