

LANCASTER COLONY CORP

Form 10-K/A

August 31, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
Form 10-K/A
Amendment No. 1

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2007

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 000-04065

Lancaster Colony Corporation

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

13-1955943

(I.R.S. Employer
Identification No.)

37 West Broad Street
Columbus, Ohio

(Address of principal executive offices)

43215

(Zip Code)

614-224-7141

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, Without Par Value
(including Series A Participating
Preferred Share Purchase Rights)

The NASDAQ Stock Market LLC
(NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer, as defined by Rule 12b-2 of the Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes No

The aggregate market value of Common Stock held by non-affiliates on December 29, 2006 was approximately \$1,004,527,000, based on the closing price of these shares on that day.

As of August 20, 2007, there were approximately 30,361,000 shares of Common Stock, without par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed for its 2007 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K/A.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (Amendment) of Lancaster Colony Corporation (the Company) is an amendment to the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2007, which was filed with the Securities and Exchange Commission on August 28, 2007 (the Original Filing). This Amendment is being filed to amend the cover page, Part II Item 8 Financial Statements and Supplementary Data, and the Index to Exhibits of the Original Filing to include inadvertently omitted table headings, which should have been placed above the fiscal 2006 information in the Selected Quarterly Financial Data table within Note 19 to the Consolidated Financial Statements.

As a result of this Amendment, the management certifications and auditor consent filed as exhibits to the Original Filing have been re-executed and re-filed as of the date of this Amendment.

Except as described above, this Amendment does not modify or update other disclosures in, or exhibits to, the Original Filing, and those unaffected parts or exhibits are not included in this Amendment.

This Amendment continues to speak as of the date of the Original Filing, and the Company has not updated the disclosure contained herein to reflect events that have occurred since the filing of the Original Filing.

PART II

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Lancaster Colony Corporation:

We have audited the accompanying consolidated balance sheets of Lancaster Colony Corporation and subsidiaries (the Company) as of June 30, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2007. Our audits also included the financial statement schedule listed in the Table of Contents at Item 15. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Lancaster Colony Corporation and subsidiaries as of June 30, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 12 and Note 13 to the consolidated financial statements, the Company adopted the recognition and disclosure provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, in 2007.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of June 30, 2007, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 27, 2007, expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP

Columbus, OH
August 27, 2007

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)	June 30	
ASSETS	2007	2006
Current Assets:		
Cash and equivalents	\$ 8,318	\$ 6,050
Short-term investments		35,765
Receivables (less allowance for doubtful accounts, 2007 \$916; 2006 \$867)	92,635	91,525
Inventories:		
Raw materials	40,358	36,214
Finished goods and work in process	109,359	112,525
Total inventories	149,717	148,739
Deferred income taxes and other current assets	28,241	24,937
Current assets of discontinued operations		31,767
Total current assets	278,911	338,783
Property, Plant and Equipment:		
Land, buildings and improvements	162,276	129,755
Machinery and equipment	350,357	338,739
Total cost	512,633	468,494
Less accumulated depreciation	304,202	290,143
Property, plant and equipment net	208,431	178,351
Other Assets:		
Goodwill	89,590	79,219
Other intangible assets net	13,111	4,416
Other noncurrent assets	8,454	17,879
Noncurrent assets of discontinued operations		9,373
Total	\$ 598,497	\$ 628,021

LIABILITIES AND SHAREHOLDERS EQUITY

Current Liabilities:		
Short-term bank loans	\$ 42,500	\$
Accounts payable	48,423	43,193
Accrued liabilities	50,867	52,791
Current liabilities of discontinued operations		7,516
Total current liabilities	141,790	103,500

Other Noncurrent Liabilities	10,702	21,734
Deferred Income Taxes	1,696	8,366
Shareholders' Equity:		
Preferred stock authorized 3,050,000 shares; outstanding none		
Common stock authorized 75,000,000 shares; outstanding, 2007 30,748,390; 2006 32,245,735	81,665	78,017
Retained earnings	937,376	925,388
Accumulated other comprehensive loss	(5,167)	(5,277)
Common stock in treasury, at cost	(569,565)	(503,707)
Total shareholders' equity	444,309	494,421
Total	\$ 598,497	\$ 628,021

See accompanying notes to consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share data)	Years Ended June 30		
	2007	2006	2005
Net Sales	\$ 1,091,162	\$ 1,073,585	\$ 1,028,328
Cost of Sales	897,602	868,124	823,737
Gross Margin	193,560	205,461	204,591
Selling, General and Administrative Expenses	90,979	90,053	89,484
Restructuring and Impairment Charge	2,126		935
Operating Income	100,455	115,408	114,172
Other Income (Expense):			
Interest expense	(150)		
Other income Continued Dumping and Subsidy Offset Act	699	11,376	26,226
Interest income and other net	999	3,890	3,821
Income from Continuing Operations Before Income Taxes	102,003	130,674	144,219
Taxes Based on Income	37,322	46,253	53,445
Income from Continuing Operations	64,681	84,421	90,774
Discontinued Operations, Net of Tax:			
(Loss) Income from Discontinued Operations	(3,877)	(1,467)	2,314
Loss on Sale of Discontinued Operations	(15,120)		
Total Discontinued Operations	(18,997)	(1,467)	2,314
Net Income	\$ 45,684	\$ 82,954	\$ 93,088
Income Per Common Share from Continuing Operations:			
Basic and Diluted	\$ 2.05	\$ 2.52	\$ 2.60
(Loss) Income Per Common Share from Discontinued Operations:			
Basic and Diluted	\$ (.60)	\$ (.04)	\$.07
Net Income Per Common Share:			
Basic and Diluted	\$ 1.45	\$ 2.48	\$ 2.67
Weighted Average Common Shares Outstanding:			
Basic	31,576	33,471	34,868
Diluted	31,603	33,502	34,925

See accompanying notes to consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)	Years Ended June 30		
	2007	2006	2005
Cash Flows From Operating Activities:			
Net income	\$ 45,684	\$ 82,954	\$ 93,088
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (income) from discontinued operations	18,997	1,467	(2,314)
Depreciation and amortization	28,766	29,656	30,118
Deferred income taxes and other noncash charges	(4,207)	(1,114)	884
Restructuring and impairment charge	3,302		930
Gain on sale of property	(64)	(1,147)	(30)
(Gain) loss on sale of business	(8)	178	
Pension plan activity	(485)	(2,853)	(999)
Changes in operating assets and liabilities:			
Receivables	(500)	(6,661)	(9,363)
Inventories	(1,345)	1,340	(10,921)
Other current assets	(3,751)	(1,064)	321
Accounts payable and accrued liabilities	2,744	(3,760)	5,294
Net cash provided by operating activities from continuing operations	89,133	98,996	107,008
Cash Flows From Investing Activities:			
Cash paid for acquisitions	(23,000)		(492)
Payments on property additions	(55,823)	(60,068)	(22,103)
Proceeds from sale of discontinued operations	12,143		
Proceeds from sale of property	199	1,619	658
Proceeds from sale of business	8	466	
Purchases of short-term investments	(5,000)	(31,350)	(52,695)
Proceeds from short-term investment sales, calls and maturities	40,765	66,900	46,650
Other net	(2,413)	(828)	(5,659)
Net cash used in investing activities from continuing operations	(33,121)	(23,261)	(33,641)
Cash Flows From Financing Activities:			
Net change in short-term borrowings	42,500		
Purchase of treasury stock	(65,858)	(84,343)	(56,721)
Payment of dividends	(33,696)	(101,760)	(34,055)
Proceeds from the exercise of stock options	3,515	3,835	3,785
(Decrease) increase in cash overdraft balance	(5,332)	3,419	4,524
Net cash used in financing activities from continuing operations	(58,871)	(178,849)	(82,467)
Cash Flows From Discontinued Operations:			

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Net cash provided by (used in) operating activities from discontinued operations	5,025	(1,982)	9,670
Net cash provided by (used in) investing activities from discontinued operations	114	(2,133)	(521)
Net cash provided by (used in) discontinued operations	5,139	(4,115)	9,149
Effect of exchange rate changes on cash	(12)	14	(17)
Net change in cash and equivalents	2,268	(107,215)	32
Cash and equivalents at beginning of year	6,050	113,265	113,233
Cash and equivalents at end of year	\$ 8,318	\$ 6,050	\$ 113,265

See accompanying notes to consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(Amounts in thousands, except per share data)	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders Equity
	Shares	Amount				
Balance, June 30, 2004	35,472	\$ 69,809	\$ 885,161	\$ (5,542)	\$ (362,643)	\$ 586,785
Net income			93,088			93,088
Translation adjustment				(17)		(17)
Minimum pension liability, net of \$2,812 tax effect				(5,346)		(5,346)
Comprehensive Income						87,725
Cash dividends common stock (\$0.98 per share)			(34,055)			(34,055)
Purchase of treasury stock	(1,348)				(56,721)	(56,721)
Shares issued upon exercise of stock options including related tax benefits	112	3,992				3,992
Balance, June 30, 2005	34,236	73,801	944,194	(10,905)	(419,364)	587,726
Net income			82,954			82,954
Translation adjustment				14		14
Minimum pension liability, net of \$3,125 tax effect				5,614		5,614
Comprehensive Income						88,582
Cash dividends common stock (\$3.03 per share)			(101,760)			(101,760)
Purchase of treasury stock	(2,092)				(84,343)	(84,343)
Shares issued upon exercise of stock options including related tax benefits	102	3,829				3,829
Stock compensation expense		387				387
Balance, June 30, 2006	32,246	78,017	925,388	(5,277)	(503,707)	494,421
Net income			45,684			45,684
Translation adjustment				(12)		(12)
Minimum pension liability, net of \$1,427 tax effect				2,578		2,578

Comprehensive Income						48,250
Cash dividends – common stock (\$1.07 per share)				(33,696)		(33,696)
Purchase of treasury stock	(1,589)				(65,858)	(65,858)
Shares issued upon exercise of stock options including related tax benefits	88	3,515				3,515
Stock compensation expense		42				42
Adjustment to initially apply SFAS 158, net of \$1,502 tax effect				(2,456)		(2,456)
Restricted stock issued	3					
Restricted stock compensation expense		91				91
Balance, June 30, 2007	30,748	\$ 81,665	\$ 937,376	\$ (5,167)	\$ (569,565)	\$ 444,309

See accompanying notes to consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in thousands, except share and per share data)

Note 1 Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Lancaster Colony Corporation and our wholly-owned subsidiaries, collectively referred to as we, us, our, registrant, or the Company. All significant intercompany transactions and accounts have been eliminated in consolidation. The current- and prior-year results reflect the classification of the sold automotive operations as discontinued operations. See further discussion in Note 2. Our fiscal year begins on July 1 and ends on June 30. Unless otherwise noted, references to year pertain to our fiscal year; for example, 2007 refers to fiscal 2007, which is the period from July 1, 2006 to June 30, 2007.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires that we make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates included in these consolidated financial statements include allowance for doubtful accounts receivable, net realizable value of inventories, useful lives for the calculation of depreciation and amortization, impairments of long-lived assets, accruals for marketing and merchandising programs, pension and postretirement assumptions, as well as expenses related to distribution and self-insurance accruals. Actual results could differ from these estimates.

Cash and Equivalents

We consider all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. As a result of our cash management system, checks issued but not presented to the banks for payment may create negative book cash balances. Such negative balances are included in other accrued liabilities and totaled approximately \$5.4 million and \$10.7 million as of June 30, 2007 and 2006, respectively.

Short-Term Investments

We account for our short-term investments in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities. Our short-term investments consist of auction rate securities and variable rate demand obligations classified as available-for-sale securities. Our short-term investments in these securities are recorded at cost, which approximates fair market value due to their variable interest rates, which typically reset every 7 to 35 days, and, despite the long-term nature of their stated contractual maturities, we generally have the ability to liquidate these securities in 35 days or less. Our intent is to hold these securities as liquid assets easily convertible to cash for applicable operational needs as they may arise.

Receivables and the Allowance for Doubtful Accounts

We provide an allowance for doubtful accounts based on the aging of accounts receivable balances, historical write-off experience and on-going reviews of our trade receivables. Measurement of potential losses requires credit review of existing customer relationships, consideration of historical effects of relevant observable data, including present economic conditions such as delinquency rates, and the economic health of customers.

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and equivalents, short-term investments and trade accounts receivable. The carrying amounts of these financial instruments approximate fair value. We place our cash and equivalents and short-term investments with institutions believed to be of high quality and, by policy, limit the amount of credit exposure to any one institution or issuer. Concentration of credit risk with respect to trade accounts receivable is mitigated by

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

having a large and diverse customer base. However, see Note 18 with respect to our accounts receivable with Wal-Mart Stores, Inc.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Purchases of property, plant and equipment included in accounts payable at June 30, 2007, 2006 and 2005 were approximately \$2.2 million, \$1.7 million and \$2.3 million, respectively, and these purchases have been excluded from the Consolidated Statement of Cash Flows. We use the straight-line method of computing depreciation for financial reporting purposes based on the estimated useful lives of the corresponding assets. Estimated useful lives for buildings and improvements range from two to forty-five years while machinery and equipment range from two to twenty years. For tax purposes, we generally compute depreciation using accelerated methods. See Note 17 for discussions of recent asset impairments.

Long-Lived Assets

We monitor the recoverability of the carrying value of our long-lived assets by periodically considering whether or not indicators of impairment are present. If such indicators are present, we determine if the assets are recoverable by comparing the sum of the undiscounted future cash flows to the assets' carrying amount. Our cash flows are based on historical results adjusted to reflect our best estimate of future market and operating conditions. If the carrying amounts are greater, then the assets are not recoverable. In that instance, we compare the carrying amounts to the fair value to determine the amount of the impairment to be recorded. See Note 17 for discussion of recent asset impairments.

Goodwill and Intangible Assets

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142), as of July 1, 2002, goodwill is no longer being amortized. Intangible assets with lives restricted by contractual, legal, or other means continue to be amortized on a straight-line basis over their useful lives. Also in accordance with SFAS 142, as of April 30, 2007 and 2006, as appropriate, we completed asset impairment assessments, and such assessments indicated that there was no impairment. We periodically evaluate the future economic benefit of the recorded goodwill and other long-lived assets when events or circumstances indicate potential recoverability concerns. This evaluation is based on consideration of expected future undiscounted cash flows and other operating factors. Carrying amounts are adjusted appropriately when determined to have been impaired. See further discussion and disclosure in Note 6.

Revenue Recognition

We recognize net sales and related cost of sales at the time of shipment of the products, or at the time when all substantial risks of ownership change, if later. Net sales are recorded net of estimated sales discounts, returns and certain sales incentives, including coupons and rebates.

Advertising Expense

We expense advertising as it is incurred. Advertising expense represents less than 1% of sales in each of the three years ended June 30, 2007.

Shipping and Handling

Shipping and handling fees billed to customers are recorded as sales, while the related shipping and handling costs are included in cost of sales.

Stock-Based Employee Compensation Plans

We account for our stock-based employee compensation plans in accordance with SFAS No. 123R, Share-Based Payment (SFAS 123R). SFAS 123R requires the measurement and recognition of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

of the award. The cost of the employee services is recognized as compensation expense over the period that an employee provides service in exchange for the award, which is typically the vesting period.

The weighted average per share fair value of options granted during 2005 was \$7.68 and was estimated at the date of grant using the Black-Scholes option pricing model. The following assumptions were used for options granted in 2005: risk-free interest rate of 3.47%; dividend yield of 2.41%; volatility factor of the expected market price of our common stock of 26.17%; and a weighted average expected option life of 3.2 years.

Had compensation cost for the 1995 Key Employee Stock Option Plan (1995 Plan) been determined based on the fair value at the grant dates for awards under the 1995 Plan consistent with the method of SFAS No. 123, our net income and earnings per share would have been reduced to the pro forma amounts indicated below for the year ended June 30, 2005:

	As	
Net income	reported	\$93,088
	Pro forma	\$90,984
Net Income per Share:		
	As	
Basic and Diluted	reported	\$ 2.67
Basic and Diluted	Pro forma	\$ 2.61

Other Income

During the second quarter of 2007, we received approximately \$0.7 million from the U.S. government under the Continued Dumping and Subsidy Offset Act of 2000 (CDSOA) compared to approximately \$11.4 million received in the second quarter of 2006 and approximately \$26.2 million received in the second quarter of 2005. We recognize CDSOA-related income upon receiving notice from the U.S. Department of Homeland Security regarding its intent to remit a specific amount to us. These amounts are recorded as other income in the accompanying financial statements. See further discussion at Note 16.

Per Share Information

We account for earnings per share under SFAS No. 128, Earnings Per Share. Net income per common share is computed based on the weighted average number of shares of common stock and common stock equivalents (stock options) outstanding during each period.

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing income available to common shareholders by the diluted weighted average number of common shares outstanding during the period, which includes the dilutive potential common shares associated with outstanding stock options. There are no adjustments to net income necessary in the calculation of basic and diluted earnings per share.

Comprehensive Income and Accumulated Other Comprehensive Loss

Comprehensive income includes changes in equity that result from transactions and economic events from nonowner sources. Comprehensive income is composed of two subsets net income and other comprehensive income (loss). Included in other comprehensive income (loss) are foreign currency translation adjustments for which there are no related income tax effects and a minimum pension liability adjustment which is recorded net of a related tax provision/(benefit) of approximately \$1.4 million, \$3.1 million, and \$(2.8) million in 2007, 2006 and 2005, respectively. These adjustments, as well as the impact of the 2007 adoption of SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS 158), shown net of tax benefit of \$1.5 million, are accumulated within the Consolidated

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

Balance Sheet in Accumulated Other Comprehensive Loss, which is comprised of the following as of June 30, 2007, 2006 and 2005:

	2007	2006	2005
Cumulative translation adjustments	\$ 131	\$ 143	\$ 129
Minimum pension liability		(5,420)	(11,034)
Adoption of SFAS 158	(5,298)		
	\$ (5,167)	\$ (5,277)	\$ (10,905)

See further discussion of SFAS 158 adoption at Notes 12 and 13.

Recently Issued Accounting Standards

In February 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This pronouncement is effective as of the beginning of our 2009 fiscal year. We are currently evaluating the impact, if any, that SFAS 159 will have on our financial position or results of operations.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108,

Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (SAB 108). SAB 108 provides guidance on how prior-year misstatements should be taken into consideration when quantifying misstatements in current-year financial statements for purposes of determining whether the current-year financial statements are materially misstated. SAB 108 permits registrants to record the cumulative effect of initial adoption by recording the necessary adjustments to the carrying values of assets and liabilities as of the beginning of that year with the offsetting adjustment recorded to the opening balance of retained earnings if material. We adopted SAB 108 as of June 30, 2007 and noted no material impact on our financial position or results of operations as a result of the adoption.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This pronouncement is effective as of the beginning of our 2009 fiscal year. We are currently evaluating the impact, if any, that SFAS 157 will have on our financial position or results of operations.

In June 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 is an interpretation of FASB Statement No. 109, Accounting for Income Taxes, and it seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. In addition, FIN 48 requires expanded disclosure with respect to the uncertainty in income taxes and is effective as of the beginning of our 2008 fiscal year, July 1, 2007. Upon adoption, we currently estimate that a cumulative after-tax effect adjustment of approximately \$1.0 million to \$2.0 million will be charged to retained earnings to increase our tax contingency reserves for uncertain tax positions. This estimate is subject to revision as we complete our analysis.

Note 2 Discontinued Operations

In June 2007, as part of our strategic alternative review of nonfood operations, we sold substantially all of the operating assets of our automotive accessory operations located in Coshocton, Ohio and LaGrange, Georgia. The cash transaction resulted in a pretax loss of approximately \$24.3 million for the year ended June 30, 2007. Similarly, in March 2007, we sold substantially all of the operating assets of our automotive accessory operations located in Wapakoneta, Ohio. The cash transaction resulted in a pretax gain of approximately \$1.2 million for the year ended June 30, 2007. The businesses included in both of these transactions were previously included in our Automotive

segment and had net sales of \$98.9 million and a

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

pretax loss of \$29.2 million, including the pretax loss on sale of \$23.1 million, for the year ended June 30, 2007.

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the financial results of these operations are reported separately as discontinued operations for all periods presented. (Loss) income from discontinued operations was approximately \$(19.0) million, \$(1.5) million and \$2.3 million, net of tax, for 2007, 2006 and 2005, respectively, and included a net loss on the sale of these operations of approximately \$15.1 million, net of tax of \$8.0 million, in 2007.

At June 30, 2006, the assets and liabilities of discontinued operations included the following items:

	June 30 2006
Assets of Discontinued Operations	
Receivables	\$ 17,462
Inventories	13,210
Other current assets	1,095
Total current assets of discontinued operations	31,767
Property, plant and equipment, net	8,920
Other noncurrent assets	453
Total noncurrent assets of discontinued operations	9,373
Total assets of discontinued operations	\$ 41,140
Current Liabilities of Discontinued Operations	
Accounts payable	\$ 4,491
Accrued liabilities	3,025
Total current liabilities of discontinued operations	\$ 7,516

Note 3 Acquisitions

In June 2007, we acquired the principal assets of Marshall Biscuit Company, Inc. (Marshall Biscuit), a privately owned producer and marketer of frozen yeast rolls and biscuits based in Saraland, Alabama. Marshall Biscuit's strength in the private-label channel complements our Sister Schubert's branded rolls. Marshall Biscuit is reported in our Specialty Foods segment, and its results of operations have been included in our Consolidated Statement of Income since June 1, 2007.

Under the terms of the purchase agreement, we acquired certain personal and real property including fixed assets, inventory and accounts receivable, and assumed certain liabilities. The purchase price was approximately \$22.9 million, including a net asset adjustment of approximately \$0.1 million as determined under the terms of the purchase agreement. This net asset adjustment is recorded in receivables on the Consolidated Balance Sheet at June 30, 2007. As defined in the purchase agreement, there is a potential for future earn out payments of up to \$2.0 million. These payments are based on future sales levels of certain Marshall Biscuit products during the three years from the date of acquisition and would be accounted for as additional purchase price and thus goodwill.

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The following purchase price allocation is based on the estimated fair value of the net assets acquired:

Balance Sheet Captions	Allocation
Inventories	\$ 1,033
Other Current Assets	11
Property, Plant and Equipment	1,212
Goodwill (tax deductible)	11,385
Other Intangible Assets	9,260
Current Liabilities	(25)
 Total	 \$ 22,876

The intangible assets listed in the allocation above consist of approximately \$8.9 million of customer relationships and \$0.4 million of non-compete agreements. The customer relationships have been assigned a useful life of 15 years. The non-compete agreements have been assigned a useful life of 5 years based on the terms of the non-compete agreement.

This acquisition was accounted for under the purchase method of accounting and the noncash aspects have been excluded from the accompanying Consolidated Statements of Cash Flows. The results of operations of this entity have been included in the consolidated financial statements from the date of acquisition and are immaterial in relation to the consolidated totals.

Note 4 Short-Term Investments

We held no short-term investments at June 30, 2007. At June 30, 2006, we held approximately \$35.8 million in short-term investments, which consisted of auction rate securities and variable rate demand obligations classified as available-for-sale securities and had contractual maturities of greater than 10 years. Actual maturities may differ from contractual maturities should the borrower have the right to call certain obligations.

We had no cumulative gross unrealized holding gains (losses) or gross realized gains (losses) from our short-term investments. All income generated from these short-term investments was recorded as interest income.

Note 5 Inventories

Inventories are valued at the lower of cost or market and are costed by various methods that approximate actual cost on a first-in, first-out basis. At June 30, 2005, certain inventories were costed on a last-in, first-out (LIFO) basis. During 2006 and 2005, certain inventory quantity reductions resulted in a liquidation of LIFO inventory layers carried at lower costs that prevailed in prior years. The 2006 effect of the liquidations was insignificant. The 2005 effect of the liquidations was an increase in net earnings of approximately \$0.8 million after taxes, or approximately \$.02 per share.

It is not practicable to segregate work in process from finished goods inventories. We estimate, however, that work in process inventories amount to approximately 10% and 12% of the combined total of finished goods and work in process inventories at June 30, 2007 and 2006, respectively.

Note 6 Goodwill and Other Intangible Assets

Goodwill attributable to the Specialty Foods segment was approximately \$89.6 million at June 30, 2007 and \$78.2 million at June 30, 2006. The increase in goodwill was due to the acquisition of Marshall Biscuit. See further discussion at Note 3. At June 30, 2006, the Automotive segment had a goodwill balance of \$1.0 million. This goodwill was written off due to the sale of the related automotive businesses. See further discussion at Note 2.

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The following tables summarize our identifiable other intangible assets by segment as of June 30, 2007 and 2006:

	2007	2006
Specialty Foods		
Trademarks (40-year life)		
Gross carrying value	\$ 370	\$ 370
Accumulated amortization	(149)	(140)
Net Carrying Value	\$ 221	\$ 230
Customer Relationships (12-15-year life)		
Gross carrying value	\$ 13,020	\$ 4,100
Accumulated amortization	(1,233)	(854)
Net Carrying Value	\$ 11,787	\$ 3,246
Non-compete Agreements (5-8-year life)		
Gross carrying value	\$ 1,540	\$ 1,200
Accumulated amortization	(531)	(375)
Net Carrying Value	\$ 1,009	\$ 825
Glassware and Candles		
Customer Lists (12-year life)		
Gross carrying value	\$ 250	\$ 250
Accumulated amortization	(156)	(135)
Net Carrying Value	\$ 94	\$ 115
Total Net Carrying Value	\$ 13,111	\$ 4,416

Amortization expense relating to these assets was approximately \$0.6 million for the year ended June 30, 2007 and approximately \$0.5 million for each of the years ended June 30, 2006 and 2005. The amortization expense is estimated to be approximately \$1.2 million for each of the next four years and approximately \$1.1 million for the fifth year.

Note 7 Short-Term Borrowings

We may borrow up to \$100 million under the terms of an unsecured revolving credit facility. The facility expires in February 2008 and contains certain representations, warranties, covenants and conditions customary to credit facilities of this nature. Under terms of the agreement, certain financial ratios influence the extent of the all-in borrowing costs, including interest and ongoing facility fees. At June 30, 2007, we were in compliance with all provisions and covenants of the facility, and we had \$42.5 million outstanding under the facility with a weighted average interest rate of 5.615%. We paid less than \$0.1 million of interest for the year ended June 30, 2007.

Note 8 -Accrued Liabilities

Accrued liabilities at June 30, 2007 and 2006 are composed of:

	2007	2006
Accrued compensation and employee benefits	\$ 27,665	\$ 25,847
Accrued marketing and distribution	8,216	7,310
Income and other taxes	4,288	5,422
Book cash overdrafts	5,386	10,718
Other	5,312	3,494
Total accrued liabilities	\$ 50,867	\$ 52,791

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
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Note 9 Income Taxes

We and our domestic subsidiaries file a consolidated Federal income tax return. Taxes based on income for the years ended June 30, 2007, 2006 and 2005, have been provided as follows:

	2007	2006	2005
Currently payable:			
Federal	\$ 39,073	\$ 38,419	\$ 47,411
State and local	4,591	6,532	6,244
Total current provision	43,664	44,951	53,655
Deferred Federal, state and local (benefit) provision	(6,342)	1,302	(210)
Total taxes based on income	\$ 37,322	\$ 46,253	\$ 53,445

Certain tax benefits recorded directly to common stock totaled approximately \$0.2 million, \$0.3 million and \$0.2 million for 2007, 2006 and 2005, respectively. For the years ended June 30, 2007, 2006 and 2005, our effective tax rate varied from the statutory Federal income tax rate as a result of the following factors:

	2007	2006	2005
Statutory rate	35.0%	35.0%	35.0%
State and local income taxes	2.4%	2.5%	2.8%
ESOP dividend deduction	(0.3)%	(0.8)%	(0.2)%
Section 199 deduction	(0.7)%	(0.9)%	%
Other	0.2%	(0.4)%	(0.5)%
Effective rate	36.6%	35.4%	37.1%

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 2007 and 2006 are comprised of:

	2007	2006
Deferred tax assets:		
Inventories	\$ 4,731	\$ 5,055
Employee medical and other benefits	10,550	10,954
Receivable and other allowances	5,341	5,487
Other accrued liabilities	4,311	3,773
Total deferred tax assets	24,933	25,269
Total deferred tax liabilities property and other	(8,125)	(14,672)
Net deferred tax asset	\$ 16,808	\$ 10,597

Net current deferred tax assets totaled approximately \$18.5 million and \$19.0 million at June 30, 2007 and 2006, respectively, and were included in Deferred Income Taxes and Other Current Assets on the Consolidated Balance Sheet. Cash payments for income taxes were approximately \$38.6 million, \$47.0 million and \$54.2 million for 2007, 2006 and 2005, respectively.

Ohio corporate tax legislation enacted on June 30, 2005 phases out the Ohio Corporate Franchise Tax and phases in a new gross receipts tax called the Commercial Activity Tax. The Corporate Franchise Tax was generally based on federal taxable income, but the Commercial Activity Tax is based on sales in Ohio. As required by SFAS No. 109,

Accounting for Income Taxes, we recorded the impact of the change in Ohio tax legislation in the fourth quarter of 2005. The effect of the change in the law was immaterial to the consolidated financial statements.

The American Jobs Creation Act provides a tax deduction calculated as a percentage of qualified income from manufacturing in the United States (Section 199 Deduction). The deduction percentage increases from 3% to 9% over a six-year period and began in 2006. We have recorded amounts for this deduction in 2006

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and 2007. In accordance with FASB guidance, this deduction is treated as a special deduction, as opposed to a tax rate reduction.

Note 10 Shareholders Equity

We are authorized to issue 3,050,000 shares of preferred stock consisting of 750,000 shares of Class A Participating Preferred Stock with \$1.00 par value, 1,150,000 shares of Class B Voting Preferred Stock without par value and 1,150,000 shares of Class C Nonvoting Preferred Stock without par value.

As authorized by our Board of Directors (Board) in February 2000, each share of our outstanding common stock includes a non-detachable stock purchase right that provides, upon becoming exercisable, for the purchase of one-hundredth of a Series A Participating Preferred Share at an exercise price of \$185, subject to certain adjustments. Alternatively, once exercisable, each right will also entitle the holder to buy shares of common stock having a market value of twice the exercise price. The rights may be exercised on or after the time when a person or group of persons without the approval of our Board acquire beneficial ownership of 15% or more of common stock or announce the initiation of a tender or exchange offer which, if successful, would cause such person or group to beneficially own 30% or more of the common stock. The person or group effecting such 15% acquisition or undertaking such tender offer will not be entitled to exercise any rights. If we are acquired in a merger or other business combination, each right will entitle the holder, other than the acquiring person, to purchase securities of the surviving company having a market value equal to twice the exercise price of the rights. Until the rights become exercisable, they may be redeemed at a price of \$.01 per right. These rights expire in April 2010 unless earlier redeemed under circumstances permitted by the applicable Rights Agreement.

Our Board approved a share repurchase authorization of 2,000,000 shares in May 2006. Approximately 1,345,000 shares remained authorized for future purchase at June 30, 2007. In August 2007, our Board approved an additional share repurchase authorization of 2,000,000 shares.

On February 13, 2006, pursuant to our previously announced share repurchase program, we purchased 100,000 shares of common stock from the Estate of Dorothy B. Fox (the Estate) at a price per share of \$41.55, which was equal to the average closing price of our common stock over the eight trading days beginning on February 1, 2006. Robert L. Fox, one of our Directors, serves as Executor of the Estate.

On March 9, 2005, pursuant to our previously announced share repurchase program, we had also purchased 230,000 shares of common stock from the Estate at a price per share of \$42.634, which was equal to the average closing price of our common stock over the ten trading days beginning February 23, 2005, as adjusted to reflect the effects of our previously declared dividend.

Note 11 Stock-Based Compensation

As approved by our shareholders in November 1995, the terms of the 1995 Plan reserved 3,000,000 common shares for issuance to qualified key employees. All options granted under the 1995 Plan were exercisable at prices not less than fair market value as of the date of grant. The 1995 Plan expired in August 2005, but there are still options outstanding that were issued under this plan. In general, options granted under the 1995 Plan vested immediately and had a maximum term of five years. Our policy is to issue shares upon option exercise from new shares that had been previously authorized.

Our shareholders approved the adoption of a new equity compensation plan, the Lancaster Colony Corporation 2005 Stock Plan (the 2005 Plan), at our 2005 Annual Meeting of Shareholders. This new plan reserved 2,000,000 common shares for issuance to our employees and directors, and all options that will be granted under the plan will be exercisable at prices not less than fair market value as of the date of the grant.

Stock Options

Under SFAS 123R, we calculate fair value of option grants using the Black-Scholes option-pricing model. Total compensation cost related to share-based payment arrangements for the year ended June 30, 2007 was less than \$0.1 million, as compared to approximately \$0.4 million for the year ended June 30, 2006. These amounts were reflected in Selling, General and Administrative Expenses and have been

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
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allocated to each segment appropriately. No initial tax benefits are recorded for these compensation costs because they relate to incentive stock options that do not qualify for a tax deduction until, and only if, a disqualifying disposition occurs.

During the year ended June 30, 2007, we received approximately \$3.3 million in cash from the exercise of stock options, as compared to approximately \$3.5 million in the prior year. The aggregate intrinsic value of option exercises was approximately \$0.6 million and \$1.0 million in 2007 and 2006, respectively. A related tax benefit of approximately \$0.2 million and \$0.3 million was recorded in 2007 and 2006, respectively. These tax benefits were included in the financing section of the Consolidated Statements of Cash Flows and resulted from incentive stock option disqualifying dispositions and exercises of non-qualified options. The benefits include less than \$0.1 million of gross windfall tax benefits for the year ended June 30, 2007, as compared to approximately \$0.1 million in the prior year.

There were no grants of stock options in 2007 and 2006.

The following summarizes for each of the three years in the period ended June 30, 2007 the activity relating to stock options granted under the 1995 Plan mentioned above:

	2007		2006		2005	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding stock options vested and expected to vest at beginning of period	470,982	\$ 39.92	590,104	\$ 38.77	380,664	\$ 34.93
Exercised	(88,290)	37.63	(102,272)	33.81	(112,160)	33.74
Granted					326,550	41.52
Forfeited	(21,192)	40.82	(16,850)	36.92	(4,950)	38.53
Outstanding stock options vested and expected to vest at end of period	361,500	\$ 40.42	470,982	\$ 39.92	590,104	\$ 38.77
Exercisable and vested stock options at end of period	353,713	\$ 40.40	454,667	\$ 39.88	531,255	\$ 38.59

The weighted average remaining contractual life was approximately 2.18 years and 2.17 years for the options outstanding and exercisable, respectively, at the end of the year. The aggregate intrinsic value was approximately \$0.5 million for both the options outstanding and exercisable at June 30, 2007.

The following table summarizes information about the options outstanding at June 30, 2007:

Grant	Options Outstanding		Weighted Average Remaining Contractual		Options Exercisable
	Exercise	Number	Exercise	Exercise	Number

Years	Prices	Outstanding	Life in Years	Price	Exercisable	Weighted Average Exercise Price
2003	\$37.23	92,500	.75	\$37.23	92,500	\$ 37.23
2005	\$41.52	269,000	2.67	\$41.52	261,213	\$ 41.52

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The following summarizes the status of, and changes to, unvested options during the year ended June 30, 2007:

	Year Ended June 30, 2007	
	Number of Shares	Weighted Average Grant Date Fair Value
Unvested stock options at beginning of period	16,315	\$ 7.82
Granted		
Vested	(8,528)	7.52
Forfeited		
Unvested stock options at end of period	7,787	\$ 8.14

At June 30, 2007, there was less than \$0.1 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the 1995 Plan. This cost is expected to be recognized over a weighted-average period of approximately .9 years.

Restricted Stock

On November 20, 2006, we granted a total of 3,500 shares of restricted stock to our seven nonemployee directors under the terms of the 2005 Plan discussed above. The restricted stock had a grant date fair value of approximately \$0.1 million based on a per share closing stock price of \$42.70. This restricted stock vests over a one-year period, and all of these shares are expected to vest. Dividends earned on the stock are held in escrow and will be paid to the directors at the time the stock vests. Compensation expense related to the restricted stock award will be recognized over the requisite service period.

The following summarizes the activity related to restricted stock transactions for the year ended June 30, 2007:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested restricted stock at beginning of period		
Granted	3,500	\$ 42.70
Vested		
Forfeited		
Unvested restricted stock at end of period	3,500	\$ 42.70

Compensation expense of approximately \$0.1 million was recorded for the year ended June 30, 2007 in Selling, General and Administrative Expenses. A tax benefit of less than \$0.1 million was recorded for the year ended June 30, 2007 related to this restricted stock.

At June 30, 2007, there is less than \$0.1 million of unrecognized compensation expense that will be recognized over a weighted average period of approximately .4 years.

Note 12 Pension Benefits

Defined Benefit Pension Plans

We and certain of our operating subsidiaries provide multiple defined benefit pension plans. Benefits under the plans are primarily based on negotiated rates and years of service and cover the union workers at such locations. We contribute to these plans at least the minimum amount required by regulation or contract. We recognize the cost of plan benefits as the employees render service. We use a June 30 measurement date for all of our plans. At the end of the year, we discount our plan liabilities using an assumed discount rate. In estimating this rate, we, along with our third-party actuaries, review bond indices and the past history of discount rates.

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The actuarial present value of benefit obligations summarized below was based on the following assumption:

	2007	2006
Weighted-average assumption as of June 30		
Discount rate	6.35%	6.45%

The net periodic benefit costs were determined utilizing the following beginning-of-the-year assumptions:

	2007	2006	2005
Discount rate	6.45%	5.25%	6.25%
Expected long-term return on plan assets	8.00%	8.00%	8.00%

Our investment strategy for our plan assets is to control and manage investment risk through diversification across asset classes and investment styles. By our current corporate guidelines, 50-85% of plan assets may be allocated to equity securities, 15-40% to debt securities and up to 35% to cash. We expect that a modest allocation to cash will exist within the plans, because each investment manager is likely to hold limited cash in a portfolio. Our plan assets include an investment in shares of our common stock with a market value of approximately \$2.9 million and \$2.7 million as of June 30, 2007 and 2006, respectively.

The asset allocation for our plans at June 30 by asset category, is as follows:

Asset Category	Percentage of Noncash Plan Assets at June 30	
	2007	2006
Equity securities	73%	79%
Fixed income	27%	21%
Total	100%	100%

The expected return on plan assets is based on our historical experience, our plan investment guidelines, and our expectations for long-term rates of return. Our plan investment guidelines are established based upon an evaluation of market conditions, tolerance for risk, and cash requirements for benefit payments. Due to the potential impact of our recent business divestitures and restructuring activities, we may reassess our investment allocation in 2008.

Relevant information with respect to our pension benefits as of June 30, can be summarized as follows:

	2007	2006
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 40,796	\$ 48,534
Service cost	510	752
Interest cost	2,499	2,542
Amendments	431	123
Actuarial loss (gain)	1,116	(7,041)
Benefits paid	(3,387)	(4,114)
Benefit obligation at end of year	\$ 41,965	\$ 40,796

Change in plan assets

Fair value of plan assets at beginning of year	\$ 38,445	\$ 37,094
Actual return on plan assets	5,038	2,612
Employer contributions	1,439	2,853
Benefits paid	(3,387)	(4,114)
Fair value of plan assets at end of year	\$ 41,535	\$ 38,445

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	2007	2006
Reconciliation of funded status		
Underfunded status	\$ (430)	\$ (2,351)
Unrecognized net actuarial loss		9,308
Unrecognized prior service cost		2,308
Unrecognized net transition asset		(1)
Net (accrued) prepaid benefit cost	\$ (430)	\$ 9,264
Amounts recognized in the consolidated balance sheets consist of		
Prepaid benefit cost(1)	\$ 1,490	\$ 9,264
Accrued benefit liability(2)	(1,920)	(10,584)
Intangible asset(1)		2,000
Accumulated other comprehensive loss		8,584
Net amount recognized	\$ (430)	\$ 9,264
Accumulated benefit obligation	\$ 41,965	\$ 40,796

(1) Recorded in other noncurrent assets

(2) Recorded in other noncurrent liabilities

The following table discloses, in the aggregate, those plans with benefit obligations in excess of the fair value of plan assets at the June 30 measurement date:

	2007	2006
Benefit obligations	\$14,789	\$33,376
Fair value of plan assets at end of year	\$12,869	\$30,613

Effective June 30, 2007, we adopted the provisions of SFAS 158. The incremental effects of applying SFAS 158 on individual lines in our Consolidated Balance Sheet are as follows:

	Balances Before Adoption of SFAS 158	Adjustments	Balances After Adoption of SFAS 158
Other noncurrent assets	\$ 15,465	\$(7,011)	\$ 8,454

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Other noncurrent liabilities	\$ 13,758	\$(3,056)	\$ 10,702
Deferred income tax liabilities	\$ 6,432	\$(4,736)	\$ 1,696
Accumulated other comprehensive loss	\$ 2,712	\$ 2,455	\$ 5,167
Total assets	\$ 605,508	\$(7,011)	\$ 598,497
Total liabilities	\$ 161,980	\$(7,792)	\$ 154,188
Total shareholders' equity	\$ 446,764	\$(2,455)	\$ 444,309

Amounts recognized in accumulated other comprehensive loss at June 30, 2007 are as follows:

		2007
Net actuarial loss		\$ 7,674
Prior service cost		861
Net transition asset		(2)
Income taxes		(3,236)
Total		\$ 5,297

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Amounts expected to be recognized in accumulated other comprehensive loss during the next fiscal year are as follows:

	2008
Net actuarial loss	\$ 171
Prior service cost amortization	102
Net transition obligation	3
Total	\$ 276

The following table summarizes the components of net periodic benefit cost at June 30:

	2007	2006	2005
Components of net periodic benefit cost			
Service cost	\$ 510	\$ 752	\$ 554
Interest cost	2,499	2,542	2,531
Expected return on plan assets	(2,987)	(2,889)	(2,775)
SFAS 88 curtailment/settlement charges	2,068	574	
Amortization of unrecognized net loss	276	694	410
Amortization of prior service cost	232	245	234
Amortization of unrecognized net obligation existing at transition	2	35	35
Net periodic benefit cost	\$ 2,600	\$ 1,953	\$ 989

The above-noted net periodic benefit cost includes \$2.3 million for 2007, \$1.4 million for 2006 and \$0.5 million for 2005 of costs that are presented in discontinued operations because those costs relate to the discontinued businesses.

During 2007, two of our plans became subject to curtailment accounting because of the sale of a business and the announcement of the upcoming closure of another. This resulted in the immediate recognition of all of the outstanding prior service cost and transition obligations of these plans. Total curtailment charges of approximately \$1.6 million were recorded, as required under SFAS No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits* (SFAS 88).

Also during the current year, one of our plans experienced lump sum payments that exceeded the plan's annual service and interest costs. This resulted in an accelerated recognition of plan costs of approximately \$0.5 million, as required under SFAS 88.

In 2006, one of our plans experienced lump sum payments that exceeded the plan's annual service and interest costs. This resulted in an accelerated recognition of plan costs of approximately \$0.6 million, as required under SFAS 88.

We have not yet finalized our anticipated funding level for 2008, but, based on initial estimates, we anticipate funding approximately \$0.8 million.

Benefit payments estimated for future years are as follows:

2008	\$ 2,420
2009	\$ 2,393

2010		\$ 2,251
2011		\$ 2,289
2012		\$ 2,613
2013	2017	\$16,486

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Note 13 Postretirement Benefits***Postretirement Medical and Life Insurance Benefit Plans***

We and certain of our operating subsidiaries provide multiple postretirement medical and life insurance benefit plans. We recognize the cost of benefits as the employees render service. Postretirement benefits are funded as incurred. We use a June 30 measurement date for all of our plans. At the end of the year, we discount our plan liabilities using an assumed discount rate. In estimating this rate, we, along with our third-party actuaries, review bond indices and the past history of discount rates.

The actuarial present value of benefit obligations summarized below was based on the following assumption:

	2007	2006
Weighted-average assumption as of June 30		
Discount rate	6.35%	6.45%

The net periodic benefit costs were determined utilizing the following beginning-of-the-year assumptions:

	2007	2006	2005
Discount rate	6.45%	5.25%	6.25%
Health care cost trend rate	11.00%	12.00%	12.00%

Relevant information with respect to our postretirement medical and life insurance benefits as of June 30, can be summarized as follows:

	2007	2006
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 6,746	\$ 6,764
Service cost	133	175
Interest cost	423	346
Actuarial gain	(260)	(252)
Plan amendments		(22)
Effect of curtailment	(2,938)	
Benefits paid	(300)	(265)
Benefit obligation at end of year	\$ 3,804	\$ 6,746
Change in plan assets		
Employer contributions	\$ 300	\$ 265
Benefits paid	(300)	(265)
Fair value of plan assets at end of year	\$	\$
Reconciliation of funded status		
Underfunded status	\$ (3,804)	\$ (6,746)
Unrecognized net actuarial loss		2,717
Unrecognized prior service asset		(86)
Accrued benefit cost	\$ (3,804)	\$ (4,115)

Amounts recognized in the consolidated balance sheets consist of

Current accrued benefit liability	\$ (330)	\$
Noncurrent accrued benefit liability	\$ (3,474)	\$ (4,115)
Accumulated benefit obligation	\$ 3,804	\$ 6,746

Effective June 30, 2007, we adopted the provisions of SFAS 158. As a result of this adoption, we recorded the underfunded status of our plans as a liability on our Consolidated Balance Sheet, and we recognized the changes in our funded status through comprehensive income. There was no material impact

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on our financial position or results of operations as a result of this adoption. The incremental effects of applying SFAS 158 on individual lines in our Consolidated Balance Sheet are as follows:

	Balances Before Adoption of SFAS 158	Adjustments	Balances After Adoption of SFAS 158
Other noncurrent liabilities	\$ 10,698	\$ 4	\$ 10,702
Deferred income tax liabilities	\$ 1,694	\$ 2	\$ 1,696
Accumulated other comprehensive loss	\$ 5,166	\$ 1	\$ 5,167
Total liabilities	\$ 154,182	\$ 6	\$ 154,188
Total shareholders' equity	\$ 444,310	\$ (1)	\$ 444,309

Amounts recognized in accumulated other comprehensive loss at June 30, 2007 are as follows:

	2007
Net actuarial loss	\$ 53
Prior service benefit	(50)
Income taxes	(2)
Total	\$ 1

Amounts expected to be recognized in accumulated other comprehensive loss during the next fiscal year are as follows:

	2008
Prior service cost amortization	\$ (5)

The following table summarizes the components of net periodic benefit cost at June 30:

	2007	2006	2005
Components of net periodic benefit cost			
Service cost	\$ 133	\$ 175	\$ 135
Interest cost	423	346	323
Amortization of unrecognized net loss	128	143	75
Amortization of prior service asset	(8)	(6)	(7)
SFAS 88 curtailment benefit	(691)		
Net periodic benefit (benefit) cost	\$ (15)	\$ 658	\$ 526

The above-noted net periodic benefit (benefit) cost includes \$(0.3) million for 2007, \$0.2 million for 2006 and \$0.4 million for 2005 that are presented in discontinued operations because those benefit costs relate to the discontinued businesses.

In 2007, our plans experienced a curtailment due to a significant reduction in future service as a result of the sale of certain automotive operations and the planned closure of our industrial glassware operation. This resulted in the immediate recognition of a portion of the outstanding prior service asset related to the impacted employees, as required under SFAS 88.

We expect to contribute approximately \$0.3 million to our postretirement benefit plans in 2008.
Benefit payments estimated for future years are as follows:

2008		\$ 330
2009		\$ 289
2010		\$ 283
2011		\$ 278
2012		\$ 295
2013	2017	\$1,493

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

For other postretirement benefit measurement purposes, annual increases in medical costs for 2007 are assumed to total approximately 10% per year and gradually decline to 5% by approximately the year 2012 and remain level thereafter. Annual increases in medical costs for 2006 were assumed to total approximately 11% per year and gradually decline to 5% by approximately the year 2012 and remain level thereafter.

Assumed health care cost rates can have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	\$ 20	\$ (17)
Effect on postretirement benefit obligation as of June 30, 2007	\$ 309	\$ (269)

Note 14 Defined Contribution and Other Employee Plans

We sponsored seven defined contribution plans established pursuant to Section 401(k) of the Internal Revenue Code during 2007. Two of these plans are in the process of being terminated as a result of the sale of certain automotive operations. Contributions are determined under various formulas, and we contributed to five of the plans in the current year. Costs related to such plans totaled approximately \$1.0 million in each of the years ended June 30, 2007, 2006 and 2005.

Certain of our subsidiaries also participate in multiemployer plans that provide pension and postretirement health and welfare benefits to the union workers at such locations. The contributions required by our participation in the multi-employer plans totaled approximately \$3.7 million in each of the years ended June 30, 2007, 2006 and 2005.

We offer a deferred compensation plan for select employees who may elect to defer a certain percentage of annual compensation. We do not match any contributions. Each participant earns interest based upon the prime rate of interest, adjusted semi-annually, on their respective deferred compensation balance. Participants are paid out upon retirement or termination. Our liability for total deferred compensation and accrued interest was approximately \$2.0 million and \$3.8 million for the years ended June 30, 2007 and 2006, respectively. Deferred compensation expense totaled approximately \$0.2 million for each of the years ended June 30, 2007, 2006 and 2005.

Note 15 Commitments

We have operating leases with initial noncancelable lease terms in excess of one year covering the rental of various facilities and equipment, which expire at various dates through 2014. Certain of these leases contain renewal options, some provide options to purchase during the lease term and some require contingent rentals based on usage. The future minimum rental commitments due under these leases are summarized as follows (in thousands): 2008 \$5,598; 2009 \$5,278; 2010 \$3,741; 2011 \$1,872; 2012 \$952; thereafter \$696.

Total rent expense, including short-term cancelable leases, during the years ended June 30, 2007, 2006 and 2005 is summarized as follows:

	2007	2006	2005
Operating leases:			
Minimum rentals	\$ 5,683	\$ 5,839	\$ 5,236
Contingent rentals	435	554	376
Short-term cancelable leases	1,994	2,012	1,909
Total	\$ 8,112	\$ 8,405	\$ 7,521

Note 16 Contingencies

In addition to the items discussed below, at June 30, 2007, we were a party to various claims and litigation matters arising in the ordinary course of business. Such matters did not have a material adverse

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

effect on the current-year results of operations and, in our opinion, their ultimate disposition will not have a material adverse effect on our consolidated financial statements.

Approximately 21% of our employees are represented under various collective bargaining agreements, which expire at various times through calendar year 2010. While we believe that labor relations with unionized employees are good, a prolonged labor dispute could have a material adverse effect on our business and results of operations.

We received a distribution of approximately \$0.7 million from the U.S. government under CDSOA in the second quarter of 2007, as compared to distributions of approximately \$11.4 million and \$26.2 million in the corresponding periods of 2006 and 2005, respectively. CDSOA, which applies to our candle operations, is intended to redress unfair dumping of imported products through cash payments to eligible affected companies. Such payments are in part dependent upon the amount of antidumping duties collected by the U.S. government on those products. The World Trade Organization has previously ruled that such payments are inconsistent with international trade rules. In February 2006, legislation was enacted to repeal the applicability of CDSOA to duties collected on imported products entered into the United States after September 2007. In July 2006, the U.S. Court of International Trade (CIT) ruled unconstitutional, on First Amendment grounds, CDSOA's requirement that a company that is not a petitioner must have indicated its support for an antidumping petition in order to be eligible for a distribution. In July 2007, the CIT found the statute was severable to make all domestic producers eligible for benefits and remanded to the agencies for a determination of moneys owed to the plaintiff. The remand is ongoing as of mid-August 2007. In September 2006, the CIT, in a separate case, ruled the requirement unconstitutional on equal protection grounds; following a remand, the CIT issued a final judgment in July 2007 affirming the agencies' decisions on remand. An appeal can be taken by any of the parties to that case until late September 2007. Other cases challenging the constitutionality of CDSOA are pending before the CIT, most of which have been assigned to a panel of three CIT judges and consolidated or stayed. We expect that the rulings of the CIT, once finalized, will be appealed. The ultimate resolution of the pending litigation, its timing and what, if any, effects the litigation will have on our receipt of future CDSOA distributions is uncertain. In addition to the CIT ruling, there are a number of factors that can affect whether we receive any CDSOA distributions and the amount of such distributions in any year. These factors include, among other things, potential changes in the law, other ongoing or potential legal challenges to the law, the administrative operation of the law and the status of the underlying antidumping orders.

Certain of our automotive accessory products carry explicit limited warranties that extend from twelve months to the life of the product, based on terms that are generally accepted in the marketplace. Our policy is to record a provision for the expected cost of the warranty-related claims at the time of the sale, and periodically adjust the provision to reflect actual experience. The amount of warranty liability accrued reflects our best estimate of the expected future cost of honoring our obligations under the warranty plans. The warranty accrual as of June 30, 2007 and 2006 is immaterial to our financial position, and the change in the accrual for 2007 is immaterial to our results of operations and cash flows.

Note 17 Restructuring and Impairment Charge

In 2007, we recorded a restructuring and impairment charge of approximately \$3.5 million (\$2.3 million after taxes) including \$1.4 million recorded in cost of sales for the write-down of inventories. This charge is related to the planned closing of our industrial glass operations located in Lancaster, Ohio. The charge consists of asset write-offs, accelerated depreciation of certain property, plant and equipment, a pension curtailment charge, one-time termination benefits and other costs. Production at the manufacturing facility was largely phased out by May 31, 2007. We anticipate that active business operations will effectively cease by the end of the calendar year upon the expected completion of certain sales and distribution activities. The decision to close this operation resulted from continuing declines in volume and profitability.

The total estimated costs associated with this plant closure are expected to be between \$5 and \$7 million and include the above-noted costs and other costs associated with disposal-related activities. Total remaining cash expenditures are estimated to be approximately \$3 million and are expected to occur over the balance of calendar

2007.

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LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

An analysis of this restructuring activity and the related liability recorded within the Glassware and Candles segment at June 30, 2007 follows:

	Accrual at June 30, 2006	2007 Charge	2007 Cash Outlays	Accrual at June 30, 2007
Restructuring and Impairment Charge				
Employee Separation Costs	\$	\$ 467	\$ (201)	\$ 266
Other Costs		275	(56)	219
Subtotal	\$	742	\$ (257)	\$ 485
Pension Curtailment Charges		287		
Accelerated Depreciation		1,130		
Inventory Write-Down		1,400		
Total Restructuring and Impairment Charge		\$ 3,559		

The restructuring accrual is located in accrued liabilities at June 30, 2007.

In the third quarter of 2005, we recorded a noncash impairment charge of approximately \$0.9 million (\$0.6 million after taxes) related to certain glassware-manufacturing equipment. This impairment occurred due to inefficient production and a slowdown in demand for certain products associated with this equipment.

Note 18 Business Segments Information

We have evaluated our operations in accordance with SFAS No. 131 and have determined that the business is separated into three distinct operating and reportable segments: Specialty Foods, Glassware and Candles and Automotive.

Specialty Foods includes the production and marketing of a family of pourable and refrigerated produce salad dressings, croutons, sauces, refrigerated produce vegetable and fruit dips, chip dips, dry and frozen pasta and egg noodles, caviar, frozen hearth-baked breads, and frozen yeast rolls. Salad dressings, sauces, croutons, frozen pasta and egg noodles, frozen bread products and frozen yeast rolls are sold to both retail and foodservice markets. The remaining products of this business segment are primarily directed to retail markets.

Glassware and Candles includes the production and marketing of table and giftware consisting of domestic glassware, both machine pressed and machine blown; imported glassware; candles in a variety of popular sizes, shapes and scents; potpourri and related scented products; and glass floral containers. This segment's products are sold primarily to retail markets such as mass merchandisers and food and drug stores.

Automotive includes the production and marketing for original equipment manufacturers and the auto aftermarket of running boards, tube steps, toolboxes and other accessories for pickup trucks, vans and sport utility vehicles.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

The following table sets forth business segment information with respect to the amount of net sales contributed by each class of similar products of our consolidated net sales in each of the years ending June 30:

	2007	2006	2005
Specialty Foods			
Retail	\$ 375,987	\$ 375,255	\$ 343,658
Foodservice	352,670	332,774	330,182
Total Specialty Foods	\$ 728,657	\$ 708,029	\$ 673,840
Glassware and Candles			
Consumer Table and Giftware	\$ 171,935	\$ 170,845	\$ 189,071
Nonconsumer Ware and Other	45,218	45,697	44,434
Total Glassware and Candles	\$ 217,153	\$ 216,542	\$ 233,505
Automotive			
Original Equipment Manufacturers	\$ 114,998	\$ 116,933	\$ 76,163
Aftermarket	30,354	32,081	44,820
Total Automotive	\$ 145,352	\$ 149,014	\$ 120,983
Total	\$ 1,091,162	\$ 1,073,585	\$ 1,028,328

Operating income represents net sales less operating expenses related to the business segments. Expenses of a general corporate nature have not been allocated to the business segments. All intercompany transactions have been eliminated, and intersegment revenues are not significant. Identifiable assets for each segment include those assets used in its operations and intangible assets allocated to purchased businesses. Corporate assets consist principally of cash, cash equivalents, short-term investments and deferred income taxes.

The following sets forth certain financial information attributable to our business segments for the three years ended June 30, 2007, 2006 and 2005:

	2007	2006	2005
Net Sales(1)			
Specialty Foods	\$ 728,657	\$ 708,029	\$ 673,840
Glassware and Candles	217,153	216,542	233,505
Automotive	145,352	149,014	120,983
Total	\$ 1,091,162	\$ 1,073,585	\$ 1,028,328
Operating Income			
Specialty Foods	\$ 101,518	\$ 113,796	\$ 111,392
Glassware and Candles	5,712	3,614	7,247
Automotive	545	4,926	2,341
Corporate Expenses	(7,320)	(6,928)	(6,808)
Total	\$ 100,455	\$ 115,408	\$ 114,172

Identifiable Assets(1)

Specialty Foods	\$ 348,637	\$ 274,652	\$ 231,219
Glassware and Candles	147,232	171,553	187,707
Automotive	67,463	126,755	106,461
Corporate	35,165	55,061	205,891
Total	\$ 598,497	\$ 628,021	\$ 731,278

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

	2007	2006	2005
Capital Expenditures			
Specialty Foods	\$ 51,746	\$ 47,984	\$ 15,152
Glassware and Candles	1,786	3,847	3,621
Automotive	2,245	8,208	3,211
Corporate	46	29	119
Total	\$ 55,823	\$ 60,068	\$ 22,103
Depreciation and Amortization			
Specialty Foods	\$ 12,433	\$ 9,767	\$ 9,589
Glassware and Candles	11,333	14,850	16,387
Automotive	4,874	4,873	3,983
Corporate	126	166	159
Total	\$ 28,766	\$ 29,656	\$ 30,118

(1) Net sales and long-lived assets are predominantly domestic.

Combined net sales from the three segments attributable to Wal-Mart Stores, Inc. totaled approximately \$164 million, or 15% of consolidated 2007 net sales; \$154 million, or 14% of consolidated 2006 net sales and \$148 million, or 14% of consolidated net sales in 2005.

Combined accounts receivable for the three segments attributable to Wal-Mart Stores, Inc. totaled approximately 17% and 15% of consolidated accounts receivable at June 30, 2007 and 2006, respectively.

Note 19 Selected Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter(1)	Third Quarter(2)	Fourth Quarter(3)	Fiscal Year(4)
2007					
Net Sales	\$ 262,064	\$ 292,332	\$ 265,692	\$ 271,074	\$ 1,091,162
Gross Margin	\$ 44,649	\$ 54,927	\$ 45,701	\$ 48,283	\$ 193,560
Income from Continuing Operations	\$ 14,490	\$ 20,360	\$ 13,595	\$ 16,236	\$ 64,681
Loss from Discontinued Operations, Net of Tax	\$ (709)	\$ (2,531)	\$ (96)	\$ (15,661)	\$ (18,997)
Net Income	\$ 13,781	\$ 17,829	\$ 13,499	\$ 575	\$ 45,684
Diluted Income (Loss) per Share:					
Continuing Operations	\$.45	\$.64	\$.43	\$.52	\$ 2.05
Discontinued Operations	\$ (.02)	\$ (.08)	\$	\$ (.50)	\$ (.60)
Net Income	\$.43	\$.56	\$.43	\$.02	\$ 1.45

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	First Quarter	Second Quarter(5)	Third Quarter(6)	Fourth Quarter(7)	Fiscal Year(4)
2006					
Net Sales	\$262,604	\$289,646	\$257,038	\$264,297	\$1,073,585
Gross Margin	\$ 50,020	\$ 58,236	\$ 40,512	\$ 56,693	\$ 205,461
Income from Continuing Operations	\$ 17,536	\$ 30,728	\$ 12,990	\$ 23,167	\$ 84,421
Income (Loss) from Discontinued Operations, Net of Tax	\$ 510	\$ (498)	\$ (1,216)	\$ (263)	\$ (1,467)
Net Income	\$ 18,046	\$ 30,230	\$ 11,774	\$ 22,904	\$ 82,954
Diluted Income (Loss) per Share:					
Continuing Operations	\$.51	\$.91	\$.39	\$.71	\$ 2.52
Discontinued Operations	\$.01	\$ (.01)	\$ (.04)	\$ (.01)	\$ (.04)
Net Income	\$.53	\$.89	\$.35	\$.70	\$ 2.48

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LANCASTER COLONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in thousands, except share and per share data)

- (1) Included in the second quarter earnings is income of approximately \$0.4 million, net of taxes, or approximately \$.01 per share, related to funds received under CDSOA.
- (2) Included in the third quarter earnings is expense of approximately \$1.5 million, net of taxes, or approximately \$.05 per share, related to the planned closing of our industrial glass operation in Lancaster, Ohio.
- (3) Included in the fourth quarter earnings are (A) income of approximately \$0.6 million, net of taxes, or approximately \$.02 per share, related to a bad debt recovery and (B) expense of approximately \$0.7 million, net of taxes, or

approximately
\$.02 per share,
related to the
planned closing
of our industrial
glass operation
in Lancaster,
Ohio.

- (4) Basic and diluted earnings per share are calculated independently for each of the quarters presented. Accordingly, the sum of the quarterly earnings per share amounts may not agree with the fiscal year.
- (5) Included in the second quarter earnings are (A) income of approximately \$7.4 million, net of taxes, or approximately \$.22 per share, related to funds received under CDSOA and (B) income of approximately \$0.5 million, net of taxes, or approximately \$.02 per share, related to the sale of idle real estate in the Automotive segment.

(6)

Included in the third quarter earnings is income of approximately \$0.8 million, net of taxes, or approximately \$0.02 per share, related to a bad debt recovery.

- (7) Included in the fourth quarter earnings is income of approximately \$0.7 million, net of taxes, or approximately \$0.02 per share, related to our annual actuarial review of our self-insured workers compensation.

SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Lancaster Colony Corporation

(Registrant)

By: /s/ John L. Boylan

John L. Boylan
*Treasurer, Vice President, Assistant Secretary,
Chief Financial Officer and Director
(Principal Financial and Accounting Officer)*

Date: August 31, 2007

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LANCASTER COLONY CORPORATION AND SUBSIDIARIES
FORM 10-K/A
Amendment No. 1
JUNE 30, 2007
INDEX TO EXHIBITS

Exhibit Number	Description	Located at
3.1	Articles of Incorporation of Lancaster Colony Corporation approved by the shareholders November 18, 1991	(e)
.2	Certificate of Amendment to the Articles of Incorporation of Lancaster Colony Corporation approved by the shareholders November 16, 1992	(e)
.3	Certificate of Amendment to the Articles of Incorporation of Lancaster Colony Corporation approved by the shareholders November 17, 1997	(e)
.4	Regulations of Lancaster Colony Corporation as amended through November 18, 1991	(o)
.5	Certificate of Designation, Rights and Preferences of the Series A Participating Preferred Stock of Lancaster Colony Corporation	(b)
4.1	Specimen Certificate of Common Stock	(h)
.2	Rights Agreement dated as of April 20, 2000 by and between Lancaster Colony Corporation and The Huntington National Bank	(g)
.3	Credit Agreement dated as of February 13, 2001 among Lancaster Colony Corporation, The Lenders and Bank One, NA, as Agent	(i)
.4	First Amendment to Credit Agreement dated as of June 24, 2003 among Lancaster Colony Corporation, the Lenders and Bank One, NA as LC Issuer and Agent	(j)
.5	Second Amendment to Credit Agreement dated as of March 3, 2005 among Lancaster Colony Corporation, the Lenders and J. P. Morgan Chase Bank, N.A. as LC Issuer and as Agent	(n)
10.1*	Key Employee Severance Agreement between Lancaster Colony Corporation and John L. Boylan	(c)
.2*	Lancaster Colony Corporation 1995 Key Employee Stock Option Plan	(d)
.3*	Key Employee Severance Agreement between Lancaster Colony Corporation and Bruce L. Rosa	(f)
.4*	Lancaster Colony Corporation Executive Employee Deferred Compensation Plan	(h)
.5*	Description of Registrant's Executive Bonus Arrangements	(k)

.6	Design/Build Agreement between Sister Schubert's Homemade Rolls, Inc. and Shambaugh & Son, LP	(p)
.7*	2004 Amendment to the Lancaster Colony Corporation Executive Employee Deferred Compensation Plan	(l)
.8*	Lancaster Colony Corporation 2005 Executive Employee Deferred Compensation Plan	(m)
.9*	Lancaster Colony Corporation 2005 Stock Plan	(a)
.10*	Form of Restricted Stock Award Agreement under the Lancaster Colony Corporation 2005 Stock Plan	(q)
21	Subsidiaries of Registrant	(q)
23	Consent of Deloitte & Touche LLP	Filed herewith

Exhibit Number	Description	Located at
31.1	Certification of CEO Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934	Filed herewith
31.2	Certification of CFO Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934	Filed herewith
32	Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith

* Indicates a management contract or compensatory plan, contract or arrangement in which any Director or any Executive Officer participates.

(a) Indicates the exhibit is incorporated by reference to Appendix C to the Proxy Statement on Schedule 14A (000-04065) of Lancaster Colony Corporation for the Annual Meeting of Shareholders held November 21, 2005.

(b) Indicates the exhibit is incorporated by reference from filing as an

exhibit to
Lancaster
Colony
Corporation's
Quarterly
Report on Form
10-Q
(000-04065) for
the quarter
ended
March 31, 1990.

(c) Indicates the
exhibit is
incorporated by
reference to
Exhibit 10.6 to
Lancaster
Colony
Corporation's
Annual Report
on Form 10-K
(000-04065) for
the year ended
June 30, 1991.

(d) Indicates the
exhibit is
incorporated by
reference to
Exhibit A to the
Proxy Statement
of Lancaster
Colony
Corporation
(000-04065) for
the Annual
Meeting of
Shareholders
held November
20, 1995.

(e) Indicates the
exhibit is
incorporated by
reference from
filing as an
exhibit to
Lancaster
Colony
Corporation's

Annual Report
on Form 10-K
(000-04065) for
the year ended
June 30, 1998.

(f) Indicates the
exhibit is
incorporated by
reference to
Exhibit 10.8 to
the Lancaster
Colony
Corporation s
Annual Report
on Form 10-K
(000-04065) for
the year ended
June 30, 1999.

(g) Indicates the
exhibit is
incorporated by
reference to
Exhibit 1 to
Lancaster
Colony
Corporation s
report on Form
8-A
(000-04065)
filed April 20,
2000.

(h) Indicates the
exhibit is
incorporated by
reference from
filing as an
exhibit to
Lancaster
Colony
Corporation s
Annual Report
on Form 10-K
(000-04065) for
the year ended
June 30, 2000.

(i) Indicates the
exhibit is

incorporated by
reference to
Exhibit 4.3 to
Lancaster
Colony
Corporation's
Quarterly
Report on Form
10-Q
(000-04065) for
the quarter
ended
March 31, 2001.

(j) Indicates the
exhibit is
incorporated by
reference to
Exhibit 4.4 to
Lancaster
Colony
Corporation's
Annual Report
on Form 10-K
(000-04065) for
the year ended
June 30, 2003.

(k) Indicates the
exhibit is
incorporated by
reference to
Exhibit 10.9 to
Lancaster
Colony
Corporation's
Annual Report
on Form 10-K
(000-04065) for
the year ended
June 30, 2004.

(l) Indicates the
exhibit is
incorporated by
reference to
Exhibit 10.1 to
Lancaster
Colony
Corporation's
Current Report

on Form 8-K
(000-04065)
filed January 3,
2005.

(m) Indicates the
exhibit is
incorporated by
reference to
Exhibit 99.2 to
Lancaster
Colony
Corporation s
Current Report
on Form 8-K
(000-04065)
filed
February 25,
2005.

(n) Indicates the
exhibit is
incorporated by
reference to
Exhibit 99.1 to
Lancaster
Colony
Corporation s
Current Report
on Form 8-K
(000-04065)
filed March 7,
2005.

(o) Indicates the
exhibit is
incorporated by
reference to
Exhibit 3.4 to
Lancaster
Colony
Corporation s
Annual Report
on Form 10-K
(000-04065) for
the year ended
June 30, 2006.

(p) Indicates the
exhibit is
incorporated by

reference to
Exhibit 10.1 to
Lancaster
Colony
Corporation's
Current Report
on Form 8-K
(000-04065)
filed March 16,
2007.

- (q) Indicates the
exhibit was filed
with the
Lancaster
Colony
Corporation's
original Annual
Report on Form
10-K
(000-04065) for
the year ended
June 30, 2007
filed on
August 28,
2007.