

ANDERSONS INC
Form S-3/A
July 28, 2006

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As filed with the Securities and Exchange Commission on July 28, 2006.

Registration No. 333-135480

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 1
TO
Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

THE ANDERSONS, INC.

(Exact name of registrant as specified in its charter)

Ohio

*(State or other jurisdiction of
incorporation or organization)*

5150

*(Primary Standard Industrial
Classification Code Number)*

34-1562374

*(I.R.S. Employer
Identification Number)*

480 W. Dussel Drive

Maumee, Ohio 43537

Telephone: (419) 893-5050

*(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)*

Michael J. Anderson

President and Chief Executive Officer

The Andersons, Inc.

480 W. Dussel Drive

Maumee, Ohio 43537

Telephone: (419) 893-5050

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Proposed Maximum	Proposed Maximum	Amount of
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Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Offering Price per Share(2)	Aggregate Offering Price(2)	Registration Fee
Common Stock, no par value	2,599,000	\$37.47	\$97,384,530	\$10,421(3)

- (1) Includes 339,000 shares that may be purchased by the underwriters upon exercise of their option to purchase additional shares of common stock.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933 and based on the average of the high and low sale prices reported on the Nasdaq Global Select Market on July 25, 2006.
- (3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 28, 2006.

2,260,000 Shares

The Andersons, Inc.

Common Stock

This is a public offering of 2,260,000 shares of common stock of The Andersons, Inc. We are offering 2,000,000 shares of our common stock in this offering and the selling shareholders identified in this prospectus are offering an additional 260,000 shares. We will not receive any proceeds from the sale of shares of our common stock by the selling shareholders.

Our common stock is quoted on the Nasdaq Global Select Market under the symbol ANDE. On July 27, 2006, the last reported sale price of our common stock on the Nasdaq Global Select Market was \$38.56 per share.

Investing in our common stock involves a high degree of risk. Please refer to the section entitled Risk Factors beginning on page 10 for a discussion of factors that you should carefully consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to The Andersons, Inc.	\$	\$
Proceeds, before expenses, to the selling shareholders	\$	\$

The underwriters have the option to purchase up to 339,000 additional shares of our common stock from the Company at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments, if any.

The underwriters expect to deliver the shares of our common stock on or about _____, 2006.

Joint Book-Running Managers

BB&T Capital Markets

Piper Jaffray

Stephens Inc.

Stifel Nicolaus

Prospectus dated _____, 2006.

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Rail The Andersons Plant Nutrient Retail Turf & Specialty Grain & Ethanol Andersons ISO 9001:2000
Certified

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information or make any additional representations. The selling shareholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus or the date of such incorporated information, regardless of the time of delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations and business prospects may have changed since those dates.

INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own research, internal surveys and studies conducted by third parties, independent industry associations or general publications and other publicly available information. In particular, we have based much of our discussion of the ethanol industry, including government regulation relevant to the industry and forecasted growth in demand, on information published by the Renewable Fuels Association, or the RFA, the national trade association for the U.S. ethanol industry. While we believe this data to be accurate as of the date of this prospectus, market data is subject to change and cannot always be verified with complete certainty, due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey of market size. As a result, you should be aware that market share and other similar data set forth in this prospectus, as well as estimates and beliefs based on such data, may not be reliable beyond the date of this filing. None of the publications, reports or other published industry sources referred to in this prospectus were commissioned by us or prepared at our request. Furthermore, because the RFA is a trade organization for the ethanol industry, it may present information in a manner that is more favorable to that industry than would be presented by an independent source. Forecasts are particularly likely to be inaccurate, especially over long periods of time.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read the entire prospectus carefully, especially the risks of investing in our common stock discussed under Risk Factors, and the consolidated financial statements and the related notes relating thereto included elsewhere in this prospectus. Unless otherwise noted, references to The Andersons, the Company, we, us and our refer to The Andersons, Inc., an Ohio corporation together with its consolidated subsidiaries, unless the context requires otherwise.

Our Business

We are an entrepreneurial, customer focused company with diversified interests in the agriculture and transportation markets. Since our founding in 1947, we have developed specific core competencies in risk management, bulk handling, transportation and logistics and an understanding of commodity markets. We have leveraged these competencies to diversify our operations into other complementary markets, including ethanol, railcar leasing, plant nutrients, turf products and general merchandise retailing. For the year ended December 31, 2005, our sales and merchandising revenues were \$1,296.7 million, our operating income was \$39.3 million and our EBITDA was \$74.3 million, which represented increases over 2004 levels of 2%, 31% and 20%, respectively. For the three months ended March 31, 2006, our sales and merchandising revenues were \$280.7 million, our operating income was \$6.0 million and our EBITDA was \$16.2 million, which represented increases over 2005 levels of 9%, 267% and 61%, respectively.

We operate our business in five segments: the Grain & Ethanol Group, the Rail Group, the Plant Nutrient Group, the Turf & Specialty Group and the Retail Group. The principal activities of each of these groups are as follows:

The Grain & Ethanol Group, which achieved 2005 sales and merchandising revenues of approximately \$628.0 million, operates grain elevators in Ohio, Michigan, Indiana and Illinois. The Grain & Ethanol Group collectively shipped approximately 167 million bushels of grain in 2005. We are the developer, manager and largest investor in two ethanol facilities currently under construction in Indiana and Michigan. We will provide plant management, including transportation, logistics and marketing services to these facilities. We also have an investment in a third ethanol facility located in Indiana. We will be providing grain origination services for each of these three facilities, which collectively have nameplate capacity of 205 million gallons per year, or MMGY. We have expanded our trading operations through a 36% ownership interest in Lansing Trade Group, LLC, or Lansing, which is an established commodity trader and service provider to the grain and ethanol industries.

The Rail Group, which achieved 2005 sales of approximately \$92.0 million, leases and manages a fleet of over 19,000 railcars of various types and 89 locomotives. The Rail Group also operates a repair, refurbishment and custom steel fabrication business.

The Plant Nutrient Group, which achieved 2005 sales and merchandising revenues of approximately \$271.4 million, operates fertilizer distribution terminals and farm centers in Ohio, Michigan, Indiana and Illinois, which collectively handle approximately 1.5 million tons of dry and liquid fertilizer products annually.

The Turf & Specialty Group, which achieved 2005 sales of approximately \$122.6 million, produces and markets turf and ornamental plant fertilizer and pest control products with a particular focus on the professional lawn care and golf course markets.

The Retail Group, which achieved 2005 sales of approximately \$182.8 million, operates six large stores in Ohio offering a combination traditional home center with hardware, plumbing, electrical and building supplies, as well as unique specialty food offerings, indoor and outdoor garden centers, extensive lines of housewares and other domestic products, automotive supplies and pet supplies.

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Industry Overview

Our businesses are largely impacted by the overall market for grain and related commodities. The principal grains sold by us are corn, soybeans and wheat, the three principal crops produced in the U.S.

Grains. The U.S. is the largest producer and exporter of corn, the largest producer and exporter of soybeans and the largest exporter of wheat in the world. The U.S. Department of Agriculture, or USDA, has forecast a 2005 corn and soybean harvest of approximately 11.1 billion bushels and 3.1 billion bushels, respectively, each of which were the second-largest harvests on record, and a wheat harvest of approximately 2.1 billion bushels. U.S. corn and soybean production has grown in recent years due to increased yields, usage of new and modified seeds, improved fertilizer and pesticide applications and better management practices. U.S. wheat production has decreased as acreage has been used for higher value crops.

Ethanol. Ethanol is a type of alcohol produced in the U.S. principally from corn. It is primarily used as a blend component in the 140 billion gallon U.S. gasoline fuel market. Gasoline refiners and marketers generally use ethanol as an up to 10% blend component per gallon of gasoline to increase octane and as an oxygenate to reduce tailpipe emissions. According to the RFA, 4.0 billion gallons of ethanol were produced in the U.S. in 2005, accounting for approximately 3% of the domestic gasoline fuel supply. The ethanol industry has grown significantly over the last few years. Production capacity has doubled since 2001 and has expanded at a compounded annual growth rate of approximately 20% from 2000 to 2005.

The key drivers of growth in the grain industry include, among others: continued world population and GDP growth; the use of more effective fertilizers and chemicals; levels of planted acreage; the increased production of renewable fuels from corn, soybeans and other crops; and the increasing demand for fuel and other products. In addition, we believe that increased production of grain and ethanol will result in an increased demand for rail transportation services and plant nutrient products.

Our Competitive Strengths

We have developed specific core competencies in customer service, risk management, bulk handling, transportation and logistics and an understanding of commodity markets, each of which are used across our business groups. We believe that these core competencies and the following strengths differentiate us from our competitors and position us for continued growth:

Strategically Diversified Agribusiness Model. Throughout our history we have leveraged our core competencies to selectively and strategically extend our base grain business. We have transferred our core competencies across our business groups and captured synergies as these businesses interact. Our service culture underlies each of our business groups, placing an emphasis on entrepreneurship and meeting the needs of our customers.

Large Established Grain Infrastructure. We have an established infrastructure and nearly 60 years of experience in purchasing, storing, processing, marketing and transporting corn, soybeans, wheat and other commodities. We operate a network of 14 grain elevators in four states that are strategically located near production and transportation hubs, making us a leading grain handler in the eastern corn belt with 81 million bushels of storage capacity.

Risk Management Capabilities. We believe we are a leading developer and user of proprietary and other risk management tools and instruments in certain of our business groups. We have developed a specific risk management strategy for certain of our business groups and were among the first to use several products and techniques which allow us and our grain suppliers to minimize risk.

Transportation and Logistics Expertise. We believe that the maturation and evolution of any commodities industry favors those market participants who possess competitive advantages in logistics and transportation expertise. Our large fleet of railcars and nearly 60 years of experience with the U.S. rail system gives us the ability to quickly and cost effectively satisfy the transportation needs of commodity contracts and will provide us with a competitive advantage as the ethanol industry matures.

Growing Commodity Trading Platform. Our Grain & Ethanol Group's trading capabilities combined with the over 80-year operating history of our Lansing affiliate positions us as a significant provider of commodity

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trading and delivery services. Our relationship with Lansing allows us to enter into storage and commodity trading contracts outside of our traditional geographic markets in the eastern corn belt, and expand our trading platform into non-storage facility-based transactions and additional commodities, including ethanol.

Rail Car Expertise. In 2005, we grew our fleet by 32% as a result of targeted acquisitions and now manage and lease the nation's eighth largest private fleet of railcars (exclusive of railroads). We believe we have developed industry leading positions in railcar refurbishing, leasing and component manufacturing. With over 19,000 railcars and 89 locomotives that we manage and lease at March 31, 2006, we have the ability to meet our customers' needs as demand for rail transportation equipment continues to rise.

Experienced and Proven Management Team. Our management team has significant experience both with our company and within the markets in which we operate. Our 12 top managers have an average of 27 years of experience with our company. Our current management team has fostered a service culture that encourages and rewards continuous improvement in all areas of our business.

Our Business Strategy

Our business strategy includes:

Increasing Services to and Investments in the Grain and Ethanol Industries. We plan to leverage our core competencies by investing in and providing plant management, grain origination and other services to ethanol producers. We expect our future ethanol investments will be in a form similar to our current joint venture investments. We believe that investments through joint ventures in high volume, cost efficient ethanol plants will allow us to deploy capital more efficiently across more plants (enabling us to share in more industry capacity), achieve geographic diversity, reduce earnings volatility, and increase annual management and service contract revenues.

Increasing Our Grain Trading Operations. We intend to increase our trading operations and broaden our trading expertise through continued development of our internal trading group and continued investments in Lansing. Expanding our trading operations is a significant growth opportunity that leverages our grain and commodity, risk management and transportation and logistics expertise. We have options to increase our ownership in Lansing in 2007 and 2008 and, if both options are exercised, we would be the majority owner in 2008.

Growing Our Fleet of Railcars and Locomotives. We plan to continue to grow our diversified fleet of railcars through targeted portfolio acquisitions and open market purchases, which could include both owned and managed railcars and locomotives. We intend to continue our practice of match funding where practical or otherwise financing the acquisitions in ways that mitigate risk. We also expect to increase our investment in railcar refurbishment, conversion and repair facilities.

Improving Our Plant Nutrient Group's Product Offerings. We intend to expand into product and service offerings that are more premium in nature. For example, we are currently exploring the sale of reagents for air pollution control technologies used in coal-fired power plants and marketing the resulting byproducts that can be used as plant nutrients.

Focusing on Our Turf & Specialty and Retail Operations. We intend to continue to focus on improving profitability in our Turf & Specialty and Retail Groups. Within our Turf & Specialty Group, we are focusing on higher value, proprietary products with greater profitability as compared to commodity products. With respect to our retail operations, we plan to continue increasing our specialty offerings such as premium food items, wine and produce, to further grow sales and improve margins.

Recent Developments

Recent Operating Results

On July 28, 2006, we announced second quarter net income of \$10.3 million, or \$0.66 per diluted share, and total revenues of \$378 million. In the same three-month period of 2005, we reported net income of \$10.4 million, or \$0.67 per diluted share, on \$365 million of revenues. For the first six months of 2006, our net income was

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\$14.2 million, or \$0.90 per diluted share, on revenues of \$659 million. In the first half of 2005, we earned \$11.4 million, or \$0.74 per diluted share, on revenues of \$624 million.

The following table sets forth our operating results and certain segment data for the six months ended June 30, 2005 and 2006.

	Six Months Ended June 30, 2005 2006	
	(Dollars in thousands, except per share data)	
Statement of Operations Data:		
Sales and merchandising revenues	\$ 623,773	\$ 658,767
Cost of sales and merchandising revenues	530,796	563,729
Gross profit	92,977	95,038
Operating, administrative and general expenses	72,756	75,273
Interest expense	6,141	8,695
Other income/gains:		
Other income	2,509	5,411
Equity in earnings of affiliates	460	5,762
Income before income taxes	17,049	22,243
Income tax provision	5,662	8,061
Net income	\$ 11,387	\$ 14,182
Per common share:		
Basic earnings	\$ 0.77	\$ 0.94
Diluted earnings	\$ 0.74	\$ 0.90
Dividends paid	\$ 0.080	\$ 0.0875
Weighted average shares outstanding Basic	14,772	15,155
Weighted average shares outstanding Diluted	15,340	15,728
Segment Data:		
<i>Sales and merchandising revenues:</i>		
Grain & Ethanol Group	\$ 253,585	\$ 277,388
Rail Group	35,378	62,219
Plant Nutrient Group	163,985	159,341
Turf & Specialty Group	81,355	72,933
Retail Group	89,470	86,886
Total	\$ 623,773	\$ 658,767
<i>Gross profit:</i>		
Grain & Ethanol Group	\$ 17,538	\$ 17,249
Rail Group	17,104	24,761
Plant Nutrient Group	21,180	14,243

Turf & Specialty Group	10,681	12,263
Retail Group	26,474	26,522
Total	\$ 92,977	\$ 95,038

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	Six Months Ended June 30,	
	2005	2006
	(Dollars in thousands)	
<i>Operating income (loss):</i>		
Grain & Ethanol Group	\$ 357	\$ 3,703
Rail Group	7,439	11,217
Plant Nutrient Group	9,508	3,806
Turf & Specialty Group	1,489	3,493
Retail Group	1,745	1,714
Other	(3,489)	(1,690)
Total	\$ 17,049	\$ 22,243

Marathon Letter of Intent

On July 10, 2006, we announced the signing of a letter of intent with a subsidiary of Marathon Oil Corporation, or Marathon, for the creation of a 50/50 joint venture to construct and operate new ethanol plants. We would provide day-to-day management of the ethanol plants, as well as corn origination, risk management, and DDGS and ethanol marketing services. Upon execution of final documentation, we plan to finalize site selection for the joint venture's first two plants. Closing of the joint venture is subject to, among other things, approval of our and Marathon's boards of directors, negotiation and execution of final documentation and agreement as to desirable ethanol plant locations. In addition, the timing of construction of any facilities is contingent upon applicable regulatory and permitting requirements and economic incentives. There can be no assurance as to the timing of ethanol plant construction or that any joint venture will be consummated at all.

Our Company

Our principal executive offices are located at 480 West Dussel Drive, Maumee, Ohio 43537. The telephone number for our principal executive offices is (419) 893-5050. Our Internet address is <http://www.andersonsinc.com>. This Internet address is provided for informational purposes only. The information at this Internet address is not a part of this prospectus.

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The Offering

Common stock offered by us	2,000,000 shares
Common stock offered by the selling shareholders	260,000 shares
Total common stock offered hereby	2,260,000 shares
Total common stock outstanding after this offering	17,281,255 shares
Use of proceeds	We expect to receive net proceeds from this offering of approximately \$72.9 million, after deducting underwriting discounts, commissions and other offering-related expenses, at an assumed offering price of \$38.56 per share. A \$1.00 increase (decrease) in the assumed public offering price of \$38.56 per share would increase (decrease) the net proceeds to us from this offering by approximately \$1.9 million (assuming the number of shares set forth on the cover of this preliminary prospectus remains the same). We intend to use the net proceeds for investments in the ethanol industry, including in additional ethanol plants, investments in additional railcar assets and for general corporate purposes. We will not receive any proceeds from the sale of common stock by the selling shareholders. See Use of Proceeds for additional information.
Dividends	Our dividend practice reflects our intention to pay quarterly dividends on all shares of our common stock, but only if and to the extent such dividends are declared by our board of directors, in its absolute discretion, and permitted by our credit facilities and applicable law. Dividends on our common stock are not cumulative. See Price Range of our Common Stock and Dividends .
Voting rights	The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders. See Description of Capital Stock .
Nasdaq Global Select Market symbol	ANDE
Risk factors	You should carefully read and consider the information set forth under Risk Factors and all other information included in this prospectus for a discussion of factors that you should consider before deciding to invest in shares of our common stock.

The number of shares of our common stock to be outstanding after this offering is based on 15,281,255 shares of our common stock outstanding as of July 27, 2006 (after giving effect to our two-for-one stock split which occurred on June 28, 2006), excluding:

an aggregate of 465,852 shares of common stock issuable upon the exercise of options, performance share units and restricted shares outstanding under our 2005 Long-Term Performance Compensation Plan;

an aggregate of 517,218 shares of common stock reserved for future issuance under our equity compensation plans, including the Employee Share Purchase Plan; and

an aggregate of 339,000 shares of common stock issuable upon the exercise of the underwriters' over-allotment option.

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The following table sets forth our summary consolidated financial data for the periods indicated. The summary financial data as of December 31, 2005 and for the years ended December 31, 2004 and 2005 have been derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The summary financial data as of March 31, 2006 and for the three months ended March 31, 2005 and 2006 have been derived from our unaudited consolidated financial statements and related notes included elsewhere in this prospectus. The adjusted balance sheet data as of March 31, 2006, has been adjusted to reflect the impact of this offering and an application of the net proceeds therefrom of approximately \$72.9 million (at an assumed offering price of \$38.56 per share).

You should read this information together with our consolidated financial statements and related notes thereto included elsewhere or incorporated by reference in this prospectus, and the information under the section Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,		Three Months Ended	
	2004	2005	March 31,	2006
	(Dollars in thousands, except per share data)			
Statement of Operations Data:				
Sales and merchandising revenues	\$ 1,266,932	\$ 1,296,652	\$ 258,656	\$ 280,658
Cost of sales and merchandising revenues	1,077,833	1,098,506	218,697	239,173
Gross profit	189,099	198,146	39,959	41,485
Operating, administrative and general expenses	154,895	153,759	36,901	37,906