

STATEMENT

of Principles



The 
Andersons

Our Statement of Principles expresses beliefs and philosophy held by the founders of The Andersons, forming the basis for the development of operating principles and the Company's Mission, which follow. What is written here represents a commitment of the Board of Directors and serves as a guide for all members of the organization. This document has been developed with the input of many people at various levels of the Company. It is not intended that everyone fit the same mold by acceptance of identical basic beliefs or personal philosophy. Knowledge of and compliance with established operating principles, policies and guidelines by all, however, is expected.

We are proud of our Company. We pledge our continued best efforts to meet the needs and aspirations of those we serve. Recommendations for improvement of this Statement of Principles from any of our stakeholders are encouraged and welcomed. Likewise, constructive criticism of behavior at any level which is inconsistent with its contents is invited.

This Company is founded on the belief that all of us are subject to a higher and divine authority, and that we should aspire to goodness, integrity, fairness, respect and those virtues which we think are consistent with divine will. We believe that possession of these qualities develops self-esteem, merits the approval of others and enhances both private and public welfare.

We believe in the traditions of freedom and liberty that exist in the United States. We believe in the free enterprise system, fair competition, compliance with law, the incentives of profit and personal gain and the importance of capital accumulation. We also believe that profit or personal gain must never come at the expense of personal integrity or the public welfare, and that a balance must be struck between the inequalities which come with freedom on the one hand and aspirations for equality on the other.

We recognize that our competitive economic system makes it essential that we place constant and primary focus on satisfying the needs of our customers, without whom there is no corporate purpose. We also understand that our business will not survive if it does not meet the legitimate needs and aspirations of our employees and shareholders.

Our challenge is to provide the leadership which will inspire all who work with the Company to exert the uncommon effort that is essential to achieving excellence and success. We all should recognize that in these efforts we should not lose sight of our fundamental responsibilities to our families, to our communities, and to our society as a whole.

In both our underlying philosophy and our Mission, we recognize our concurrent responsibilities to four stakeholder groups:

- Our Customers
- Our Shareholders
- Our Employees
- Our Communities

One of our primary challenges and responsibilities is to achieve profit and growth objectives, while fulfilling obligations to all stakeholders, in a balanced and thoughtful way. Profit is essential, but should not be an end in itself. Our intent is to be a company which creates value for and builds beneficial, enduring, and mutually reinforcing relationships with all of our stakeholders and others with whom we have business relationships.

All of us should conduct ourselves so the following objectives are met:

- Business affairs reflect complete integrity.
- Products and services serve useful, constructive purposes.
- Opportunities are provided for employees to progress toward personal goals and to receive an equitable share of the income generated.
- Shareholders can realize a return on investment which is fair and sufficient to provide for the Company's growth and security.
- We contribute to the welfare of our communities, our nation and our world.
- Business activities reflect a proper concern for the health and safety of our customers, employees and neighbors and for the quality of our environment.
- Employment in the Company enhances, rather than jeopardizes, the proper functioning of the family, which we believe to be the foundation of society.
- The enjoyment of life and happiness of those with whom we are involved is enhanced.

OUR CUSTOMERS

Our competitive economic system makes it essential that we place constant and primary focus on satisfying the needs of our customers. We should not lose sight of the fact that it is the customer who pays everyone's salary and who decides whether the business is going to succeed or fail. Everyone in the organization should realize that the customer comes first and that every customer is important.

All of our products and services should:

Provide Clear Value

This means that our customers should receive consistently fair and competitive treatment which will encourage them to continue doing business with us. It does not mean that we must always sell at the lowest price or pay the highest price for what we buy. But we must always strive to offer the customer a better value.

Serve a Useful and Constructive Purpose

We are committed to confining our business to those products and services which we perceive to be of benefit to our customers. Products and services which we feel clearly do not meet this criterion will not be offered.

Offer an Honest Representation of Quality and Quantity

All advertising or other means of presenting our products and services will be honest and straightforward. Care will be taken to assure honest weights and measurements. Emphasis is also placed on training employees to provide accurate, complete and helpful information.

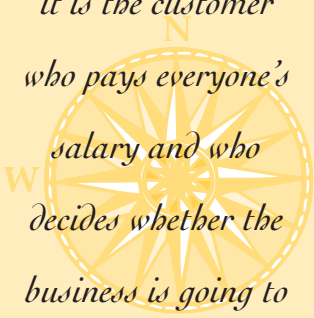
Be Presented in a Friendly and Courteous Manner

Everyone wants to be treated well. Our intent is to provide extraordinary customer service. It is hard to overemphasize this issue. In this arena, virtually every member of the organization has an opportunity to make an important impact.

Customers' suggestions and criticisms are actively and genuinely solicited. All complaints must receive prompt and courteous response and every reasonable effort will be made to satisfy a customer who feels displeased with any of our products or services. We intend to honor all our commitments, fulfill our contracts and make good on our guarantees.

Although remaining competitive demands that we are always searching for the best values, we remain loyal to suppliers who consistently meet our quality, service and price requirements through all market situations. It is our policy to maintain arm's length relationships with our suppliers, avoiding close personal entanglements which may jeopardize sound business decisions.

We expect to be treated by our suppliers the same as their other customers would be treated under similar circumstances. Our treatment of both customers and suppliers should be characterized by the "Golden Rule."



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We strive to treat each person with respect and to utilize his or her unique talents. We believe differences in people are a strength when they are focused on a common goal.

We believe in the dignity of honest work and that working toward Company goals should provide support and opportunity for each member of the organization to establish and progress toward personal goals.

The Andersons is committed to reflecting the diversity of our communities. Opportunities for employment and advancement are available to all qualified candidates, regardless of gender, race, age, religion, national origin, disability, or other differences which have no relationship to job requirements. We are committed to providing a work environment free from all forms of harassment.

Each position in the Company is important to our success, and we recognize the worth and dignity of every individual. We strive to treat each person with respect and to utilize his or her unique talents. We believe differences in people are a strength when they are focused on a common goal. Each employee of The Andersons has a responsibility to cultivate an environment in which differences are truly valued and respected.

We are guided by a sense of caring and equal treatment and avoid excessive symbols of rank and status. We strive for leadership which not only cares, but listens. We emphasize face-to-face communication and our Open Door Policy provides an opportunity for any member of the organization to sincerely and constructively seek a solution to a job-related problem without necessarily following the usual chain of authority.

We believe that full-time status with The Andersons represents a serious commitment by the Company, and that every reasonable effort should be made to provide continued employment as long as there is the will and the ability to fulfill

available job responsibilities. Even though circumstances can arise under which continued employment might require the acceptance of alternate work at a different rate of pay or under which it might be impractical or even impossible, job security remains a cornerstone of our relationship with our full-time employees.

We likewise recognize obligations to part-time and seasonal employees who account for a significant portion of our work force. Due to the nature of these positions, we don't extend the same commitment of job security to them; however, we are committed to treating each part-time and seasonal employee with the same care, respect and dignity as any full-time member of the organization.

While the Company pledges its best efforts toward providing secure employment and personal growth opportunities, each employee needs to accept ultimate responsibility for his or her own future. Our greatest security lies in our own ability and our willingness to exert the effort needed to succeed. Just as the Company must continuously adapt and improve to meet changing customer and competitive demands, so must each employee.

We subscribe to a policy of promoting from within and job openings are posted to encourage applications from qualified employees. We also recognize that it may be necessary to recruit outside the Company in order to find qualified candidates.

Opportunities for growth, advancement, and fulfillment of personal goals are enhanced by a number of training, educational and career counseling alternatives. Internal and external courses in management, supervisory and other leadership skills are offered at regular intervals.

A primary accountability of management is the creation of a healthy organizational climate. A company should be a group of people associated for a common purpose. While some distinctions are necessary and productive, those which tend to create factions rather than reinforce unity should be minimized or avoided. We seek an atmosphere of complete openness and trust that emphasizes:

- Striving for high goals and standards
- Development of people to their full potential
- Open communication and mutual respect
- Close cooperation and teamwork
- Freedom to disagree and challenge.

To develop one's potential requires freedom to act and exercise independent judgment. With freedom to act, however, comes responsibility for outcome. In the final analysis, we will all be measured by results.

We refer to the right to know the answers to the following four questions as the "Employee Bill of Rights:"

- What is my job? • What does the job pay?
- How am I doing? • How can I improve?

Written job descriptions, clearly communicating what is expected in the job and agreed to by both the incumbent and the supervisor, are developed for all positions. We have adopted a wage administration system which establishes a range for every position, and criteria based primarily on job performance, which determine a person's rate of pay within the range. At regular intervals, at least annually, every supervisor conducts an appraisal interview with each subordinate. These sessions are intended to improve job understanding, enhance communication and provide opportunity to discuss job performance and steps which can be taken for improvement.

We believe that good job performance should be rewarded in both compensation and opportunity for advancement. Conversely, if acceptable performance is not achieved, appropriate action to correct deficiencies is in order.

We consider it an obligation to maintain fair and competitive compensation and benefit programs which show a proper concern for internal relationships and external market factors. Pay for performance and opportunity for participation in Company ownership have been a tradition with us and will remain important as we build a stronger, more successful organization.

As the Company has responsibilities to employees, so also do employees have responsibilities to the Company. After a reasonable period of training, a person is expected to possess the basic skills necessary for the job. These must be accompanied by sufficient interpersonal skills to enable functioning as a productive and cooperative team member, and a work ethic that results in satisfactory job performance, a full day's work for a full day's pay, and a willingness to exert extra effort when needed. Also, every employee is expected to display a cooperative, friendly, honest, accountable and positive attitude, work safely and follow Company rules and procedures.

It is vital that all members of the organization give their full support to the Company. This does not mean that everyone should blindly agree with everything the Company does. A decision, once made, should be supported, but honest disagreement, constructively expressed through appropriate channels, is not only proper but encouraged. Likewise, all employees have a responsibility to offer suggestions and ideas that might contribute to improvement in customer service, efficiency, productivity and any other facet of our operations.

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*We feel we should
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our time, talents

and financial

resources in pursuit

of solutions to our

social problems

and in support of

other worthwhile

community

endeavors.

We also encourage

and stimulate

others to do

the same.

If our Company is to continue to thrive, a fair return on investment is essential. We are, therefore, committed to a strong and aggressive pursuit of profit and growth. Growth in total shareholder value should be consistent with our responsibilities to our other stakeholders but, in the final analysis, it must occupy a position of central focus if we are to succeed in our competitive environment. We intend our growth to be focused and disciplined.

Our Company is deeply rooted in the values held by the founding family of Harold and Margaret Anderson. We therefore feel it is important to encourage the continued involvement of succeeding family generations, both as owners and as active participants. We also feel that ownership by those who work for the Company is important and we welcome investment in the Company by our employees.

Shareholders should expect management to determine and maintain appropriate financial relationships among such items as equity investment, long-term debt, working capital, capital spending and profit. In addition, appropriate steps should be taken to minimize the risk of catastrophic loss through active risk management, loss prevention programs and effective internal controls. Risks that cannot be avoided or eliminated should be covered, whenever possible and practical, with adequate insurance.

We recognize the right of shareholders to be well informed and we are committed to meeting this need through press releases, quarterly financial reports, annual meetings, and other appropriate means. We are a Company of high ethical standards and are committed to communicating our financial reports with a spirit of transparency so shareholders can make informed decisions.

As we have emphasized, the primary focus of our Company is service to our customers. If we are successful in providing our customers with products and services that are of clear value, we have fulfilled an important aspect of meeting our obligations to the communities in which we live and do business. We believe, however, that both individually and collectively, our community obligations extend considerably further.

We feel we should generously share our time, talents and financial resources in pursuit of solutions to our social problems and in support of other worthwhile community endeavors. We also encourage and stimulate others to do the same.

We believe that a reasonable portion of profits should be contributed to charitable causes. The Anderson Foundation has been established as a major recipient of these contributions. It serves as a source of funding for a wide variety of charitable causes. Over the years, the Company has also funded a variety of endowments, such as the Andersons Fund Supporting Organization, which continue to support specific or general causes – hopefully, in perpetuity. As a stimulus to personal giving, the Company has adopted a gift-matching program wherein full-time employees may seek matching of individual contributions which meet established criteria.

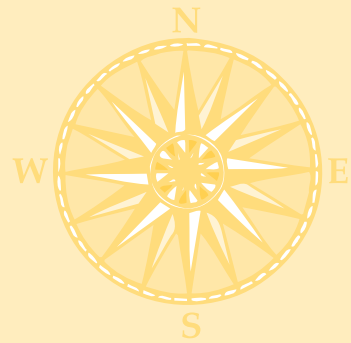
As responsible members of our community, we should take appropriate steps to safeguard the health and safety of our employees, customers and neighbors and to protect the quality of the environment in which we work and live.

Finally, as good citizens, we should actively participate in, and provide thoughtful input and support to, our political and legislative processes.

OUR MISSION

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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