

LSB INDUSTRIES INC
Form SC 13D/A
February 17, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934

(Amendment No. 44)*

LSB INDUSTRIES, INC.

(Name of issuer)

COMMON STOCK, PAR VALUE \$.10

(Title of class of securities)

5021600-10-4

(CUSIP number)

Jack E. Golsen

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16 South Pennsylvania

Oklahoma City, Oklahoma 73107

(405) 235-4546

(Name, address and telephone number of person authorized to receive notices and communications)

December 12, 2011

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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(1) Names of reporting persons

Jack E. Golsen

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

USA

Number of (7) Sole voting power

shares

beneficially 673,304

(8) Shared voting power

owned by

each

reporting 2,951,366

(9) Sole dispositive power

person

with:

673,304

(10) Shared dispositive power

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2,951,366

(11) Aggregate amount beneficially owned by each reporting person

3,624,670

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

15.59%

(14) Type of reporting person (see instructions)

IN

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(1) Names of reporting persons

Sylvia H. Golsen

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

USA

Number of (7) Sole voting power

shares

beneficially

owned by (8) Shared voting power

each

reporting 1,508,272
(9) Sole dispositive power

person

with:

(10) Shared dispositive power

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1,508,272

(11) Aggregate amount beneficially owned by each reporting person

1,508,272

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

6.6%

(14) Type of reporting person (see instructions)

IN

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(1) Names of reporting persons

Barry H. Golsen

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

USA

Number of (7) Sole voting power

shares

beneficially 292,467

(8) Shared voting power

owned by

each

reporting 2,748,616
(9) Sole dispositive power

person

with:

292,467
(10) Shared dispositive power

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2,748,616

(11) Aggregate amount beneficially owned by each reporting person

3,041,083

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

13.16%

(14) Type of reporting person (see instructions)

IN

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(1) Names of reporting persons

Steven J. Golsen

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

USA

Number of (7) Sole voting power

shares

beneficially 263,493

(8) Shared voting power

owned by

each

reporting 530,688

(9) Sole dispositive power

person

with:

263,493

(10) Shared dispositive power

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530,688

(11) Aggregate amount beneficially owned by each reporting person

794,181

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

3.53%

(14) Type of reporting person (see instructions)

IN

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(1) Names of reporting persons

Linda F. Rappaport

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

USA

Number of (7) Sole voting power

shares

beneficially 0

(8) Shared voting power

owned by

each

reporting 656,699

(9) Sole dispositive power

person

with: 0

(10) Shared dispositive power

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656,699

(11) Aggregate amount beneficially owned by each reporting person

656,699

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

2.92%

(14) Type of reporting person (see instructions)

IN

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(1) Names of reporting persons

I.R.S. Identification No. of above Persons (entities only)

Golsen Family, L.L.C.

20-8234753

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

Oklahoma

(7) Sole voting power

Number of

shares 0
(8) Shared voting power

beneficially

owned by 1,492,396
each (9) Sole dispositive power

reporting

person 0

with:

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(10) Shared dispositive power

1,492,396

(11) Aggregate amount beneficially owned by each reporting person

1,492,396

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

6.54%

(14) Type of reporting person (see instructions)

OO

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(1) Names of reporting persons

SBL, L.L.C.

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

Oklahoma

Number of (7) Sole voting power

shares

beneficially

(8) Shared voting power

owned by

each

reporting (9) Sole dispositive power
2,742,187

person

with:

(10) Shared dispositive power

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2,742,187

(11) Aggregate amount beneficially owned by each reporting person

2,742,187

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

11.87%

(14) Type of reporting person (see instructions)

OO

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(1) Names of reporting persons

Golsen Petroleum Corporation

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

Not applicable

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

Oklahoma

Number of (7) Sole voting power

shares

beneficially

(8) Shared voting power

owned by

each

reporting

417,288
(9) Sole dispositive power

person

with:

(10) Shared dispositive power

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417,288

(11) Aggregate amount beneficially owned by each reporting person

417,288

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

(13) Percent of class represented by amount in Row (11)

1.86%

(14) Type of reporting person (see instructions)

CO

Introduction

This statement constitutes Amendment No. 44 to the Schedule 13D dated October 7, 1985, as amended (the Schedule 13D), relating to the common stock, par value \$.10 a share (Common Stock) of LSB Industries, Inc. (the Company). All terms not otherwise defined herein shall have the meanings ascribed in the Schedule 13D.

This Schedule 13D is reporting matters with respect to the following reporting persons:

Jack E. Golsen (Chief Executive Officer and Chairman of the Board of the Company);

Sylvia H. Golsen, an individual;

Barry H. Golsen (President and member of the Board of Directors of the Company);

Steven J. Golsen (President of certain subsidiaries of the Company and a member of the board of directors of the Company);

Linda F. Rappaport, an individual;

Golsen Family, L.L.C., an Oklahoma limited liability company (GFLLC);

401(k) Savings Plan. All of our named executive officers participate in our Lancaster Colony Corporation 401(k) Savings Plan, a tax-qualified defined contribution plan that we refer to as our 401(k) Plan. We believe that this benefit is competitive within our peer group and, while not a separate incentive by itself because it does not help us achieve any of our compensation program objectives, it is an essential and expected part of any compensation program. Under the 401(k) Plan, each employee may contribute up to 25% of eligible compensation on a before-tax basis into an individual account (subject to limits established by the Internal Revenue Service). In any fiscal year, we will contribute to each participant's account a matching contribution equal to 40% of the first 4% of the participant's compensation that has been

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contributed to the 401(k) Plan. Partial withdraws from the 401(k) Plan are permitted through a loan or based on financial hardship. Single lump sum withdrawals are permitted upon an employee's termination of employment.

Effective for calendar year 2007, the 401(k) Plan limits the so-called annual additions that can be made to an employee's account to \$45,000 per year. Annual additions include matching contributions and before-tax contributions made by the employee. Of those annual additions, the current maximum before-tax contribution is \$15,500 per year and no more than \$225,000 of annual compensation may be taken into account in computing benefits under the 401(k) Plan.

Participants age 50 and over may also contribute, on a before-tax basis, and without regard to the \$45,000 limitation on annual additions or the \$15,500 general limitation on before-tax contributions, a catch-up contribution of up to \$5,000 per year. Matching contributions from us that were paid to our named executive officers during fiscal year 2007 are included in the All Other Compensation column of our 2007 Summary Compensation Table.

Employee Stock Ownership Plan. The Lancaster Colony Corporation Employee Stock Ownership Plan, or ESOP, is another of our tax-qualified retirement plans. The ESOP was frozen on December 31, 1997 when it was amended to prevent further participation and contributions and to vest fully existing account balances. The ESOP was designed to invest primarily in employer securities as defined in Section 409(l) of the Internal Revenue Code. The ESOP continues to offer a pre-retirement diversification right, and dividends are distributed (upon election by the participant) in the form of cash or can be reinvested in our stock and credited to a participant's account. Distributions in the form of a single lump sum or in five annual installments are made upon a participant's termination of employment.

Employment and Severance Agreements

We do not maintain employment agreements with any of our named executive officers. We have entered into Key Employee Severance Agreements with Mr. Boylan and Mr. Rosa that specify cash payments in the event the named executive officer's employment is terminated other than for cause or terminated by the executive officer for good reason within one year after a change in control (the terms cause, good reason and change in control are each defined in the agreement). In addition, the named executive officer will be entitled to participate in any health, disability and life insurance plans in which the executive participated at the time of termination, on the same basis, for a period of one year following termination. The agreements do not require the named executive officers to mitigate the amount of benefits paid by seeking other employment, and the benefits payable under the agreements are not subject to reduction for other compensation earned by the named executive officers after termination. The agreements do not have an expiration date. We believe that these agreements were necessary for us to attract and retain these two named executive officers. See further disclosure below under Potential Payments Upon Termination or Change in Control for more information.

Stock Ownership Guidelines

As discussed above and as disclosed above in our beneficial ownership tables, our named executive officers already have a substantial equity interest in our company. As a result, we do not have a formal policy requiring that our named executive officers own any predetermined amount of our stock. However, as indicated above, a primary objective of our pay for performance philosophy is to align our named executive officers' compensation interests with our goal of creating long-term shareholder value. We therefore encourage our current named executive officers to continue to maintain an equity ownership in the company, which ownership further aligns their compensation interests with the interests of our shareholders.

Table of Contents**Recoupment of Incentive Payments**

We do not have a formal policy regarding adjusting or recovering annual cash incentive payments or long-term equity-based incentive awards if the relevant performance metrics upon which such awards or payments are based are later restated or otherwise adjusted in a manner that reduces the actual size of the award or payment. Instead, we will consider making adjustments or recoveries on a case-by-case basis if those situations arise.

Accounting and Tax Considerations

Regulations issued under Section 162(m) of the Internal Revenue Code provide that compensation in excess of \$1 million paid to our named executive officers will not be deductible unless it meets specified criteria required for it to be performance based. In general, our Compensation Committee considers the potential impact of Section 162(m) in its review and establishment of compensation programs and payments. However, our Compensation Committee also reserves the right to provide compensation that does not meet the exemption criteria if, in its sole discretion, it determines that doing so advances our business objectives. Currently, we have no individuals with non-performance based compensation paid in excess of the Internal Revenue Code Section 162(m) tax deduction limit.

EXECUTIVE COMPENSATION**Executive Officers**

The following is a list of names and ages of all of the executive officers of the Corporation indicating all positions and offices held by such person and each person's principal occupation or employment during the past five years. No person other than those listed below has been chosen to become an executive officer. The executive officers are elected annually by the Board of Directors:

Name	Principal Occupation	Age	Executive Officer Since
John B. Gerlach, Jr.	Chairman of the Board, Chief Executive Officer and President of the Corporation since 1997	53	1982
John L. Boylan	Chief Financial Officer and Vice President of the Corporation since 1996; and Treasurer of the Corporation since 1990	52	1990
Bruce L. Rosa	President of T. Marzetti Company, a food processing subsidiary of the Corporation, since 2003; and Vice President - Development of the Corporation since 1998	58	1998

The following tables and narratives provide, for the fiscal year ended June 30, 2007, descriptions of the cash compensation paid by us, as well as certain other compensation, for that year to Mr. John B. Gerlach, Jr., Chairman of the Board, Chief Executive Officer and President; Mr. John L. Boylan, Treasurer, Vice President, Assistant Secretary and Chief Financial Officer; and Mr. Bruce L. Rosa,

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President of T. Marzetti Company and Vice President - Development. We refer to these three individuals as our named executive officers.

2007 Summary Compensation Table

The following table summarizes compensation earned during the 2007 fiscal year by our named executive officers:

Name and Principal Position (a)	Fiscal Year (b)	Salary (\$) (1) (c)	Bonus (\$) (d)	Stock Option Awards		Non-Equity Incentive Plan Compensation (\$) (3) (g)	Change in Pension Value and Nonqualified Deferred Compensation (\$) (h)	All Other Compensation (\$) (i)	Total (\$) (j)
				(\$) (e)	(\$) (f)				
John B. Gerlach, Jr., Chairman of the Board, Chief Executive Officer and President	2007	\$800,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,323(4)	\$812,323
John L. Boylan, Treasurer, Vice President, Assistant Secretary and Chief Financial Officer	2007	\$395,000	\$135,000(2)	\$ 0	\$ 0	\$ 22,800	\$ 0	\$ 13,480(5)	\$566,280
Bruce L. Rosa, President, T. Marzetti Company and Vice President- Development	2007	\$360,000	\$ 0	\$ 0	\$ 0	\$185,000	\$ 0	\$ 8,733(6)	\$553,733

(1) The amounts shown in this column include the following amounts deferred by our named executive officers under our nonqualified deferred compensation plan, which is further discussed above under Compensation

Discussion and
Analysis and
below in the
2007

Nonqualified
Deferred
Compensation
Table and
accompanying
narrative:

Mr. Gerlach,
\$20,000; and
Mr. Rosa,
\$25,000.

- (2) As discussed
under
Compensation
Discussion and
Analysis above,
this amount
represents a
discretionary
increase under
our annual cash
incentive award
program to the
annual cash
incentive
payment
computed for
Mr. Boylan
based on his
fiscal year 2007
contributions to
our long-term
strategic
objectives.
- (3) The amounts
shown in this
column
represent
amounts
computed for
fiscal year 2007
performance
under our
annual cash
incentive award
program. As

discussed under
Compensation
Discussion and
Analysis above,
these amounts
were based on
our achievement
of certain
financial targets.
See

Compensation
Discussion and
Analysis for
more
information
about our
annual cash
incentive award
program.

- (4) This amount consists of (A) \$3,520 in matching contributions to our 401(k) Savings Plan, (B) \$7,091 allocated for personal use of a corporate automobile, (C) \$830 in automobile insurance premium payments, (D) \$801 in life insurance

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premium
payments and
(E) \$81 in travel
insurance
premium
payments.

- (5) This amount consists of (A) \$2,640 in matching contributions to our 401(k) Savings Plan, (B) \$9,128 allocated for personal use of a corporate automobile, (C) \$830 in automobile insurance premium payments, (D) \$801 in life insurance premium payments and (E) \$81 in travel insurance premium payments.

- (6) This amount consists of (A) \$3,520 in matching contributions to our 401(k) Savings Plan, (B) \$3,501 allocated for personal use of a corporate automobile, (C) \$830 in automobile insurance premium

payments, (D)
 \$801 in life
 insurance
 premium
 payments and
 (E) \$81 in travel
 insurance
 premium
 payments.

Equity Compensation Plan Information Table

The following table contains information as of June 30, 2007 regarding our equity compensation plans, the 1995 and 2005 Key Employee Stock Option Plans:

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	361,500	\$ 40.42	1,996,500
Equity compensation plans not approved by security holders			
Total	361,500	\$ 40.42	1,996,500

2007 Grants of Plan-Based Awards Table

The following table shows all plan-based awards granted to our named executive officers during fiscal year 2007.

Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards

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Name	Grant Date	(\$)	(\$ (1))	(\$)	(#)	(#)	(#)	(#)	(#)	(\$/Sh)	(\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
John B. Gerlach, Jr.											
John L. Boylan			\$ 22,800								
Bruce L. Rosa			\$ 185,000								

(1) As we described in Compensation Discussion and Analysis above, under our annual cash incentive program, each named executive officer other than Mr. Gerlach receives a fiscal year bonus payment primarily determined based on the application of a discretionary bonus rate percentage to either the value-added income attributable to the entire company or the value-added income attributable to our Specialty Foods segment, as applicable. The resulting bonus payment is subject to

discretionary adjustment by either our Chief Executive Officer or our Compensation Committee. For fiscal year 2007, our Compensation Committee exercised discretion in increasing Mr. Boylan's annual cash incentive payment by \$135,000, but did not alter Mr. Rosa's payment, as more fully described in Compensation Discussion and Analysis above.

Because value-added income changes from year-to-year, we are unable to determine in advance the target amounts for bonus awards under our annual cash incentive program. The amounts reflected in column (d) of the above table equal the annual cash incentive payment computed for our named

executive officers for fiscal year 2007, which amounts (plus the discretionary increase approved for Mr. Boylan as described in this footnote) we believe to be a reasonable representation of annual cash incentive payments that our named executive officers will be eligible to receive for our performance in fiscal year 2008. The total annual cash incentive payments for our named executive officers for our performance in fiscal year 2007 were determined by our Compensation Committee on August 22, 2007, and are reflected in columns (d) and (g) of our 2007 Summary Compensation Table above. For more information about our annual cash incentive program, see Compensation

Discussion and
Analysis above.

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None of our named executive officers are parties to employment agreements with us, but Mr. Boylan and Mr. Rosa are parties to Key Employee Severance Agreements with us. For more information about these severance agreements, see Compensation Discussion and Analysis Employment and Severance Agreements above, and the disclosure below under Potential Payments Upon Termination or Change in Control. For more information about the other compensation arrangements in which our named executive officers participate and the proportion of our named executive officers total compensation represented by base salary and annual cash incentive payments or discretionary bonuses, also see Compensation Discussion and Analysis above.

Outstanding Equity Awards at 2007 Fiscal Year End Table

The following table shows all outstanding equity awards held by our named executive officers at the end of fiscal year 2007.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying	Option Exercise Price (\$)(e)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(h)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#)(i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(j)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(j)
John B. Gerlach, Jr.								
John L. Boylan	15,000(1)			\$37.23				
	15,000(2)			\$41.52	Mar. 31, 2008			
	30,000				Feb. 28, 2010			
Bruce L. Rosa	15,000(1)			\$37.23				

		Mar. 31, 2008
15,000(2)	\$41.52	Feb. 28, 2010
30,000		

(1) These options were granted on February 26, 2003 pursuant to our 1995 Key Employee Stock Option Plan and were 100% vested as of the date of grant.

(2) These options were granted on February 23, 2005 pursuant to our 1995 Key Employee Stock Option Plan and were 100% vested as of the date of grant.

Table of Contents**2007 Options Exercised and Stock Vested**

None of our named executive officers exercised options, and none of our named executive officers had stock awards that vested during fiscal year 2007.

2007 Pension Benefits

We do not maintain any defined benefit plans or other plans with specified retirement benefits in which our named executive officers participate.

2007 Nonqualified Deferred Compensation Table

This table shows certain information for fiscal year 2007 for each of our named executive officers under our nonqualified deferred compensation plan.

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
(a)	(b)	(c)	(d)	(e)	(f)
John B. Gerlach, Jr.	\$ 20,000		\$ 22,076		\$ 294,247
John L. Boylan			\$ 9,283		\$ 119,528
Bruce L. Rosa	\$ 25,000		\$ 13,303		\$ 183,620

(1) The amounts reported for our named executive officers in this column are fully reported as part of the salary for each named executive officer in column (c) of the 2007 Summary Compensation Table above.

(2) None of the amounts reported for our named executive officers in this column are reported in the 2007 Summary Compensation Table above.

- (3) None of the amounts reported for our named executive officers in this column have previously been reported as deferred compensation in prior years Summary Compensation Tables.

For more information about our nonqualified deferred compensation plan, see Compensation Discussion and Analysis above.

Potential Payments Upon Termination or Change in Control

Our named executive officers may terminate employment with us under a number of different scenarios, including retirement, voluntary termination for good reason, voluntary termination without good reason, involuntary termination without cause, involuntary termination for cause, termination in connection with a change in control, death and disability. Except as discussed below, we generally limit the payments or other forms of compensation that we will provide our named executive officers when their employment with us is terminated to compensation elements that we provide all our employees upon termination, namely payment of any earned but unpaid salary and accrued but unpaid vacation benefits.

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During fiscal year 2007, we were a party to Key Employee Severance Agreements with Mr. Boylan and Mr. Rosa that provide for them to receive certain cash payments and other benefits if their employment with us is terminated other than for cause or they resign for good reason, within one year of a change in control of our company. The terms "cause", "good reason" and "change in control" are defined under these agreements. Cause generally means the employee's willful engaging in malfeasance or felonious conduct that in any material respect impairs the reputation, goodwill or business position of our company or involves misappropriation of our funds or other assets. Good reason generally means termination triggered by certain reductions in compensation, duties and responsibility and authority or certain changes in place of employment. Change in control generally means an event reportable by us on Form 8-K as a change in control and certain significant changes in the ownership of our common stock or in the makeup of our Board of Directors.

Upon such a termination or resignation within one year of a change in control, we will pay to the terminated named executive officer in a lump sum cash payment an amount equal to the lesser of (1) the sum of (A) the executive officer's highest annual salary within the immediately preceding three full fiscal years plus (B) the executive officer's highest total annual bonus paid within the immediately preceding three full fiscal years, or (2) two times the executive officer's salary and bonus paid for the immediately preceding fiscal year. We will also pay to the terminated named executive officer any accrued but unpaid base salary at the officer's then-current salary rate, and will provide the terminated named executive officer with continued coverage under our health, disability and life insurance plans in which the named executive officer participated for one year. The terminated named executive officer has no duty to mitigate the amount of benefits paid by us while seeking other employment, and the benefits are not subject to reduction for other compensation earned by the terminated named executive officer after termination.

As stated above, upon termination of employment for any reason regarding Mr. Gerlach, he would be entitled to his earned unpaid salary as well as his accrued unpaid vacation benefits.

Tabular Disclosure. The tables below reflect the estimated amounts of payments or compensation our named executive officers may receive under particular termination scenarios. The amounts shown in the tables below assume that the named executive officer is terminated as of June 29, 2007, and that the price per share of our common shares equals \$41.89, which was the closing price of our common shares on June 29, 2007, as reported on the NASDAQ Global Select Market. Actual amounts that we may pay to any named executive officer upon termination of employment, however, can only be determined at the time of such named executive officer's actual termination.

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John B. Gerlach, Jr. The following table shows the potential payments upon termination under various circumstances for John B. Gerlach, Jr., our Chairman of the Board, Chief Executive Officer and President.

Benefits and Payments Upon Termination	Termination					
	Retirement on 06/29/07	Without Cause or for Good Reason on 06/29/07	Termination for Cause or Without Good Reason on 06/29/07	Termination Subsequent to a Change in Control on 06/29/07	Termination by Death on 06/29/07	Termination by Disability on 06/29/07
Compensation:						
Salary (1)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Annual cash incentive compensation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Long-term equity-based incentive compensation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Base salary and annual incentive compensation lump sum	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Stock options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employee Stock Ownership Plan	\$485,887	\$485,887	\$485,887	\$485,887	\$485,887	\$485,887
Deferred Compensation Plan	\$294,247	\$294,247	\$294,247	\$294,247	\$294,247	\$294,247
Benefits and Perquisites:						
Health, disability and life insurance	\$ 0	\$ 0	\$ 0	\$ 0	\$150,000	\$150,000 (3)

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John L. Boylan. The following table shows the potential payments upon termination under various circumstances for John L. Boylan, our Treasurer, Vice President, Assistant Secretary and Chief Financial Officer.

Benefits and Payments Upon Termination	Retirement on 06/29/07	Termination Without Cause or for Good	Termination for Cause or Without Good	Termination Subsequent to a Change in Control on	Termination by Death on	Termination by Disability on 06/29/07
		Reason on 06/29/07	Reason on 06/29/07	06/29/07	06/29/07	06/29/07
Compensation:						
Salary (1)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Annual cash incentive compensation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Long-term equity-based incentive compensation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Base salary and annual incentive compensation lump sum (2)	\$ 0	\$ 0	\$ 0	\$555,000	\$ 0	\$ 0
Stock options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employee Stock Ownership Plan	\$244,082	\$244,082	\$244,082	\$244,082	\$244,082	\$244,082
Deferred Compensation Plan	\$119,528	\$119,528	\$119,528	\$119,528	\$119,528	\$119,528
Benefits and Perquisites:						
Health, disability and life insurance	\$ 0	\$ 0	\$ 0	\$ 22,908	\$150,000	\$150,000 (3)

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Bruce L. Rosa. The following table shows the potential payments upon termination under various circumstances for Bruce L. Rosa, President of our T. Marzetti Company and Vice President Development.

Benefits and Payments Upon Termination	Retirement on 06/29/07	Termination	Termination	Termination	Termination by Death on 06/29/07	Termination by Disability on 06/29/07
		Without Cause or for Good Reason on 06/29/07	for Cause or Without Good Reason on 06/29/07	Subsequent to a Change in Control on 06/29/07		
Compensation:						
Salary (1)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Annual cash incentive compensation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Long-term equity-based incentive compensation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Base salary and annual incentive compensation lump sum (2)	\$ 0	\$ 0	\$ 0	\$636,000	\$ 0	\$ 0
Stock options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employee Stock Ownership Plan	\$419,565	\$419,565	\$419,565	\$419,565	\$419,565	\$419,565
Deferred Compensation Plan	\$183,620	\$183,620	\$183,620	\$183,620	\$183,620	\$183,620
Benefits and Perquisites:						
Health, disability and life insurance	\$ 0	\$ 0	\$ 0	\$ 17,556	\$150,000	\$150,000 (3)

(1) As of June 29, 2007, the amount of base salary payable to the named executive officers for services rendered during fiscal year 2007 has been paid.

(2) For a termination subsequent to a change in control, these amounts

represent a lump sum cash payment in an amount equal to the sum of the executive officer's highest annual salary within the immediately preceding three full fiscal years (\$395,000 for Mr. Boylan and \$360,000 for Mr. Rosa) plus the executive officer's highest total annual bonus paid within the immediately preceding three full fiscal years (\$160,000 for Mr. Boylan and \$276,000 for Mr. Rosa).

- (3) These amounts reflect an assumption that the officer will receive the maximum available disability payment.

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The following table summarizes compensation earned during the 2007 fiscal year by our non-employee directors:

Name (a)	Fees Earned or			Total (\$) (h)
	Paid in Cash (\$) (1) (b)	Stock Awards (\$) (2) (c)	Option Awards (\$) (d)	
James B. Bachmann	\$ 58,000	\$ 12,985	\$ 0	\$ 70,985
Neeli Bendapudi	\$ 41,500	\$ 12,985	\$ 0	\$ 54,485
Robert L. Fox	\$ 49,000	\$ 12,985	\$ 0	\$ 61,985
Robert S. Hamilton	\$ 55,000	\$ 12,985	\$ 0	\$ 67,985
Edward H. Jennings	\$ 58,000	\$ 12,985	\$ 0	\$ 70,985
Henry M. O Neill, Jr.	\$ 49,000	\$ 12,985	\$ 0	\$ 61,985
Zuheir Sofia	\$ 56,500	\$ 12,985	\$ 0	\$ 69,485

(1) The amounts shown in column (b) represent compensation amounts discussed in the narrative below.

(2) The amounts shown in column (c) do not reflect compensation actually received by the directors. These amounts are the amounts of compensation cost recognized in fiscal year 2007 for financial reporting purposes related to restricted stock awards in fiscal year 2007, excluding the effect of certain

forfeiture assumptions. See Notes 1 and 11 to our audited consolidated financial statements for the twelve months ended June 30, 2007 for details as to the assumptions used to determine the fair value of the restricted stock awards. The non-employee directors had restricted stock awards outstanding as of June 30, 2007 for the following number of shares:

Mr. Bachmann, 500;
Ms. Bendapudi, 500; Mr. Fox, 500;
Mr. Hamilton, 500; Mr. Jennings, 500;
Mr. O Neill, Jr., 500; and
Mr. Sofia, 500.

Each non-employee director received a grant of restricted shares as follows: 500 shares on November 20, 2006 under our 2005 Stock Plan. The

restricted shares
will vest on
November 20,
2007, and
vesting would
accelerate upon
a change in
control, death or
disability. The
grant fair value
of the stock
awards issued to
each
non-employee
director in fiscal
year 2007 was
\$21,350.

Our Compensation Committee reviews the level of compensation of our non-employee directors on an annual basis. We have historically obtained data from a number of different sources to determine the appropriateness of the current level of compensation for our non-employee directors, including:

Publicly available data describing director compensation at companies in our peer group;

Data collected by our corporate administration; and

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Information obtained directly from other companies.

In fiscal year 2007, we also requested competitive data from PM&P. We have not yet made any changes in our non-employee director compensation based upon specific recommendations from PM&P, but we may revisit these recommendations by the end of calendar 2007.

We compensate our non-employee directors through a mix of cash and, beginning in November 2006, equity-based compensation. Except as noted in the footnotes above, our non-employee directors received the following compensation for fiscal year 2007:

a quarterly retainer paid at an annual rate of \$28,000;

a \$1,500 fee for participation in each meeting of the Board of Directors or Committee of the Board of Directors;

an additional quarterly retainer paid at an annual rate of \$7,500 for the Chair of the Audit Committee for serving in that capacity; and

additional quarterly retainers paid at an annual rate of \$3,000 for the Chairs of the Compensation and Nominating and Governance Committees for serving in those respective capacities.

We also reimburse expenses incurred by our non-employee directors to attend Board and committee meetings. These compensation amounts are unchanged from the amounts we paid our non-employee directors for fiscal year 2006. Directors who are also our employees do not receive cash or equity compensation for services on our Board in addition to compensation payable for their services as employees.

Additionally, on November 20, 2006, each of our non-employee directors received a grant of 500 restricted shares pursuant to the terms of our 2005 Stock Plan. These restricted shares vest one year from the grant date, or earlier upon a change in control of the company, or the death or disability of the recipient. Dividends on the restricted shares are held in escrow until the shares vest. The Board will consider whether an additional equity grant should be made to our non-employee directors at its November 2007 meeting to be held on the same day as our next annual meeting of shareholders.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Fox, Hamilton, Jennings and O'Neill served on the Compensation Committee during fiscal 2007. Except for Mr. Fox, who was an employee of the Corporation more than 10 years ago, none of the members of the Compensation Committee during fiscal 2007 had at any time been an officer or employee of the Corporation or of any of its subsidiaries. None of the members of the Compensation Committee during fiscal 2007 had any related person transaction with the Corporation required to be disclosed under Item 404 of Regulation S-K. No executive officer of the Corporation served as a member of the compensation committee or board of directors of any other entity that had an executive officer serving as a member of the Corporation's Board or Compensation Committee during fiscal 2007 such that the service would constitute an interlock under Item 407(e)(4) of Regulation S-K.

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COMPENSATION COMMITTEE REPORT

The following report has been submitted by the Compensation Committee:

The Compensation Committee has reviewed and discussed the Corporation's Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Corporation's definitive proxy statement on Schedule 14A for the Annual Meeting, which is incorporated by reference in the Corporation's Annual Report on Form 10-K for the fiscal year ended June 30, 2007, each as filed with the SEC.

The foregoing report was submitted by the Compensation Committee and shall not be deemed to be soliciting material or to be filed with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Securities Exchange Act of 1934, as amended.

Respectfully submitted,

Edward H. Jennings, Chairperson
Robert L. Fox
Robert S. Hamilton
Henry M. O'Neill, Jr.

AUDIT COMMITTEE REPORT

The Audit Committee is comprised solely of nonemployee directors, each of whom has been determined by the Board of Directors to be independent under the requirements of The NASDAQ Stock Market LLC and SEC rules. In addition, the Board of Directors has determined that Mr. Bachmann is a financial expert as defined by SEC rules. The Audit Committee held seven meetings during fiscal 2007. The Audit Committee operates under a written charter, which is available on the corporate governance page of the Corporation's web site at www.lancastercolony.com and included as Appendix A to this Proxy Statement. Under the charter, the Audit Committee's responsibilities include:

Appointment and oversight of the independent auditor;

Approval of the fees and other compensation to be paid to the Corporation's independent auditor;

Pre-approval of all auditing services and permitted non-audit services by the Corporation's independent auditor;

Review of the Corporation's annual financial statements to be included in the Corporation's Annual Report on Form 10-K;

Oversight of the review and response to complaints made to the Corporation regarding accounting, internal accounting controls and auditing matters;

Oversight of the internal audit function; and

Review and approval of related party transactions.

Management is responsible for the Corporation's internal controls and preparing the Corporation's consolidated financial statements and a report on management's assessment of the effectiveness of internal control over financial reporting. The Corporation's independent registered public accounting firm, Deloitte & Touche LLP,

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is responsible for performing an independent audit of the consolidated financial statements and issuing a report thereon, as well as for auditing management's assessment of the effectiveness of internal control over financial reporting and also auditing the effectiveness of internal control over financial reporting and issuing a report thereon. Their audits are performed in accordance with the standards of the Public Company Accounting Oversight Board. The Audit Committee is responsible for overseeing the conduct of these activities and appointing the Corporation's independent registered public accounting firm. In performing its oversight function, the Audit Committee relies, without independent verification, on the information provided to it and on representations made by management and the independent registered public accounting firm.

In conducting its oversight function, the Audit Committee discusses with the Corporation's internal auditors and the Corporation's independent registered public accounting firm, with and without management present, the overall scope and plans for their respective audits. The Audit Committee also reviews the Corporation's programs and key initiatives to design, implement and maintain effective internal controls over financial reporting and disclosure controls. The Audit Committee has sole discretion, in its areas of responsibility and at the Corporation's expense, to engage independent advisors as it deems appropriate and to approve the fees and retention terms of such advisors.

The Audit Committee meets with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, the evaluations of the Corporation's internal controls and the overall quality of the Corporation's financial reporting. The Audit Committee has reviewed and discussed with management and Deloitte & Touche LLP the audited financial statements for the fiscal year ended June 30, 2007. The Audit Committee has also reviewed and discussed management's assessment of internal control over financial reporting with management and Deloitte & Touche LLP. The Audit Committee also reviewed and discussed with Deloitte & Touche LLP its reports (i) on the Corporation's annual financial statements, and (ii) that management's assessment that the Corporation maintained effective internal control over financial reporting as of June 30, 2007 was fairly stated and that the Corporation maintained, in all material respects, effective internal control over financial reporting as of June 30, 2007.

The Audit Committee reviewed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (*Communications with Audit Committees*). In addition, the Audit Committee discussed with Deloitte & Touche LLP their independence from management, and the Audit Committee has received from Deloitte & Touche LLP the written disclosures required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*).

Based on its review of the audited consolidated financial statements and discussions with management and Deloitte & Touche LLP referred to above, the Audit Committee recommended to the Board of Directors the inclusion of the audited financial statements for the fiscal year ended June 30, 2007 in the Corporation's Annual Report on Form 10-K for filing with the SEC.

Respectfully submitted,

James B. Bachmann, Chairperson
Robert S. Hamilton
Edward H. Jennings
Zuheir Sofia

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PROPOSAL NO. 2
RATIFICATION OF THE SELECTION OF THE
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP, an independent registered public accounting firm, has served as the Corporation's independent auditors since 1961 and audited the consolidated financial statements for the year ended June 30, 2007. The Audit Committee is directly responsible for the appointment of the Corporation's independent registered public accounting firm and has appointed Deloitte & Touche LLP to audit the Corporation's financial statements for the year ending June 30, 2008. Although it is not required to do so, the Audit Committee has determined to submit its selection of the independent registered public accounting firm to the Corporation's shareholders for ratification of its action as a matter of good corporate governance. In the event that Deloitte & Touche LLP is not ratified by the holders of a majority of the shares represented at the Annual Meeting, the Audit Committee will evaluate such shareholder vote when considering the selection of an independent registered public accounting firm to serve as the Corporation's auditors for the 2009 fiscal year.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Board of Directors recommends a vote FOR the ratification of Deloitte & Touche LLP as the Corporation's independent registered public accounting firm for the year ending June 30, 2008 by executing and returning the ENCLOSED WHITE PROXY CARD.

AUDIT AND RELATED FEES

The following table recaps Deloitte & Touche LLP fees pertaining to the fiscal years ended June 30, 2007 and 2006:

	2007	2006
Audit Fees	\$2,001,000	\$1,983,000
Audit-Related Fees		
Tax Fees		
All Other Fees		
Total Fees	\$2,001,000	\$1,983,000

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The Audit Committee considers whether the provision of non-audit services, if any, are compatible with maintaining the independence of Deloitte & Touche LLP. The Audit Committee's pre-approval policies and procedures for non-audit services are described in the Statement of Policy of the Audit Committee of Lancaster Colony Corporation Pre-Approval of Engagements With the Independent Registered Public Accounting Firm for Non-Audit Services, attached as Appendix A to the Corporation's Audit Committee charter, which itself is attached to this Proxy Statement as Appendix A. For the fiscal year ended June 30, 2007, all of the services described above were pre-approved by the Audit Committee.

PROPOSAL NO. 3

APPROVE AN AMENDMENT TO THE CODE OF REGULATIONS

The Board of Directors has considered and recommends that the shareholders approve an amendment and restatement of the first sentence of Section 6.01 of the Corporation's Code of Regulations to add language relating to a new requirement of NASDAQ that will become effective January 1, 2008 concerning uncertificated shares. The Board believes that the amendment is necessary to make it clear that the Corporation may provide for uncertificated shares in conformity with the new NASDAQ requirement regarding direct registration program eligibility.

As of January 1, 2008, NASDAQ is requiring that listed companies allow for uncertificated shares in order to be eligible for a direct registration program. A direct registration program permits share ownership to be recorded and maintained on the books of a company or its transfer agent without the issuance of a physical stock certificate. The Corporation is not participating in a direct registration program or eliminating physical stock certificates. However, the new NASDAQ rule requires the Corporation's Common Stock be eligible for such a program. The existing Code of Regulations does not specifically provide for uncertificated shares, although uncertificated shares are allowed under Ohio law. The Board of Directors therefore recommends that the Corporation's shareholders adopt an amendment to the Corporation's Code of Regulations that will amend and restate in its entirety the first sentence of Section 6.01 of the Corporation's Code of Regulations as follows in this excerpt (marked to show the proposed changes as compared to the currently-existing first sentence):

SECTION 6.01. STOCK CERTIFICATES. ~~The shares~~ **Shares** of stock ~~of in the Corporation shall be represented by~~ **may be certificated or uncertificated as provided by the Ohio general corporation law, provided that every holder of stock in the Corporation shall be entitled to** certificates signed by the President or a Vice President and by a second officer who may be the Treasurer, an Assistant Treasurer, the Secretary, or an Assistant Secretary of the Corporation, certifying the number of shares evidenced thereby.

The following version of the first sentence of Section 6.01 of the Corporation's Code of Regulations indicates how the first sentence will appear after the changes are made by the proposed amendment:

SECTION 6.01**STOCK CERTIFICATES.** Shares of stock in the Corporation may be certificated or uncertificated as provided by the Ohio general corporation law, provided that every holder of stock in the Corporation shall be entitled to certificates signed by the President or a Vice President and by a second officer who may be the Treasurer, an Assistant Treasurer, the Secretary, or an Assistant Secretary of the Corporation, certifying the number of shares evidenced thereby.

The proposed amendment makes it clear that the Corporation may issue uncertificated shares as

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provided by Ohio law. Shareholders will be entitled to hold their shares in certificated form if they prefer.

The Board of Directors recommends a vote FOR approval of the proposed amendment to the Corporation's Code of Regulations relating to a new requirement of NASDAQ regarding uncertificated shares by executing and returning the ENCLOSED WHITE PROXY CARD.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Corporation contracts with John Gerlach & Company, an accounting partnership, to provide certain internal auditing, general accounting and tax services of a type generally available from an independent accounting firm. A brother-in-law of the Corporation's Chief Executive Officer, Mr. T. J. Conger, is a partner with John Gerlach & Company. The fees paid to John Gerlach & Company for its services are determined based on the hours of work performed and are reviewed by the Audit Committee. The fees incurred for services rendered for the fiscal year ended June 30, 2007 were \$314,000.

The Corporation's Audit Committee reviews and approves or ratifies any transaction between the Corporation and a related person (as that term is defined under Item 404 of Regulation S-K) that is required to be disclosed under the SEC's related person transaction rules. In general, the Audit Committee charter provides that, when reviewing related person transactions, the Audit Committee will consider the following:

the nature of the related person's interest in the transaction;

the material terms of the transaction;

the significance of the transaction to the related person;

the significance of the transaction to the Corporation;

whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the Corporation; and

any other matters the Audit Committee deems appropriate.

In the event of any conflict between this related persons transaction policy and any similar policies contained in the Corporation's Code of Business Ethics, Standards of Conduct or other corporate governance documents, the terms of the related persons transaction policy will control. This related persons transaction policy is contained in the Audit Committee charter, a copy of which is attached to this Proxy Statement as Appendix A and is posted on the corporate governance page of the Corporation's web site at www.lancastercolony.com.

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SHAREHOLDER PROPOSALS

Shareholder proposals intended to be included in the Proxy Statement for the 2008 Annual Meeting of Shareholders must be received by the Corporation at its principal executive offices no later than June 21, 2008. In addition, shareholder proposals will be considered untimely under the advance notice provision of the Corporation's Code of Regulations if received by the Secretary of the Corporation less than 30 days prior to the date fixed for the 2008 Annual Meeting of Shareholders. In addition, if a shareholder fails to provide the Corporation notice of any shareholder proposal on or before September 4, 2008, then the Corporation may vote in its discretion as to the proposal all of the shares for which it has received proxies for the 2008 Annual Meeting of Shareholders.

OTHER MATTERS

As of the date of this Proxy Statement, the Board of Directors knows of no other business that will come before the Annual Meeting. Should any other matter requiring the vote of the shareholders arise, the enclosed proxy confers upon the proxy holders discretionary authority to vote the same in respect to the resolution of such other matters as they, in their best judgment, believe to be in the interest of the Corporation.

By Order of the Board of Directors,

John B. Gerlach, Jr.
*Chairman of the Board,
Chief Executive Officer
and President*

October 17, 2007

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APPENDIX A

LANCASTER COLONY CORPORATION
Charter of the Audit Committee of the Board of Directors

I. Structure of Committee

This charter governs the operation of the Audit Committee (the Committee). The Committee shall review and reassess the adequacy of this charter at least annually and obtain the approval of the Board of Directors for any proposed changes to the charter. The charter shall be included as an appendix to the Company's proxy statement at least once every three years. The Committee and its Chair shall be appointed by the Board of Directors, to serve at the discretion of the Board, and shall be comprised of at least three Directors, each of whom meets the independence requirements set forth in applicable rules of the Securities and Exchange Commission (SEC) and The Nasdaq Stock Market, Inc. (Nasdaq). All Committee members shall be financially literate (as more fully defined in Nasdaq rules) and at least one member shall be an audit committee financial expert as that term is defined by applicable rules of the SEC. Additionally, at least one member of the Committee will have accounting or related financial management expertise sufficient to meet the criteria of a financial expert within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002.

The Committee and its members shall have unrestricted access to management. The Committee may, in its discretion, delegate authority with respect to specific matters to one or more members, provided that all decisions made in accordance with such delegated authority shall be presented to the full Committee at its next scheduled meeting.

II. Meetings

The Committee shall meet as often as deemed necessary and may have in attendance at its meetings such members of management (including internal auditors), the independent registered public accounting firm and such other advisors, accountants or consultants as it deems necessary or desirable to carry out its oversight duties and responsibilities. Electronic participation in meetings is acceptable if effected in compliance with the Company's Code of Regulations.

The Committee shall meet at least annually with senior and financial management and representatives of the independent registered public accounting firm in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately.

III. Audit Committee Purposes

The function of the Committee is to assist the Board of Directors of the Company in fulfilling its oversight responsibilities relating to:

- the quality and integrity of the Company's financial statements and related disclosure matters;
- the Company's system of internal controls regarding financial and accounting compliance;
- the qualifications, independence and performance of the Company's independent registered public accounting firm;

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the review of and response to complaints made to the Company or to the Committee regarding accounting, internal accounting controls and auditing matters and the establishment of procedures to permit delivery to the Committee of confidential and anonymous complaints from employees and others regarding such matters; and

the Company's compliance with other requirements imposed by the SEC or Nasdaq relating to auditing and internal financial and accounting matters and other matters for which it is assigned responsibility.

The Committee's role in carrying out its function is one of oversight. It is the responsibility of the Company's management to implement the matters described above, including the duty to plan and conduct audits and to prepare consolidated financial statements in accordance with generally accepted accounting principles (GAAP) and it is the responsibility of the Company's independent registered public accounting firm to audit those financial statements. Each member of the Committee, in exercising his or her business judgment, shall be entitled to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives information and on the accuracy of the financial and other information provided to the Committee by such persons or organizations unless he or she has reason to inquire further. The Committee shall not undertake to provide any expert or other special assurance as to the content of the Company's financial statements or any expert or professional certification as to the work of the Company's independent registered public accounting firm.

IV. Committee Authority and Responsibilities

The Committee shall perform the following functions and may carry out additional functions and adopt additional policies and procedures in furtherance of the purposes of the Committee outlined in Section III of this charter as may be appropriate in light of changing conditions or regulations or as may be delegated to the Committee by the Board of Directors from time to time.

Appointment and Oversight of Independent Registered Public Accounting Firm and Other Advisors

Have the sole authority to appoint, oversee, evaluate and, where appropriate, replace the independent registered public accounting firm, who shall report directly to and be accountable to the Committee.

Have sole discretion and authority, in its areas of responsibility, to retain at Company expense and to terminate independent counsel or other advisors, and to approve the fees and retention terms for such advisors, if it shall determine the services of such advisors to be necessary or appropriate.

Be directly responsible for approving, and for determining the appropriate funding to be provided by the Company for payment of:

the fees and other compensation to be paid to the independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services or related work for the Company and for oversight of their work;

compensation to independent counsel or any other advisors employed by the Committee; and

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ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent registered public accounting firm. The Committee may delegate to one or more Committee members the authority to pre-approve non-audit services to be performed by the independent registered public accounting firm provided that such pre-approvals shall be reported to the full Committee at its next meeting.

Attached hereto as Appendix A are the Committee's policies for pre-approval of non-audit services.

Review reports from the independent registered public accounting firm regarding:

all critical accounting policies and practices to be used;

alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of their use and the treatment preferred by the independent registered public accounting firm; and

other material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.

On an annual basis, obtain, review and discuss a report by the independent registered public accounting firm describing:

the firm's internal quality control procedures; and

any material issues raised by the most recent internal quality review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

On an annual basis, review and discuss with representatives of the independent registered public accounting firm all significant relationships the independent registered public accounting firm has had with the Company during the preceding 12 months in order to determine the firm's continued independence. Also on an annual basis the Committee shall ensure the receipt from the independent registered public accounting firm of a formal written statement delineating all relationships between the independent registered public accounting firm and the Company consistent with Independent Standards Board Standard No. 1.

Monitor the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit, in each case at least once every five years (or more frequently, if required by law or regulation).

Direct the Company to pay the amounts determined by the Committee to be paid as fees or other compensation to the independent registered public accounting firm for the purpose of preparing or issuing an audit report and as compensation to any advisers employed by the Committee.

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Review of Financial Documents and Reports

Review the Company's annual financial statements and any reports or other financial information prepared by management and the independent registered public accounting firm, including the Company's specific disclosures under Management's Discussion and Analysis of Financial Conditions and Results of Operations. If deemed appropriate after such review, the Committee shall recommend to the Board of Directors that the financial statements be included in the Company's Form 10-K filing.

Review and discuss with the independent registered public accounting firm and management the Company's interim quarterly financial results prior to the release of earnings and prior to the filing of the Company's Form 10-Q. The Chair of the Committee may represent the entire Audit Committee for purposes of these reviews and such reviews may be conducted telephonically or in person.

Review with financial management and the independent registered public accounting firm those communications required to be communicated by the independent registered public accounting firm by Statement on Auditing Standards (SAS) 61 as amended by SAS 90 relating to the conduct of the audit, as well as any significant audit problems or difficulties and management's response, including:

- any restriction on audit scope or on access to requested information;
- any disagreements with management; and
- significant issues discussed with the independent registered public accounting firm's national office.

Prepare the following:

the Audit Committee Report required by the rules of the SEC to be included in the Company's annual proxy statement and

any disclosure required to be included in the Company's public filings if the Committee approves the performance of any non-audit services by the independent registered public accounting firm.

Oversight of Internal Audit Function

Review and discuss the annual internal audit plan, and the budget and staffing of the internal audit function.

Review significant reports prepared by the internal auditors together with management's response and follow-up to these reports.

Review management's assessment of the Company's internal controls, its evaluation of the adequacy of the Company's internal controls and discuss the results of such evaluation with the independent registered public accounting firm and the internal auditors.

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Review with management the Company's major financial risk exposures and the steps taken by management to monitor, mitigate and control such exposures.

Review of Related Person Transactions

Review and approve or ratify any transaction between the Company and a related person (as such term is defined under Item 404 of Regulation S-K) that is required to be disclosed under the rules of the SEC, and in so doing, consider:

the nature of the related person's interest in the transaction;

the material terms of the transaction;

the significance of the transaction to the related person;

the significance of the transaction to the Company;

whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the Company; and

any other matters the Committee deems appropriate.

In the event of any conflict between this Related Persons transaction policy and any similar policies contained in the Company's Code of Business Ethics, Standards of Conduct or other corporate governance documents, the terms of the foregoing policy shall control.

Other Committee Responsibilities

Monitor the Company's compliance processes, including compliance with the Company's Code of Business Ethics and any related corporate policies and review with the appropriate officers and/or staff of the Company and the Company's counsel, as necessary, the adequacy and effectiveness of the Company's procedures to ensure compliance with legal and regulatory requirements.

Monitor the Company's compliance with applicable rules and regulations regarding the hiring of employees or former employees of the independent registered public accounting firm.

Maintain minutes of meetings and periodically report to the Board of Directors on significant matters relating to the discharge by the Committee of its responsibilities.

At least annually, evaluate its performance against the requirements of this charter and review such evaluation with the Board of Directors.

Perform any other activities consistent with this charter, the Company's by-laws, and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

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APPENDIX A
STATEMENT OF POLICY
OF THE
AUDIT COMMITTEE OF
LANCASTER COLONY CORPORATION
PRE-APPROVAL OF ENGAGEMENTS WITH THE INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM FOR NON-AUDIT SERVICES

The Sarbanes-Oxley Act of 2002 (the Act) vests the Committee with the responsibility to appoint and to oversee the work of the independent registered public accounting firm of the Company. Under the Act and SEC Rules that the SEC has issued pursuant to the Act, that responsibility includes in particular the requirement that the Committee review and pre-approve all audit and non-audit services performed by the independent registered public accounting firm. In exercising that responsibility with respect to proposed engagements for non-audit services, it is the policy of the Committee to give paramount consideration to the question of whether the engagement of the independent registered public accounting firm to perform those services is likely to create a risk that the independent registered public accounting firm's independence may be compromised. To that end, the Committee will endeavor to exercise its discretion in a manner that will minimize the risk of compromising the independence of the independent registered public accounting firm.

In making this determination, the Committee is mindful of the guidance provided by the SEC: The Commission's principles of independence with respect to services provided by auditors are largely predicated on three basic principles, violations of which would impair the auditor's independence: (1) an auditor cannot function in the role of management, (2) an auditor cannot audit his or her own work, and (3) an auditor cannot serve in an advocacy role for his or her client. Thus, in evaluating whether a proposed engagement presents a risk of compromising the independence of the independent registered public accounting firm, the factors that the Committee will typically consider will include whether the service in question is likely to cause the independent registered public accounting firm to function in a management role, to be put in the position of auditing its own work, or to serve in an advocacy role for the Company. In addition, the Committee believes that the risk of such compromise may increase in direct proportion to the volume of non-audit services performed by the independent registered public accounting firm. Accordingly, it is the policy of the Committee that, in the absence of very strong countervailing considerations, the total amount of fees payable to the independent registered public accounting firm on account of non-audit services with respect to any fiscal year should not exceed the total amount of audit fees plus audit-related fees (as both such terms are used in the SEC Rules) plus tax-compliance/return-preparation services payable to the independent registered public accounting firm with respect to such year. Solely for purposes of the preceding sentence, amounts payable with respect to audit-related services and tax-compliance/return-preparation services will not be considered fees payable on account of non-

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audit services. This policy is adopted with the intent to maintain Committee flexibility in circumstances under which the proposed engagement is likely to provide the Company with benefits that substantially outweigh the risk to independence. In order to assist the Committee in applying this policy, any officer or other employee of the Company who proposes to engage the independent registered public accounting firm to perform non-audit services will be expected to submit such a proposal in writing to the Committee accompanied by the following supporting materials:

1. A detailed description of each service proposed to be provided by the independent registered public accounting firm.
2. A description of the extent, if any, to which the non-audit services in question are likely to cause the independent registered public accounting firm to function in the role of management, to recommend actions by the Company that the independent registered public accounting firm may be called upon to review in its role as the Company's independent registered public accounting firm, or to serve as an advocate for the Company.
3. A description of the qualifications of the independent registered public accounting firm that demonstrate its capability to perform each of the non-audit services in question.
4. The name or names of service-providers who were considered as alternatives to the independent registered public accounting firm to perform the services in question, and a description of the qualifications of each such alternative service-provider relating to its capability to perform the services in question.
5. A detailed explanation of the benefits that the Company is expected to enjoy as a result of engaging the independent registered public accounting firm, rather than an alternative service-provider, to perform the non-audit service in question.
6. An estimate of the amount of fees that the independent registered public accounting firm is likely to be paid for performance of the non-audit services in question.

The Committee will typically be inclined to approve requests to engage the independent registered public accounting firm to provide those types of non-audit services that are closely related to the audit services performed by the independent registered public accounting firm, such as audit-related services, tax-compliance/return preparation services, and due diligence services relating to transactions that the Company may be considering from time to time. Because such non-audit services bear a close relationship to the audit services provided by the independent registered public accounting firm, the Committee believes that they will not ordinarily present a material risk of compromising the independent registered public accounting firm's independence, subject to the Committee's policy concerning the total amount payable to the independent registered public accounting firm for non-audit services with respect to any fiscal year.

Between meetings of the Committee, any two Committee members are authorized to concurrently and jointly review and, where consistent with this policy, to pre-approve non-audit services proposed to be performed by the independent registered public accounting firm that are budgeted for fees of Fifty Thousand Dollars (\$50,000) or less. Any such pre-approval decisions shall be reported to the Committee as soon as practicable and in any event at its next meeting.

Under no circumstances will the Audit Committee approve the engagement of the independent registered public accounting firm for the performance of services that are prohibited by section 201(a) of the Act (15

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U.S.C. §78j-1(g)), or by §210.2-01(4) of the SEC Rules (17 CFR Part 210.2-01(c)(4)). Such prohibited services include the following:

1. Bookkeeping or other services related to the accounting records or financial statements of the Company, unless the results of those services will not be subject to audit procedures during an audit of the Company's financial statements;
2. Services relating to the design or implementation of financial information systems, unless the results of such services will not be subject to audit procedures during an audit of the Company's financial statements;
3. Services relating to appraisals or valuations, fairness opinions, or contribution-in-kind reports, unless the results of such services will not be subject to audit procedures during an audit of the Company's financial statements;
4. Any actuarially-oriented services (other than assisting the Company in understanding the methods, models, assumptions, and inputs used in computing an amount), unless the results of those services will not be subject to audit procedures during an audit of the Company's financial statements;
5. Internal audit outsourcing services relating to the Company's internal accounting controls, financial systems, or financial statements, unless the results of such services will not be subject to audit procedures during an audit of the Company's financial statements;
6. Any management functions, whether or not temporary, including any decision-making, supervisory, or ongoing monitoring function for the Company;
7. Any services relating to human resources of the Company, including searching for, testing, investigating, negotiating, or providing recommendations or advice with respect to human resources or prospective human resources;
8. Any services relating to acting as a broker-dealer, promoter, or underwriter for the Company, including providing advice, exercising discretionary authority, or assuming custodial responsibility with respect to investment decisions or assets of the Company;
9. Any service that can be provided only by a person licensed, admitted, or otherwise qualified to practice law in the jurisdiction in which the service is to be rendered;
10. Providing an expert opinion or other expert service for the Company, or for the Company's legal representative, for the purpose of advocating the Company's interests in litigation or in a regulatory or administrative proceeding or investigation, except for factual accounts or testimony explaining work that the independent registered public accounting firm has performed, positions that the independent registered public accounting firm has taken, or conclusions that the independent registered public accounting firm has reached during the performance of any permitted service for the Company; and
11. Any other service determined to be impermissible by SEC rules, the Public Company Accounting Oversight Board and the regulations adopted from time to time thereby, or any other applicable law, rule or regulation.

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YOUR VOTE IS IMPORTANT Please complete, date, sign and mail your proxy card in the envelope provided as soon as possible. TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE LANCASTER COLONY CORPORATION 37 West Broad Street, Columbus, Ohio 43215 THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF LANCASTER COLONY CORPORATION Notice of the 2007 Annual Meeting of Shareholders to be held on November 19, 2007 The undersigned hereby appoints John B. Gerlach, Jr., John L. Boylan and David M. Segal, or any of them separately, as proxies of the undersigned, each with the power of substitution, and hereby authorizes them to represent and to vote, as designated herein, all the shares of common stock of Lancaster Colony Corporation held of record by the undersigned at the close of business on September 21, 2007 that the undersigned would be entitled to vote, and to exercise all of the powers that the undersigned would be entitled to exercise as a shareholder, if personally present, at the Annual Meeting of Shareholders to be held in the Lilac Room at The Hilton Columbus at Easton, 3900 Chagrin Drive, Columbus, Ohio 43219 at 11:00 a.m., Eastern Standard Time, on November 19, 2007, or at any and all adjournments or postponements of the Annual Meeting of Shareholders. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER(S). IF NO DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED FOR EACH OF THE DIRECTOR NOMINEES NAMED HEREIN AND FOR PROPOSALS 2 AND 3. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO TAKE ACTION AND VOTE IN ACCORDANCE WITH THEIR JUDGMENT UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING, OR AT ANY AND ALL ADJOURNMENTS OR POSTPONEMENTS OF THE ANNUAL MEETING. YOUR VOTE IS IMPORTANT. WE WOULD APPRECIATE YOUR PROMPTLY VOTING, SIGNING, DATING AND RETURNING THE ENCLOSED WHITE PROXY CARD USING THE ENCLOSED ENVELOPE. PLEASE VOTE, SIGN AND DATE ON THE REVERSE SIDE

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DETACH BELOW AND RETURN USING THE ENVELOPE PROVIDED Please mark [X] votes as in this example. **Proposals - THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF PROPOSALS 1, 2 AND 3.** 1. To elect three directors, each for a term that 2. To ratify the selection of Deloitte & Touche expires in 2010: LLP as the Corporation's independent registered public accounting firm for the year 01 John L. Boylan ending June 30, 2008: 02 Henry M. O'Neill, Jr. 03 Zuheir Sofia **FOR AGAINST ABSTAIN** [] [] [] [] Mark here to vote FOR all nominees. 3. To approve a proposed amendment to the [] Mark here to WITHHOLD vote from Corporation's Code of Regulations to all nominees. conform with a new requirement of The NASDAQ Stock Market LCC regarding [] Mark here to vote FOR ALL nominees uncertificated shares: EXCEPT (to withhold a vote for one or more of the nominees listed above, mark **FOR AGAINST ABSTAIN** the box to the left and write the name(s) [] [] [] of the nominees for whom you want to withhold a vote in the space provided 4. To transact such other business as may here): properly come before the Annual Meeting or any adjournments or postponements of the ___Annual Meeting. ___Authorized Signatures - This section must be completed for your vote to be counted - Date and sign below. Dated: ___, 2007 ___Signature ___ Signature if held jointly Please sign exactly as name(s) appear hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title. If a corporation, please sign in full corporate name and indicate the signer's office. If a partnership, sign in the partnership name.

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October 17, 2007

Dear Lancaster Colony Corporation Employee Stock Ownership Plan Participant:

Pursuant to Section 5.9 of the Lancaster Colony Corporation Employee Stock Ownership Plan and Trust Agreement (the Plan), you are entitled to instruct Huntington Trust Company, N.A., as trustee under the Plan (the Trustee), as to the manner in which the Lancaster Colony Corporation shares of stock allocated to your individual account under the Plan are to be voted as well as a pro-rata portion (in the proportion that the number of shares allocated to your account under the Plan bears to the total number of shares in the Plan) of the shares allocated to other participants' accounts under the Plan who do not provide instructions to the Trustee (uninstructed shares). The Annual Meeting of Shareholders of Lancaster Colony Corporation will be held on November 19, 2007 (see enclosed Notice of Annual Meeting of Shareholders). The matters which are anticipated to come before the shareholders and require shareholder action are set forth in the enclosed Proxy Statement. **The Board of Directors of Lancaster Colony Corporation recommends that you vote in favor of proposals 1, 2 and 3.** Consequently, please indicate your confidential voting instructions to the Trustee for the:

1. Election of Directors

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares **FOR** all Nominees listed under the section titled Proposal No. 1 Nomination and Election of Directors Nominees for Term to Expire in 2010 of the Proxy Statement, enclosed.

OR:

___ **WITHHOLD VOTE OF ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares **FROM** all Nominees listed under the section titled Proposal No. 1 Nomination and Election of Directors Nominees for Term to Expire in 2010 of the Proxy Statement, enclosed.

OR:

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares **FOR** all Nominees listed under the section titled Proposal No. 1 Nomination and Election of Directors Nominees for Term to Expire in 2010 of the Proxy Statement, enclosed **EXCEPT WITHHOLD VOTE** from the following nominee(s):

2. Ratification of Selection of Independent Registered Public Accounting Firm

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares **FOR** the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending June 30, 2008.

OR:

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares **AGAINST** the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending June 30, 2008.

OR:

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares to **ABSTAIN** in connection with the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending June 30, 2008.

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3. **Amendment to Code of Regulations Regarding Uncertificated Shares**

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares **FOR** the approval of a proposed amendment to Lancaster Colony Corporation's Code of Regulations to conform with a new requirement of The NASDAQ Stock Market LLC regarding uncertificated shares.

OR:

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares **AGAINST** the approval of a proposed amendment to Lancaster Colony Corporation's Code of Regulations to conform with a new requirement of The NASDAQ Stock Market LLC regarding uncertificated shares.

OR:

___ **VOTE ALL SHARES** of Lancaster Colony Corporation stock allocated to your individual account under the Plan together with a pro-rata portion of uninstructed shares to **ABSTAIN** in connection with the approval of a proposed amendment to Lancaster Colony Corporation's Code of Regulations to conform with a new requirement of The NASDAQ Stock Market LLC regarding uncertificated shares.

Please check only one of the above for each matter to be voted upon, and then sign and return this form to the Trustee in the enclosed postage prepaid envelope.

NOTE: If no instructions are received from you by the Trustee by November 13, 2007, all such Lancaster Colony Corporation shares shall be voted by the Trustee as described in the first paragraph of this form.

Very truly yours,

Lancaster Colony Corporation
Employee Stock Ownership Plan Committee

Date
Enclosures

Participant's Signature

Print Name