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HEADLINE: Richly rewarded by Wall St.: Ethanol buzz multiplies wealth of key insiders

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BODY:

May 7--It has been the hot stock locally and somewhat so nationally.

The rapid run-up in the share price of The Andersons Inc. has multiplied the wealth of key members of the family for whom the Maumee agribusiness is named.

Fueled by the firm's latest moves into building ethanol-producing plants, the company stock held by half a dozen "insiders" was valued at more than \$130 million at one point last week, compared with \$12 million in early 2000.

Michael Anderson, company chief executive, has watched his holdings vault to \$16.7 million from \$1.9 million when the firm first sold stock to the public 10 years ago.

"It's important to keep our heads and egos in check," he said. " ... We can't let [stock price] detract from our mission. I don't have the stock price in my head; I have customers in my head."

Holding the highest value in stock among the six family members is Richard P. Anderson, company chairman, with \$39.5 million worth, eight times higher than 10 years ago.

The key insiders' shares generally have seven to eight times more value than a decade ago, even though their numbers of shares haven't changed a lot.

The stock, which opened 10 years ago at about \$15 a share, last week stretched past \$120, settling at \$110.20 on Friday on the Nasdaq National Market. The value of the holdings of the six insiders ended the week at \$123 million.

"It feels good, but [there's] pressure to perform," the CEO said.

When the company known for its grain handling and local general stores decided to end its private ownership, 238 people held stock - mostly family members or longtime employees - and more than 70 other shareholders included trusts and area institutions.

Today, the firm, which also has a healthy rail-car operation and lawn-chemical and turf units, has more than 7.6 million shares outstanding, of which 1.1 million are owned by members of the six key members of the Anderson family.

"Wild success is not normal" when a family business decides to sell public stock, said Joseph Astrachan, director of the Cox Family Enterprise Center at Kennesaw State University in Kennesaw, Ga.

When the stock jumps significantly in a short period, as with the last six months at The Andersons, he said, "it's due to extreme good luck."

Employees of the local company also have benefited. Many of the firm's 3,000 employees have bought the stock, including purchases of more than 158,000 shares in the last six years, mostly at far lower prices than in recent months.

If they held on to those shares, the stock would have been worth more than \$19 million at one point last week.

Employees can have money deducted from their pay weekly or monthly to go into the company's share-purchase plan, which pays interest during the year. They get the lower of the beginning-of-year or end-of-year stock price annually.

That means, for example, that their purchases last year were for \$25.50 share, the Jan. 1 price, even though by year's end the price was \$43.08.

The Andersons, which suffered somewhat from the dot-com craze six or seven years ago, is now behaving like a dot-com stock itself. At times, the shares have gained \$5 or more in a single day, and some days have dropped that much. The stock has quadrupled in value in a year.

Richard P. Anderson, company chairman, recently told The Blade that when the stock fell to the \$7 range years back, "I bought a bunch of shares." He feared that, if the share price stayed well below the firm's book value, the company would become a takeover target.

Those shares he and other members of the family bought at the low point were worth 17 times as much at one point last week.

Charlie Rentschler, an analyst who follows the ethanol industry, said people expect high profits from the ethanol industry, and his firm, Foresight Research Solutions, projects that The Andersons will build two to three more in the next three years.

Another analyst, Heather Jones, with BB&T Capital Markets in Richmond, Va., Friday raised her forecast for the stock next year to hit \$150 a share.

Although Anderson family members typically have held on to their shares, buying and selling has occurred in the last couple of years.

In 2005 and this year to date, family insiders sold or transferred 112,000 shares worth \$6.4 million while buying 96,000 shares for \$1.4 million, according to filings with the U.S. Securities and Exchange Commission.

They kept buying even as the price got to \$100 a share, but that was largely because of previous options that permitted them to acquire more stock at prices as low as \$8.63.

More than 65 members of the Anderson family hold or once held company stock, Mike Andersons said. About half a dozen of their families live in a compound off Holland-Sylvania Road in South Toledo.

The firm decided to sell stock to the public in February, 1996, in part to provide a more liquid market for family members who wanted to cash out without draining company capital.

Many besides the family and company employees could be helped by Andersons stock. Area institutions, nonprofits, and charities are likely to share in its success, the CEO said.

The family and firm are well known for their philanthropy and have given many millions of dollars to universities, churches, foundations, and charities over the years.

For example, the University of Toledo held 100,000 shares at one point years ago. That stock was sold for an undisclosed price, but if it had been held until last week, it would have been worth about \$12 million.

"We have a strong commitment to the community," said Mike Anderson. "With more success, we will be able to accomplish that even better. ... "

"On the individual side, my wife and I have a 'tithing approach.' If you have more, you have more opportunity to give more away. ... We know we will be asked for more, and that's OK. But it might be hard to meet expectations."

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