

LANCASTER COLONY CORP
Form DEF 14A
October 14, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

LANCASTER COLONY CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

37 West Broad Street

Columbus, Ohio 43215

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held On November 21, 2011

The Annual Meeting of Shareholders (the Annual Meeting) of Lancaster Colony Corporation (the Corporation) will be held at 11:00 a.m., Eastern Standard Time, on November 21, 2011, in the Lilac meeting room at The Hilton Columbus at Easton, 3900 Chagrin Drive, Columbus, Ohio 43219.

The meeting will be held for the following purposes:

1. To elect three directors, each for a term that expires in 2014;
2. To approve, by non-binding vote, the compensation of the Corporation s named executive officers;
3. To recommend, by non-binding vote, the frequency of future non-binding votes on the compensation of the Corporation s named executive officers;
4. To ratify the selection of Deloitte & Touche LLP as the Corporation s independent registered public accounting firm for the year ending June 30, 2012; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

By action of the Board of Directors, only persons who are holders of record of shares of the Corporation at the close of business on September 23, 2011 will be entitled to notice of and to vote at the Annual Meeting.

If you do not expect to attend the Annual Meeting, please sign, date and return the enclosed proxy card, which is being solicited by the Corporation s Board of Directors. A self-addressed envelope which requires no postage is enclosed for your convenience in returning the proxy. Its prompt return would be appreciated. Alternatively, internet voting is available, as described in the proxy voting instructions on your proxy card. The giving of the proxy will not affect your right to vote in person should you find it convenient to attend the Annual Meeting. If you are the beneficial owner of shares held in street name by a broker, bank or other nominee, the broker, bank or nominee, as the record holder of the shares, should have enclosed a voting instruction card for you to use in directing it on how to vote your shares.

John B. Gerlach, Jr.
Chairman of the Board,

Chief Executive Officer

and President

October 14, 2011

LANCASTER COLONY CORPORATION

37 West Broad Street

Columbus, Ohio 43215

PROXY STATEMENT

General Information

This Proxy Statement is furnished to the shareholders of Lancaster Colony Corporation (the Corporation) in connection with the solicitation by the Board of Directors of the Corporation (the Board) of proxies to be used in voting at the Annual Meeting of Shareholders to be held November 21, 2011, in the Lilac meeting room at The Hilton Columbus at Easton, 3900 Chagrin Drive, Columbus, Ohio 43219, at 11:00 a.m., Eastern Standard Time (the Annual Meeting). The enclosed proxy card, if completed and forwarded to the Corporation prior to the Annual Meeting, will be voted in accordance with the instructions contained therein. The proposals referred to on the enclosed proxy card are described in this Proxy Statement. This Proxy Statement and enclosed proxy card are first being mailed to shareholders on or about October 14, 2011.

A proxy may be revoked by the person giving it any time before it is exercised. Such revocation, to be effective, must be communicated to the Secretary or Assistant Secretary of the Corporation prior to the Annual Meeting. The presence of a shareholder at the Annual Meeting will not revoke his or her proxy unless specific notice thereof is given to the Secretary or Assistant Secretary of the Corporation.

The Corporation will bear the cost of solicitation of proxies, including any charges and expenses of brokerage firms and others for forwarding solicitation material to the beneficial owners of the Corporation's shares. Proxies may be solicited by personal interview, mail, telephone and electronic communications through the efforts of officers and regular employees of the Corporation.

The Board has fixed the close of business on September 23, 2011 as the record date for the determination of shareholders entitled to receive notice and to vote at the Annual Meeting or any adjournments or postponements thereof. At September 23, 2011, the Corporation had outstanding and entitled to vote 27,255,470 shares of Common Stock, without par value (Common Stock), with each share of Common Stock entitling its holder to one vote. The Corporation has no other class of stock outstanding.

The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock of the Corporation is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Proxies reflecting abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Broker non-votes occur when brokers, who hold their customers' shares in street name, sign and submit proxies for those shares but fail to vote those shares on some matters.

If you are the beneficial owner of shares held in street name by a broker, bank or other nominee, the broker, bank or nominee, as the record holder of the shares, should have enclosed a voting instruction card for you to use in directing it on how to vote your shares.

Voting Requirements

The following are the voting requirements for the items of business listed on the Notice of Annual Meeting of Shareholders that are expected to be conducted at the Annual Meeting, along with an explanation of how broker non-votes and abstentions will be treated for purposes of each proposal:

1. Proposal One: The election of the director nominees requires the favorable vote of a plurality of all votes cast by the holders of the Common Stock at a meeting at which a quorum is present. Broker non-votes and proxies marked Withhold will not be counted toward the election of directors or toward the election of individual nominees specified in the form of proxy and, thus, will have no effect on the outcome of this proposal.
2. Proposal Two: The non-binding approval of the compensation of our named executive officers requires the favorable vote of a plurality of all votes cast by the holders of the Common Stock at a meeting at

which a quorum is present. Broker non-votes and abstentions will have no effect on the outcome of this proposal.

3. Proposal Three: The non-binding shareholder recommendation on the frequency of future votes on the compensation of our named executive officers requires the favorable vote of a plurality of all votes cast by the holders of the Common Stock at a meeting at which a quorum is present. The frequency (every year, every two years or every three years) that receives a plurality of all votes cast by the holders of the Common Stock at a meeting at which a quorum is present will be considered the frequency recommended by the shareholders. Broker non-votes and abstentions will have no effect on the outcome of this proposal.

4. Proposal Four: The ratification of the Corporation's independent registered public accounting firm for the year ending June 30, 2012 also requires the favorable vote of a plurality of all votes cast by the holders of the Common Stock at a meeting at which a quorum is present. Broker non-votes and abstentions will have no effect on the outcome of this proposal.

PROPOSAL ONE

NOMINATION AND ELECTION OF DIRECTORS

The Board currently consists of nine members and is divided into three classes of three members each. The members of the three classes are elected to serve for staggered terms of three years.

The names and ages of the Corporation's nominees for director and continuing directors; their principal occupations during the past five years; their specific experiences, qualifications, attributes or skills that qualify them to serve as directors; and certain other information are listed below. Each of the nominees is a director standing for re-election. Each nominee has consented to stand for election for a term expiring at the Corporation's 2014 Annual Meeting of Shareholders. In the event that any of the nominees becomes unavailable to serve as a director before the Annual Meeting, the Board will designate a new nominee and the persons named as proxies will vote for that substitute nominee.

The Board of Directors recommends a vote FOR the election of each of the nominees listed below by executing and returning the enclosed proxy card.

Nominees for Term to Expire in 2014

Name	Principal Occupation	Age	Director Since
Robert L. Fox	Financial Adviser for Wells Fargo Advisors, a stock brokerage firm, since July 2008; Financial Adviser for A.G. Edwards & Sons, Inc., a stock brokerage firm, from 2005 to July 2008; and Financial Adviser for Advest, Inc., a stock brokerage firm, from 1978 to 2005 Mr. Fox has over 30 years of experience in the securities industry analyzing and evaluating the financial, operational and managerial capabilities of public companies. Mr. Fox's experience brings an investor's perspective of the Corporation to the Board. As a member of the Board for 20 years, Mr. Fox has gained an extensive knowledge of our business, our history and the markets we serve.	62	1991
John B. Gerlach, Jr.	Chairman of the Board, Chief Executive Officer and President of the Corporation since 1997 Mr. Gerlach brings significant leadership and operational management experience to the Board. Mr. Gerlach has demonstrated strong executive leadership skills through over 20 years of executive officer service with the Corporation, including over 13 years as Chief Executive Officer. Mr. Gerlach is the Corporation's longest serving director. This experience, combined with his service on the board of Huntington Bancshares Incorporated and numerous non-profit organizations, provides Mr. Gerlach with vast board level leadership capabilities.	57	1985

Name	Principal Occupation	Age	Director Since
Edward H. Jennings	Retired since 2002; President Emeritus of The Ohio State University since 1990; Interim President of The Ohio State University from July 1, 2002 to September 30, 2002; and Professor of Finance at The Ohio State University from 1990 to 2002. Mr. Jennings is also a director of Clean Coal Technologies Inc. and a former director of Freedom Bank As President of The Ohio State University for nine years, Mr. Jennings was the chief executive of one of the nation's largest universities. This experience has enabled Mr. Jennings to understand the operations and issues encountered in a large organization. Further, Mr. Jennings background as a Professor of Finance provides expertise for the financial oversight of the Corporation.	74	1990

Continuing Directors

Name	Principal Occupation	Age	Term Expires	Director Since
James B. Bachmann	Retired since 2003; and Managing Partner of the Columbus, Ohio office of Ernst & Young LLP, a registered independent public accounting firm, from 1992 to 2003 Mr. Bachmann's significant public company accounting and financial experience has been immensely valuable to the Corporation and to the Audit Committee. He is also a director of Abercrombie & Fitch Co. and chair of its audit committee, providing additional experience overseeing the issues that face public companies operating in retail markets.	68	2012	2003
Neeli Bendapudi	Dean, School of Business, University of Kansas since August 1, 2011; Professor/Associate Professor of Marketing at The Ohio State University from 1996 to 2007 and from October 2008 to July 2011; and Executive Vice President and Chief Customer Officer of Huntington National Bank from April 2007 until October 2008 Ms. Bendapudi's extensive knowledge of marketing, brand strategies and consumer behavior provides considerable benefit in the Board's oversight of our retail marketing strategies in the Specialty Foods and Glassware and Candles segments. As a professor, Ms. Bendapudi adds to the diversity of experience the Corporation values in its leadership.	48	2012	2005

Name	Principal Occupation	Age	Term Expires	Director Since
John L. Boylan	Chief Financial Officer, Vice President and Assistant Secretary of the Corporation since 1996; and Treasurer of the Corporation since 1990 Mr. Boylan has been with the Corporation for over 25 years. Mr. Boylan has extensive leadership and financial management experience with the Corporation. Mr. Boylan provides the Board with valuable insight into management's perspective with respect to the Corporation's operations. As our Chief Financial Officer, Mr. Boylan also adds to the Board detailed knowledge of the Corporation's financial performance. Mr. Boylan has been a director of the Corporation for over 12 years.	56	2012	1998
Kenneth L. Cooke	Director, Executive Vice President and Chief Operating Officer of Intermedix Corporation, an emergency healthcare services company, since March 2008; Global Chief Information Officer of PricewaterhouseCoopers LLP, a registered independent public accounting firm, from July 2001 to March 2008; and Partner, PricewaterhouseCoopers LLP from 1987 to March 2008 Mr. Cooke has over 30 years of experience in public accounting during which time he advised and audited a variety of public and private corporations. At PricewaterhouseCoopers, Mr. Cooke served in a variety of senior positions specializing in tax, audit and other accounting services. His current position provides additional experience as an operations officer and director. Mr. Cooke also has significant experience in information technology as well as mergers and acquisitions and has worked with other food businesses. The breadth and depth of Mr. Cooke's experience enables Mr. Cooke to provide significant contributions to the Board.	62	2013	2010
Alan F. Harris	Retired since 2007; Executive Vice President and Chief Marketing and Customer Officer of Kellogg Company, a food products company, from 2003 to 2007; and Executive Vice President and President, Kellogg Company International Division from 2000 to 2003 With over 23 years of experience at Kellogg in a variety of positions, Mr. Harris possesses extensive domestic and international experience in the retail food industry, as well as considerable consumer marketing expertise. In addition, Mr. Harris embodies many other desirable qualities that contribute to the leadership of the Corporation, including strong general management breadth and experience and significant strategic acumen. Mr. Harris has made significant contributions in key areas of oversight, including strategic planning, risk assessment and product development.	57	2013	2008

Name	Principal Occupation	Age	Term Expires	Director Since
Zuheir Sofia	<p>Chairman, President, & CEO of Business Bank of Florida, Corp., a bank holding company, since April 2007; President and Chief Executive Officer of Florida Business Bank, from July 2009 to March 2010; Chairman of Sofia & Company, Inc., a financial advisory firm, since 1998; and President, Chief Operating Officer and Treasurer of Huntington Bancshares Incorporated, a financial holding company, from 1984 to 1998. Mr. Sofia is a former director of Dominion Homes, Inc.</p> <p>Mr. Sofia's extensive leadership experience with Huntington, Sofia & Company, Florida Business Bank and Business Bank of Florida, Corp. has allowed Mr. Sofia to bring to the Board his demonstrated management ability at the executive level. Mr. Sofia's business experience includes responsibility for treasury, operations, technology, capital markets and directing merger and acquisition activity. Mr. Sofia's current and past service as a director of several public and private companies and as chairman of non-profit organizations also provides invaluable leadership and business experience.</p>	67	2013	1998

CORPORATE GOVERNANCE

The Board has standing Audit, Compensation, Nominating and Governance and Executive Committees. In addition, the Board has adopted a Corporate Governance Program that includes Corporate Governance Principles, a Code of Business Ethics and Standards of Conduct. The charters of the Audit, Compensation and Nominating and Governance Committees and the Corporate Governance Principles, Code of Business Ethics and Standards of Conduct are posted on the corporate governance page of the Corporation's web site at www.lancastercolony.com.

Director Independence The Board and the Nominating and Governance Committee have reviewed and evaluated transactions and relationships with Board members to determine the independence of each of the members. The Board does not believe that any of its nonemployee members have relationships with the Corporation that would interfere with the exercise of independent judgment in carrying out his or her responsibilities as a director. The Board and the Nominating and Governance Committee have determined that a majority of the Board's members are independent directors, as that term is defined in the applicable Nasdaq Global Select Market (Nasdaq) listing standards. The Board has identified and determined that Ms. Bendapudi and Messrs. Bachmann, Cooke, Fox, Harris, Jennings and Sofia are independent directors or director nominees and that, prior to departing from the Board in November 2010, Mr. O'Neill was an independent director.

Board Attendance Each member of the Board is expected to make a reasonable effort to attend all meetings of the Board, all applicable committee meetings, and each annual meeting of shareholders. All members of the Board attended the 2010 Annual Meeting of Shareholders and each of the current members of the Board is expected to attend the 2011 Annual Meeting. The Board held a total of five meetings during fiscal 2011. Each director attended at least 75% of the aggregate meetings of the Board and the committees on which they served during fiscal 2011.

Board Leadership Structure Mr. John B. Gerlach, Jr., the Corporation's Chief Executive Officer (CEO), currently serves as the Corporation's Chairman of the Board. The Board believes that the Corporation and its shareholders are best served by retaining the Board's flexibility to allocate the responsibilities of Chairman of the Board and CEO in any way that is in the best interests of the Corporation at any future point in

time. Adopting a policy that restricts the Board's discretion in selecting the Chairman of the Board (as well as restricting the ability to combine the positions of Chairman and CEO) would deprive the Board of the ability to select the most qualified and appropriate individual to lead the Board as Chairman.

In November 2007, the Board amended its Corporate Governance Principles to provide that the Corporation shall have a Lead Independent Director at any time during which the positions of Chairman of the Board and CEO are held by the same person. At that time, Mr. James Bachmann was appointed Lead Independent Director. Under the amended Corporate Governance Principles, the Lead Independent Director:

Works closely with the Chairman to approve the information presented to the Board and set and approve meeting agendas and meeting schedules;

Chairs meetings of the Board in the absence of the Chairman;

Oversees meetings of the independent directors, including executive sessions of the nonemployee directors;

Serves as the principal liaison between the independent directors and the Chairman;

Takes a leading role in the Board evaluation process; and

Has the authority to call meetings of the independent directors from time to time.

Mr. Gerlach, in his capacities as Chairman and CEO, serves as a bridge between the Board and management and provides critical leadership for carrying out the Corporation's strategic initiatives and confronting its challenges, especially in light of the Corporation's recent and continuing transition to a food-focused company. In short, the Board believes that a Chairman who is a member of the management team is well situated to oversee and execute the Corporation's strategy and business plans to maximize shareholder value. The Board believes that Board independence and oversight of management are effectively maintained through the Board's current composition, committee system and the position of Lead Independent Director.

Board Role in Risk Oversight The Board, together with the Audit Committee and the Compensation Committee, are primarily responsible for overseeing the Corporation's risk management. Management of the Corporation has formed an Enterprise Risk Management Committee, or ERM Committee, consisting of the Chief Financial Officer, Director of Internal Audit and General Counsel. The primary responsibility of the ERM Committee is to promote the development of sound policies, procedures and practices for managing the Corporation's material risks and to report the results of the ERM Committee's activities to the Audit Committee. The ERM Committee provides the Audit Committee with reports on a regular basis and the full Board is provided an overview of key risks from various members of senior management. In addition, the Compensation Committee oversees risk requiring its expertise, such as those related to incentive compensation programs and policies.

Although the Board and its committees oversee risk management for the Corporation, management is responsible for the day-to-day management and mitigation of the Corporation's risks. We believe this division of responsibility reflects the appropriate roles of the Board and management in assessing and managing risks and has no effect on the Board's leadership structure.

Director Qualifications The Nominating and Governance Committee will look for candidates who possess qualifications that meet our strategic needs; possess the highest personal and professional ethics, integrity and values; have an understanding of our business; have diverse experiences in key business, financial and other challenges that are faced by a publicly held retail company; and represent the long-term interest of our shareholders. In particular, the Nominating and Governance Committee will look for candidates with special and diverse experience in areas such as management of public companies or other large organizations; consumer packaged goods, particularly retail food companies; investment banking or the banking industry; accounting and finance; and retail/mass marketing experience. We expect our directors to represent all shareholders rather than special interest groups or any group of shareholders.

Corporate Governance Principles The Board, on the recommendation of the Nominating and Governance Committee, adopted a set of Corporate Governance Principles in 2005. The Corporate Governance

Principles relate to the role, composition, structure and functions of the Board. The Nominating and Governance Committee is responsible for periodically reviewing these Corporate Governance Principles and recommending any changes to the Board.

Code of Business Ethics and Standards of Conduct The Corporation has adopted a Code of Business Ethics and Standards of Conduct that inform the Corporation's directors and employees of their legal and ethical obligations to the Corporation and set a high standard of business conduct. The Code of Business Ethics and Standards of Conduct apply to all employees and, where applicable, to directors of the Corporation. The Corporation intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver from, any provision (including the standards listed under Item 406(b) of Regulation S-K) of the Code of Business Ethics that applies to the Corporation's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions by posting such information on the Corporation's web site, the address of which is www.lancastercolony.com.

Shareholder Communication with the Board Any of the directors may be contacted by writing to them at: Board of Directors, c/o Corporate Secretary's Office, Lancaster Colony Corporation, 37 West Broad Street, Columbus, Ohio 43215. The independent directors have requested that the Secretary of the Corporation act as their agent in processing any communications received. All communications that relate to matters that are within the scope of responsibilities of the Board and its committees will be forwarded to the independent directors. Communications relating to matters within the responsibility of one of the committees of the Board will be forwarded to the Chairperson of the appropriate committee. Communications relating to ordinary business matters are not within the scope of the Board's responsibility and will be forwarded to the appropriate officer at the Corporation. Solicitations, advertising materials and frivolous or inappropriate communications will not be forwarded.

BOARD COMMITTEES AND MEETINGS

Audit Committee The Board has established an audit committee (the Audit Committee) in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, that currently consists of Messrs. Bachmann, Cooke, Harris and Jennings. Mr. Bachmann serves as Chairperson of the Audit Committee. It has been determined by the Board that each member of the Audit Committee meets Nasdaq independence requirements and that Mr. Bachmann is an Audit Committee financial expert, as defined in Item 407(d)(5) of Regulation S-K, due to his business experience and background described previously within this Proxy Statement. The Audit Committee operates pursuant to a charter that was approved by the Board in 2004 and amended in 2007 and 2010. The duties of the Audit Committee include the responsibility of reviewing financial information (both external and internal) about the Corporation and its subsidiaries so as to assure (i) that the overall audit coverage of the Corporation and its subsidiaries is satisfactory and appropriate to protect the shareholders from undue risks and (ii) that an adequate system of internal financial control has been designed and implemented throughout the Corporation and is being effectively maintained. Additionally, the Audit Committee has sole authority and direct responsibility with respect to the appointment, compensation, retention and oversight of the Corporation's independent registered public accounting firm, or independent auditor. Also, as part of its duties, the Audit Committee has adopted procedures for receiving and acting on complaints received by the Corporation regarding accounting, internal accounting controls and auditing issues. Such complaints should be sent to the attention of the Corporate Secretary's Office, Lancaster Colony Corporation, 37 West Broad Street, Columbus, Ohio 43215. The Audit Committee held four meetings during fiscal 2011.

Compensation Committee The Board has established a compensation committee (the Compensation Committee) that currently consists of Messrs. Fox, Jennings and Sofia and Ms. Bendapudi. Mr. Jennings serves as Chairperson of the Compensation Committee. It has been determined by the Board that each member of the Compensation Committee meets Nasdaq independence requirements. The Compensation Committee operates pursuant to a charter that was approved by the Board in 2004 and amended in 2008 and 2010. The duties of the Compensation Committee include: annually determining the compensation of the Chief Executive Officer and reviewing and approving goals and objectives relevant to his activities; reviewing and approving the Chief Executive Officer's recommendations as to the compensation to be paid other executive officers of the

Corporation; reviewing and approving offers to potential executive officers to join the Corporation; reviewing and approving perquisite policies; reviewing and approving employment agreements, severance or retention plans or agreements and severance or termination payments; overseeing regulatory compliance regarding compensation matters; establishing and evaluating performance goals and the level of achievement of such goals; reviewing and offering advice regarding director compensation, equity-based compensation and retirement pay; administering equity-based compensation plans and approving equity awards; reporting activities to the Board; reviewing and discussing the Compensation Discussion and Analysis with the Corporation's management; determining whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Corporation's Annual Report on Form 10-K and Proxy Statement; preparing a Compensation Committee Report for inclusion in the Corporation's Annual Report on Form 10-K and Proxy Statement; annually reviewing the Compensation Committee charter; and annually evaluating the Compensation Committee's performance. The charter does not provide the Compensation Committee with any delegation authority regarding its duties, except for the ability to delegate authority to approve equity awards to a subcommittee of the Compensation Committee. See the discussion below under Compensation Discussion and Analysis and Compensation of Directors for more information about the Compensation Committee's processes and procedures. The Compensation Committee held four meetings during fiscal 2011.

Nominating and Governance Committee The Board has established a nominating and governance committee (the Nominating and Governance Committee) that currently consists of Messrs. Fox, Harris and Sofia and Ms. Bendapudi. Mr. Sofia serves as Chairperson of the Nominating and Governance Committee. It has been determined by the Board that each member of the Nominating and Governance Committee meets Nasdaq independence requirements. The Nominating and Governance Committee operates pursuant to a charter that was approved by the Board in 2004 and amended in 2005 and 2010. The duties of the Nominating and Governance Committee include identification and nominations to the Board of candidates for election as directors of the Corporation and the development and review of a set of Corporate Governance Principles. As part of its assigned duties, the Nominating and Governance Committee has reviewed the Corporate Governance Principles and found them to be acceptable in scope and application and has so reported to the Board. The Nominating and Governance Committee held four meetings during fiscal 2011.

The Nominating and Governance Committee uses different sources to identify Board candidates, including the Corporation's executive officers and current members of the Board. The Nominating and Governance Committee also considers the nomination of director candidates recommended by shareholders in conformance with the tests and standards outlined in the Nominating and Governance Committee's charter and the Corporation's Amended and Restated Code of Regulations. The Nominating and Governance Committee uses the same manner and process for evaluating every candidate for Board membership, regardless of the original source of the candidate's nomination. The Nominating and Governance Committee generally considers the subject of diversity as described above under Corporate Governance Director Qualifications. Recommendations to the Nominating and Governance Committee from shareholders regarding candidates must be delivered to the Corporation's Corporate Secretary no later than June 30 of the year in which such shareholder proposes that the recommended candidate stand for election. Section 2.03 of the Corporation's Code of Regulations authorizes director nominations to be made by shareholders if the conditions specified therein are met, including the giving of advance notice and the furnishing of certain personal background information and a written statement from the proposed candidate agreeing to be identified in the Proxy Statement as a nominee and, if elected, to serve as a director. The Nominating and Governance Committee currently has not set specific, minimum qualifications or criteria for nominees that it proposes for Board membership, but evaluates the entirety of each candidate's credentials. The Nominating and Governance Committee believes, however, that the Corporation will be best served if its directors bring to the Board a variety of experience and backgrounds and, among other things, demonstrated integrity, executive leadership and financial, marketing or business knowledge and experience.

Executive Committee The Board has established an executive committee (the Executive Committee) that currently consists of Messrs. Gerlach, Fox, and Bachmann. No particular director serves as Chairperson of the Executive Committee. The Executive Committee operates pursuant to resolutions that were adopted by the

Board in February 2008. The Executive Committee exercises the power and authority of the Board in managing the business and affairs of the Corporation (other than any power or authority specifically precluded by applicable law, the Corporation's Articles of Incorporation or Amended and Restated Code of Regulations, or by limiting resolutions of the Board), but the Executive Committee acts only in the intervals between meetings of the Board. Furthermore, all acts of the Executive Committee must be reported at the next Board meeting. The Executive Committee did not meet during fiscal 2011.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To the Corporation's knowledge, based solely on its review of copies of forms filed with the Securities and Exchange Commission (SEC), all filing requirements applicable to the officers, directors and beneficial owners of more than 10% of the outstanding Common Stock under Section 16(a) of the Securities Exchange Act of 1934, as amended, were complied with during the fiscal year ended June 30, 2011.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following shareholders have beneficial ownership, directly or indirectly, of more than five percent of the outstanding Common Stock as of September 23, 2011:

Name and Address of Beneficial Owner	Nature of Beneficial Ownership	Amount of Beneficial Ownership	Percent of Class(1)
John B. Gerlach, Jr.(2)(3)(4)(5)(6)(7) c/o Lancaster Colony Corporation 37 West Broad Street Columbus, Ohio 43215	Direct and indirect	8,249,596	30.27%
Dareth A. Gerlach(8) c/o Lancaster Colony Corporation 37 West Broad Street Columbus, Ohio 43215	Direct and indirect	5,946,083	21.82%
Royce & Associates, LLC(10) 745 Fifth Avenue New York, NY 10151	Direct and indirect	1,999,078	7.33%
BlackRock, Inc.(9) 40 East 52nd Street New York, NY 10022	Direct and indirect	1,444,610	5.30%

- (1) Percentages based upon 27,255,470 shares outstanding as of September 23, 2011.
- (2) Holdings include shares owned by spouse and shares held in custodianship or as trustee. Mr. Gerlach disclaims beneficial ownership in such holdings with respect to 7,492,006 shares.
- (3) Mr. Gerlach, a trustee of Gerlach Foundation, Inc., shares voting and investment power in this foundation, which is a private charitable foundation. Gerlach Foundation, Inc. holds 327,326 shares. These shares are included in the above table. The FG Foundation, a supporting foundation (of which Mr. Fox and Mr. Gerlach serve as trustees) of a public charitable foundation, Fox Foundation, Inc. and Gerlach Foundation, Inc. together control an additional 620,122 shares held by Lehrs, Inc. The shares held by Lehrs, Inc. are also included in the total number of shares held by Mr. Gerlach. Mr. Gerlach is also an officer of Lancaster Lens, Inc. and shares voting and investment power with respect to the 144,649 shares owned by it. Mr. Gerlach disclaims beneficial ownership of any of these shares, all of which are also reported in footnote 2.
- (4) Mr. Gerlach, by virtue of his stock ownership and positions with the Corporation, may be deemed a control person of the Corporation.
- (5) Mr. Gerlach is trustee and his mother, Dareth A. Gerlach, is special trustee of the John B. Gerlach Marital Deduction Trust A-1. This trust presently holds 5,737,602 shares. Mr. Gerlach is also trustee and his mother, Dareth A. Gerlach, is a special trustee of the John B. Gerlach Taxable Irrevocable Trust. This trust presently holds 137,430 shares. These shares are included in the total number of shares held by Mr. Gerlach in the above table. Mr. Gerlach disclaims beneficial ownership of these shares, all of which are also reported in footnote 2.

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- (6) Includes 348,000 shares held by a family limited partnership and 12,500 shares held by a corporation which is the general partner of the family limited partnership. Mr. Gerlach shares indirect beneficial ownership of these shares.
- (7) Includes 12,770 shares held through the Lancaster Colony Corporation Employee Stock Ownership Plan and 787 shares held through the Lancaster Colony Corporation 401(k) Savings Plan.
- (8) Includes 5,737,602 shares that are held by the John B. Gerlach Marital Deduction Trust A-1 and 137,430 shares held by the John B. Gerlach Taxable Irrevocable Trust with respect to which Dareth A. Gerlach is special trustee and has sole voting power. See footnote 5.
- (9) BlackRock, Inc. filed a Schedule 13G with the SEC on February 7, 2011 indicating that, as of December 31, 2010 BlackRock, Inc. has sole voting and dispositive power with respect to 1,444,610 shares.

(10) Royce & Associates, LLC. filed a Schedule 13G with the SEC on January 14, 2011 indicating that, as of December 31, 2010 Royce & Associates, LLC has sole voting and dispositive power with respect to 1,999,078 shares.

The following information indicates the beneficial ownership by all executive officers and directors of the Corporation as a group, each individual director or director nominee and each individual officer named in the 2011 Summary Compensation Table below, of the outstanding Common Stock as of September 23, 2011:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
James B. Bachmann	5,870 shares(2)	*
Neeli Bendapudi	5,395 shares(2)	*
John L. Boylan	18,570 shares(3)(4)(9)(10)	*
Kenneth L. Cooke	3,665 shares(2)	*
Robert L. Fox	1,061,995 shares(2)(6)	3.90%
John B. Gerlach, Jr.	8,249,596 shares(3)(4)(7)	30.27%
Alan F. Harris	4,370 shares(2)	*
Edward H. Jennings	6,169 shares(2)	*
Bruce L. Rosa	65,827 shares(3)(4)(5)(9)(11)	*
Zuheir Sofia	11,069 shares(2)	*
All executive officers and directors as a group		
(10 persons)	8,812,404 shares(8)	32.33%

* Less than 1%

- (1) Individual percentages based upon 27,255,470 shares outstanding as of September 23, 2011. Percentage as a group is based on 27,258,371 outstanding shares, which includes the amounts noted in (10) and (11) below.
- (2) Includes for each nonemployee director 1,165 shares of restricted stock received pursuant to the terms of the 2005 Stock Plan. The restricted stock vests one year from the grant date, or earlier upon a change in control of the Corporation, or the death or disability of the recipient.
- (3) Includes the following number of shares held through the Lancaster Colony Corporation Employee Stock Ownership Plan: John L. Boylan 6,204; John B. Gerlach, Jr. 12,770; and Bruce L. Rosa 11,027.
- (4) Includes the following number of shares held through the Lancaster Colony Corporation 401(k) Savings Plan: John L. Boylan 770; John B. Gerlach, Jr. 787; and Bruce L. Rosa 794.
- (5) Holdings include 50,458 shares held in a trust of which Mr. Rosa has beneficial ownership.
- (6) Holdings include shares owned by spouse and children and shares held in custodianship or as trustee. Mr. Fox disclaims beneficial ownership in such holdings with respect to 132,320 shares. In addition, Mr. Fox, a trustee of Fox Foundation, Inc., shares voting and investment power with his foundation, which is a private charitable foundation. Fox Foundation, Inc. holds 60,269 shares. These shares are included in the above table. The FG Foundation, a supporting foundation (of which Mr. Fox and Mr. Gerlach serve as trustees) of a public charitable foundation, Fox Foundation, Inc. and Gerlach Foundation, Inc. together control an additional 620,122 shares held by Lehrs, Inc. The shares held by Lehrs, Inc. are also included in the total number of shares held by Mr. Fox. Mr. Fox disclaims beneficial ownership of any of these shares.

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- (7) See also the footnotes for Mr. Gerlach in the beneficial ownership table listed previously within this Proxy Statement.
- (8) For purposes of this calculation, the 620,122 shares held by Lehrs, Inc. have only been counted once.
- (9) Includes 1,300 shares of restricted stock received pursuant to the terms of the 2005 Stock Plan. The restricted stock vests three years from the grant date, or earlier upon a change in control of the Corporation, or the death or disability of the recipient.
- (10) Includes 2,798 shares available from vested stock appreciation rights, assuming exercise on September 23, 2011.
- (11) Includes 103 shares available from vested stock appreciation rights, assuming exercise on September 23, 2011.

COMPENSATION DISCUSSION AND ANALYSIS

In this section, we discuss the principles underlying our executive compensation policies and decisions and the most important factors relevant to an analysis of these policies and decisions. We provide qualitative information regarding the manner and context in which compensation is awarded to and earned by our executive officers to give perspective to the data we present in the compensation tables below, as well as the narratives that follow the tables.

Executive Summary

During 2011, we continued our food-focused strategy that we believe will best enhance long-term shareholder value. The strategy involves growing our existing specialty food businesses, both organically and through acquisitions, while continuing to manage our remaining glassware and candles business, which we periodically reassess for strategic fit and contribution. Overall, the strategy has resulted in the Specialty Foods Segment providing 85% of our consolidated sales and a higher percentage of operating income.

During fiscal 2011, we achieved the following financial outcomes:

Overall sales increased 3.1% to \$1.09 billion, a record level for the Corporation.

Operating income declined by 15.6% in the face of significant increases in food commodity and wax costs.

Net income and net income per common share (fully diluted) declined by 7.5% and 5.7%, respectively, with the net income per common share figure reflecting our continuing buyback of outstanding shares.