

LANCASTER COLONY CORP
Form 10-Q
May 07, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

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 13-1955943
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

37 West Broad Street 43215
Columbus, Ohio
(Address of principal executive offices) (Zip Code)

614-224-7141
(Registrant's telephone number, including area code)

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

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

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As of April 24, 2015, there were 27,357,000 shares of Common Stock, without par value, outstanding.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
TABLE OF CONTENTS

<u>PART I – FINANCIAL INFORMATION</u>	<u>3</u>
Item 1. <u>Condensed Consolidated Financial Statements (unaudited):</u>	
<u>Condensed Consolidated Balance Sheets – March 31, 2015 and June 30, 2014</u>	<u>3</u>
<u>Condensed Consolidated Statements of Income – Three and Nine Months Ended March 31, 2015 and 2014</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income – Three and Nine Months Ended March 31, 2015 and 2014</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows – Nine Months Ended March 31, 2015 and 2014</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>16</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>21</u>
Item 4. <u>Controls and Procedures</u>	<u>21</u>
<u>PART II – OTHER INFORMATION</u>	<u>22</u>
Item 1A. <u>Risk Factors</u>	<u>22</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>22</u>
Item 6. <u>Exhibits</u>	<u>22</u>
<u>SIGNATURES</u>	<u>23</u>
<u>INDEX TO EXHIBITS</u>	<u>24</u>

PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements
LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Amounts in thousands, except share data)	March 31, 2015	June 30, 2014
ASSETS		
Current Assets:		
Cash and equivalents	\$161,417	\$211,539
Receivables (less allowance for doubtful accounts, March-\$194; June-\$432)	69,374	57,808
Inventories:		
Raw materials	29,951	28,069
Finished goods	42,319	46,447
Total inventories	72,270	74,516
Deferred income taxes and other current assets	26,128	23,428
Total current assets	329,189	367,291
Property, Plant and Equipment:		
Land, buildings and improvements	112,836	107,690
Machinery and equipment	253,537	238,791
Total cost	366,373	346,481
Less accumulated depreciation	190,878	177,807
Property, plant and equipment-net	175,495	168,674
Other Assets:		
Goodwill	126,723	89,840
Other intangible assets-net	51,696	5,376
Other noncurrent assets	8,127	7,449
Total	\$691,230	\$638,630
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$43,796	\$37,907
Accrued liabilities	33,226	31,165
Total current liabilities	77,022	69,072
Other Noncurrent Liabilities	20,868	22,208
Deferred Income Taxes	23,969	18,753
Commitments and Contingencies		
Shareholders' Equity:		
Preferred stock-authorized 3,050,000 shares; outstanding-none		
Common stock-authorized 75,000,000 shares; outstanding – March-27,356,804 shares; June-27,339,421 shares	107,020	104,789
Retained earnings	1,206,136	1,167,211
Accumulated other comprehensive loss	(7,874	) (8,061
Common stock in treasury, at cost	(735,911	) (735,342
Total shareholders' equity	569,371	528,597
Total	\$691,230	\$638,630

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share data)	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Net Sales	\$263,400	\$241,849	\$826,798	\$782,267
Cost of Sales	206,775	189,941	634,096	591,565
Gross Margin	56,625	51,908	192,702	190,702
Selling, General and Administrative Expenses	25,417	23,073	76,674	69,251
Operating Income	31,208	28,835	116,028	121,451
Interest Income and Other-Net	(138	) (204	) (177	) (328
Income From Continuing Operations Before Income Taxes	31,070	28,631	115,851	121,123
Taxes Based on Income	10,667	9,731	39,733	41,038
Income From Continuing Operations	20,403	18,900	76,118	80,085
Discontinued Operations, Net of Tax:				
Income from discontinued operations	—	325	—	3,175
Loss on sale of discontinued operations	—	(29,601	) —	(29,601
Total discontinued operations	—	(29,276	) —	(26,426
Net Income (Loss)	\$20,403	\$(10,376	) \$76,118	\$53,659
Income Per Common Share From Continuing Operations:				
Basic and diluted	\$0.75	\$0.69	\$2.78	\$2.93
Loss Per Common Share From Discontinued Operations:				
Basic and diluted	\$—	\$(1.07	) \$—	\$(0.97
Net Income (Loss) Per Common Share:				
Basic	\$0.75	\$(0.38	) \$2.78	\$1.97
Diluted	\$0.75	\$(0.38	) \$2.78	\$1.96
Cash Dividends Per Common Share	\$0.46	\$0.44	\$1.36	\$1.28
Weighted Average Common Shares Outstanding:				
Basic	27,303	27,261	27,294	27,258
Diluted	27,330	27,297	27,323	27,303

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (UNAUDITED)

(Amounts in thousands)	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Net Income (Loss)	\$20,403	\$(10,376)	) \$76,118	\$53,659
Other Comprehensive Income:				
Defined Benefit Pension and Postretirement Benefit Plans:				
Amortization of loss, before tax	100	109	300	325
Amortization of prior service asset, before tax	(1	) (1	) (3	) (3
Total Other Comprehensive Income, Before Tax	99	108	297	322
Tax Attributes of Items in Other Comprehensive Income:				
Amortization of loss, tax	(38	) (41	) (111	) (120
Amortization of prior service asset, tax	1	1	1	1
Total Tax Expense	(37	) (40	) (110	) (119
Other Comprehensive Income, Net of Tax	62	68	187	203
Comprehensive Income (Loss)	\$20,465	\$(10,308)	) \$76,305	\$53,862

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)	Nine Months Ended	
	March 31,	
	2015	2014
Cash Flows From Operating Activities:		
Net income	\$76,118	\$53,659
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,937	15,596
Deferred income taxes and other noncash changes	2,527	5,144
Stock-based compensation expense	2,211	1,777
Excess tax benefit from stock-based compensation	(456)	(927)
Gain on sale of property	—	(6)
Loss on sale of discontinued operations	—	44,027
Pension plan activity	(444)	(182)
Changes in operating assets and liabilities:		
Receivables	(8,981)	(10,813)
Inventories	5,996	7,901
Other current assets	(1,853)	(13,602)
Accounts payable and accrued liabilities	6,508	(3,779)
Net cash provided by operating activities	96,563	98,795
Cash Flows From Investing Activities:		
Cash paid for acquisition, net of cash acquired	(92,217)	—
Payments on property additions	(15,752)	(8,143)
Proceeds from sale of property	—	6
Proceeds from sale of discontinued operations	—	25,616
Other-net	(1,410)	(854)
Net cash (used in) provided by investing activities	(109,379)	16,625
Cash Flows From Financing Activities:		
Purchase of treasury stock	(569)	(3,120)
Payment of dividends	(37,193)	(34,960)
Excess tax benefit from stock-based compensation	456	927
Decrease in cash overdraft balance	—	(324)
Net cash used in financing activities	(37,306)	(37,477)
Net change in cash and equivalents	(50,122)	77,943
Cash and equivalents at beginning of year	211,539	123,385
Cash and equivalents at end of period	\$161,417	\$201,328
Supplemental Disclosure of Operating Cash Flows:		
Cash paid during the period for income taxes	\$37,835	\$36,941
See accompanying notes to condensed consolidated financial statements.		

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and SEC Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, the interim condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of the results of operations and financial position for such periods. All such adjustments reflected in the interim condensed consolidated financial statements are considered to be of a normal recurring nature. The results of operations for any interim period are not necessarily indicative of results for the full year. Accordingly, these financial statements should be read in conjunction with the financial statements and notes thereto contained in our 2014 Annual Report on Form 10-K. Prior-year results reflect the classification of the sold candle manufacturing and marketing operations as discontinued operations. Unless otherwise noted, the term “year” and references to a particular year pertain to our fiscal year, which begins on July 1 and ends on June 30; for example, 2015 refers to fiscal 2015, which is the period from July 1, 2014 to June 30, 2015.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except for those acquired as part of a business combination, which are stated at fair value at the time of purchase. Purchases of property, plant and equipment included in accounts payable and excluded from the property additions and the change in accounts payable in the Condensed Consolidated Statements of Cash Flows were as follows:

	March 31,	
	2015	2014
Construction in progress in accounts payable	\$489	\$1,465

Accrued Distribution

Accrued distribution costs included in accrued liabilities were \$6.1 million and \$6.4 million at March 31, 2015 and June 30, 2014, respectively.

Earnings Per Share

Earnings per share (“EPS”) is computed based on the weighted average number of shares of common stock and common stock equivalents (restricted stock and stock-settled stock appreciation rights) outstanding during each period. Unvested shares of restricted stock granted to employees are considered participating securities since employees receive nonforfeitable dividends prior to vesting and, therefore, are included in the earnings allocation in computing EPS under the two-class method. Basic EPS 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 EPS 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 nonparticipating restricted stock and stock-settled stock appreciation rights.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

Basic and diluted income per common share from continuing operations were calculated as follows:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Income from continuing operations	\$20,403	\$18,900	\$76,118	\$80,085
Income from continuing operations available to participating securities	(26	) (21	) (109	) (139
Income from continuing operations available to common shareholders	\$20,377	\$18,879	\$76,009	\$79,946
Weighted average common shares outstanding – basic	27,303	27,261	27,294	27,258
Incremental share effect from:				
Nonparticipating restricted stock	2	2	3	3
Stock-settled stock appreciation rights	25	34	26	42
Weighted average common shares outstanding – diluted	27,330	27,297	27,323	27,303
Income per common share from continuing operations – basic and diluted	\$0.75	\$0.69	\$2.78	\$2.93

Reclassifications Out of Accumulated Other Comprehensive Loss

The following table presents the amounts reclassified out of accumulated other comprehensive loss by component:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Accumulated other comprehensive loss at beginning of period	\$(7,936	) \$(8,256	) \$(8,061	) \$(8,391
Defined Benefit Pension Plan Items:				
Amortization of unrecognized net loss ⁽¹⁾	107	115	321	345
Postretirement Benefit Plan Items:				
Amortization of unrecognized net gain ⁽¹⁾	(7	) (6	) (21	) (20
Amortization of prior service asset ⁽¹⁾	(1	) (1	) (3	) (3
Total other comprehensive income, before tax	99	108	297	322
Total tax expense	(37	) (40	) (110	) (119
Other comprehensive income, net of tax	62	68	187	203
Accumulated other comprehensive loss at end of period	\$(7,874	) \$(8,188	) \$(7,874	) \$(8,188

(1) Included in the computation of net periodic benefit income/cost. See Notes 7 and 8 for additional information.

Significant Accounting Policies

There were no changes to our Significant Accounting Policies from those disclosed in our 2014 Annual Report on Form 10-K.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers” (“ASU 14-09”) which creates a comprehensive set of guidelines for the recognition of revenue under the principle: “Recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” The requirements of ASU 14-09 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and will require either retrospective application to each prior period presented or retrospective application with the cumulative effect of initially applying the standard recognized at the date of adoption. We are currently evaluating the impact this ASU will have on our financial position and results of operations.

Note 2 – Acquisition

On March 13, 2015, we acquired all of the issued and outstanding capital stock of Flatout Holdings, Inc. (“Flatout”), a privately owned manufacturer and marketer of flatbread and pizza crusts based in Saline, Michigan. The purchase price, net of cash acquired, was \$92.2 million and was funded by cash on hand. The purchase price is subject to the finalization of cash and net working capital adjustments. Flatout is reported in our Specialty Foods segment, and its results of operations have been included in our condensed consolidated financial statements from the date of acquisition, but such results were not material to our condensed consolidated financial statements.

The following preliminary purchase price allocation is based on the estimated fair value of the net assets acquired, as adjusted for the estimate of the final net working capital of \$0.2 million recorded as of March 31:

Balance Sheet Captions	Allocation
Receivables	\$2,532
Inventories	3,748
Other current assets	512
Property, plant and equipment	7,198
Goodwill (not tax deductible)	36,883
Other intangible assets	47,100
Current liabilities	(2,310)
Deferred tax liabilities	(3,225)
Net assets acquired	\$92,438

Further adjustments are expected to the allocation above as the third-party valuation is finalized and certain tax aspects of the transaction and a customary post-closing review are completed during the measurement period.

The goodwill recognized above arose because the purchase price for Flatout reflects a number of factors including the future earnings and cash flow potential of Flatout and the avoidance of the time and costs which would be required (and the associated risks that would be encountered) to enhance our existing product offerings and enter the supermarket deli department. Goodwill also results from the workforce acquired with Flatout.

We have determined the preliminary values and lives of the other intangible assets listed in the allocation above as: \$37.6 million for the tradename with an indefinite life; \$5.0 million for the customer relationships with a 10-year life; \$3.9 million for the technology / know-how with a 10-year life and \$0.6 million for the non-compete agreements with a 5-year life. We will continue to evaluate these values and lives during the measurement period.

Pro forma results of operations have not been presented herein as the acquisition was not considered material to our results of operations.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

Note 3 – Goodwill and Other Intangible Assets

Goodwill attributable to the Specialty Foods segment was \$126.7 million and \$89.8 million at March 31, 2015 and June 30, 2014, respectively. The increase in goodwill is the result of the acquisition of Flatout on March 13, 2015. See further discussion in Note 2.

The following table is a rollforward of goodwill from June 30, 2014 to March 31, 2015:

	Carrying Value
Goodwill at beginning of year	\$89,840
Goodwill acquired during the period	36,883
Goodwill at end of period	\$126,723

The following table summarizes our identifiable other intangible assets, all included in the Specialty Foods segment. The intangible asset values and lives related to the Flatout acquisition, which are included in the table below, are preliminary and subject to further review over the measurement period. See further discussion in Note 2.

	March 31, 2015	June 30, 2014
Tradenname (indefinite life)		
Gross carrying value	\$37,600	\$—
Trademarks (40-year life)		
Gross carrying value	\$370	\$370
Accumulated amortization	(221	) (214
Net carrying value	\$149	\$156
Customer Relationships (10 to 15-year life)		
Gross carrying value	\$18,020	\$13,020
Accumulated amortization	(8,531	) (7,800
Net carrying value	\$9,489	\$5,220
Technology / Know-how (10-year life)		
Gross carrying value	\$3,900	\$—
Accumulated amortization	(32) —
Net carrying value	\$3,868	\$—
Non-compete Agreements (5-year life)		
Gross carrying value	\$600	\$—
Accumulated amortization	(10) —
Net carrying value	\$590	\$—
Total net carrying value	\$51,696	\$5,376

Amortization expense for our other intangible assets was as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Amortization expense	\$308	\$236	\$780	\$709

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

Total annual amortization expense for each of the next five years is estimated to be as follows:

2016	\$1,785
2017	\$1,614
2018	\$1,614
2019	\$1,614
2020	\$1,574

Note 4 – Long-Term Debt

At March 31, 2015 and June 30, 2014, we had an unsecured credit facility (“Facility”) under which we may borrow, on a revolving credit basis, up to a maximum of \$120 million at any one time, with potential to expand the total credit availability to \$200 million based on obtaining consent of the issuing banks and certain other conditions. The Facility expires on April 18, 2017, and all outstanding amounts are then due and payable. Interest is variable based upon formulas tied to LIBOR or an alternative base rate defined in the credit agreement, at our option. We must also pay facility fees that are tied to our then-applicable consolidated leverage ratio. Loans may be used for general corporate purposes. Based on the long-term nature of this Facility, when we have outstanding borrowings under this Facility, they will be classified as long-term debt.

At March 31, 2015 and June 30, 2014, we had no borrowings outstanding under this Facility. At March 31, 2015, we had \$4.2 million of standby letters of credit outstanding, which reduced the amount available for borrowing on the Facility. We paid no interest for the three and nine months ended March 31, 2015 and 2014. At March 31, 2015 and June 30, 2014, we exceeded the requirements of the financial covenants by substantial margins.

The Facility contains certain restrictive covenants, including limitations on indebtedness, asset sales and acquisitions. There are two principal financial covenants: an interest expense test that requires us to maintain an interest coverage ratio not less than 2.5 to 1 at the end of each fiscal quarter; and an indebtedness test that requires us to maintain a consolidated leverage ratio not greater than 3 to 1 at all times. The interest coverage ratio is calculated by dividing Consolidated EBIT (as defined more specifically in the credit agreement) by Consolidated Interest Expense (as defined more specifically in the credit agreement), and the leverage ratio is calculated by dividing Consolidated Debt (as defined more specifically in the credit agreement) by Consolidated EBITDA (as defined more specifically in the credit agreement).

Note 5 – Income Taxes

Prepaid Federal, state and local income taxes of \$10.3 million and \$9.7 million were included in deferred income taxes and other current assets at March 31, 2015 and June 30, 2014, respectively.

The gross tax contingency reserve at March 31, 2015 was \$1.0 million and consisted of tax liabilities of \$0.6 million and interest and penalties of \$0.4 million. We have not classified any of the gross tax contingency reserve as current liabilities as none of these amounts are expected to be resolved within the next 12 months. The entire liability of \$1.0 million was included in other noncurrent liabilities. We expect that the amount of these liabilities will change within the next 12 months; however, we do not expect the change to have a significant effect on our financial position or results of operations. We recognize interest and penalties related to these tax liabilities in income tax expense.

Note 6 – Stock-Based Compensation

Our shareholders previously approved the adoption of and subsequent amendments to the Lancaster Colony Corporation 2005 Stock Plan (the “2005 Plan”). The 2005 Plan reserved 2,000,000 common shares for issuance to our employees and directors, and all awards granted under the 2005 Plan will be exercisable at prices not less than fair

market value as of the date of the grant. The vesting period for awards granted under the 2005 Plan varies as to the type of award granted, but generally these awards have a maximum term of five years.

Stock-Settled Stock Appreciation Rights

We use periodic grants of stock-settled stock appreciation rights (“SSSARs”) as a vehicle for rewarding certain employees with long-term incentives for their efforts in helping to create long-term shareholder value. We calculate the fair value of SSSARs grants using the Black-Scholes option-pricing model. Our policy is to issue shares upon SSSARs exercise from new shares that had been previously authorized.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

In the nine months ended March 31, 2015 and 2014, we granted SSSARs under the terms of the 2005 Plan. The following table summarizes information relating to these grants:

	Nine Months Ended March 31,			
	2015	2014		
SSSARs granted	149	146		
Weighted average grant date fair value per right	\$9.94	\$11.84		
Weighted average assumptions used in fair value calculations:				
Risk-free interest rate	0.86	% 0.75	%	
Dividend yield	2.02	% 1.97	%	
Volatility factor of the expected market price of our common stock	19.62	% 22.35	%	
Weighted average expected life in years	2.71	3.12		

For these grants, the volatility factor was estimated based on actual historical volatility of our stock for a time period equal to the term of the SSSARs. The expected average life was determined based on historical exercise experience for this type of grant. The SSSARs we grant vest one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date. As needed, we estimate a forfeiture rate for our SSSARs grants based on historical experience.

We recognize compensation expense over the requisite service period. Compensation expense was reflected in Cost of Sales or Selling, General and Administrative Expenses based on the grantees' salaries expense classification. We recorded tax benefits and excess tax benefits related to SSSARs. These excess tax benefits were included in the financing section of the Condensed Consolidated Statements of Cash Flows. The following table summarizes our continuing operations SSSARs compensation expense and tax benefits recorded:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Compensation expense	\$308	\$304	\$893	\$804
Tax benefits	\$108	\$106	\$313	\$281
Intrinsic value of exercises	\$207	\$2,343	\$863	\$2,431
Excess tax benefits	\$72	\$820	\$302	\$851

The total fair values of SSSARs vested were as follows:

	Nine Months Ended March 31,	
	2015	2014
Fair value of vested rights	\$1,245	\$1,138

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

The following table summarizes the activity relating to SSSARs granted under the 2005 Plan for the nine months ended March 31, 2015:

	Number of Rights	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at beginning of year	358	\$76.75		
Exercised	(54)	) \$63.54		
Granted	149	\$91.13		
Forfeited	(31)	) \$79.42		
Outstanding at end of period	422	\$83.35	3.73	\$4,984
Exercisable and vested at end of period	154	\$74.70	2.66	\$3,150
Vested and expected to vest at end of period	412	\$83.35	3.73	\$4,873

At March 31, 2015, there was \$2.3 million of unrecognized compensation expense related to SSSARs that we will recognize over a weighted-average period of 2 years.

Restricted Stock

We use periodic grants of restricted stock as a vehicle for rewarding our nonemployee directors and certain employees with long-term incentives for their efforts in helping to create long-term shareholder value.

In the nine months ended March 31, 2015 and 2014, we granted shares of restricted stock to various employees under the terms of the 2005 Plan. The following table summarizes information relating to these grants:

	Nine Months Ended March 31,	
	2015	2014
Employees		
Restricted stock granted	9	24
Grant date fair value	\$845	\$2,190
Weighted average grant date fair value per award	\$91.13	\$89.21

The restricted stock under these employee grants vests on the third anniversary of the grant date. As needed, we estimate a forfeiture rate for our restricted stock grants based on historical experience. Under the terms of our grants, employees receive dividends on unforfeited restricted stock regardless of their vesting status. In the nine months ended March 31, 2015 and 2014, 19,000 and 6,000 shares, respectively, of employee restricted stock vested.

In November 2014 and 2013, we granted shares of restricted stock to our nonemployee directors under the terms of the 2005 Plan. The following table summarizes information relating to each of these grants:

	Nine Months Ended March 31,	
	2015	2014
Nonemployee directors		
Restricted stock granted	7	6
Grant date fair value	\$639	\$490
Weighted average grant date fair value per award	\$92.92	\$84.42

The 2015 grant vests over a one-year period, and all of these shares are expected to vest. Dividends earned on the stock during the vesting period will be paid to the directors at the time the stock vests. In the nine months ended March 31, 2015 and 2014, 6,000 and 7,000 shares, respectively, of nonemployee director restricted stock vested, and

the directors were paid the related dividends.

13

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

We recognize compensation expense over the requisite service period. Compensation expense was reflected in Cost of Sales or Selling, General and Administrative Expenses based on the grantees' salaries expense classification. We recorded tax benefits and excess tax benefits related to restricted stock. These excess tax benefits were included in the financing section of the Condensed Consolidated Statements of Cash Flows. The following table summarizes our continuing operations restricted stock compensation expense and tax benefits recorded:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Compensation expense	\$384	\$366	\$1,318	\$1,027
Tax benefits	\$134	\$128	\$461	\$359
Excess tax benefits	\$142	\$68	\$154	\$76

The total fair values of restricted stock vested were as follows:

	Nine Months Ended	
	March 31,	
	2015	2014
Fair value of vested shares	\$1,818	\$877

The following table summarizes the activity relating to restricted stock granted under the 2005 Plan for the nine months ended March 31, 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested restricted stock at beginning of year	58	\$ 79.09
Granted	16	\$ 91.89
Vested	(25	) \$ 71.86
Forfeited	(3	) \$ 79.22
Unvested restricted stock at end of period	46	\$ 87.61

At March 31, 2015, there was \$2.6 million of unrecognized compensation expense related to restricted stock that we will recognize over a weighted-average period of 2 years.

Note 7 – Pension Benefits

We sponsor multiple defined benefit pension plans that covered certain union workers. However, as a result of prior-years' restructuring activities, for all periods presented, we no longer have any active employees continuing to accrue service cost or otherwise eligible to receive plan benefits. Benefits being paid under the plans are primarily based on negotiated rates and years of service. We contribute to these plans at least the minimum amount required by regulation.

The following table summarizes the components of net periodic benefit income for our pension plans:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Components of net periodic benefit income				
Interest cost	\$403	\$439	\$1,209	\$1,315
Expected return on plan assets	(658	) (614	) (1,974	) (1,842
Amortization of unrecognized net loss	107	115	321	345
Net periodic benefit income	\$ (148	) \$ (60	) \$ (444	) \$ (182

For the three and nine months ended March 31, 2015, we made no pension plan contributions and we do not expect to make any contributions to our pension plans during 2015.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

Note 8 – Postretirement Benefits

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. The following table summarizes the components of net periodic benefit cost for our postretirement plans:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Components of net periodic benefit cost				
Service cost	\$8	\$8	\$24	\$24
Interest cost	27	33	81	97
Amortization of unrecognized net gain	(7	) (6	) (21	) (20
Amortization of prior service asset	(1	) (1	) (3	) (3
Net periodic benefit cost	\$27	\$34	\$81	\$98

For the three and nine months ended March 31, 2015, we made \$20,000 and \$74,000, respectively, in contributions to our postretirement medical and life insurance benefit plans. We expect to make approximately \$0.1 million more in contributions to our postretirement medical and life insurance benefit plans during the remainder of 2015.

Note 9 – Commitments and Contingencies

At March 31, 2015, we were a party to various claims and litigation matters arising in the ordinary course of business. Such matters did not have a material effect on the current-year results of operations and, in our opinion, their ultimate disposition will not have a material effect on our consolidated financial statements.

Note 10 – Business Segment Information

The following summary of financial information by business segment is consistent with the basis of segmentation and measurement of segment profit or loss presented in our June 30, 2014 consolidated financial statements. The March 31, 2015 identifiable assets by reportable segment are generally consistent with that of June 30, 2014. However, due to the acquisition of Flatout in March 2015, the amount of Specialty Foods assets increased and Corporate assets declined as compared to June 30, 2014. The increase in Specialty Foods assets reflects goodwill and other intangible assets related to the acquisition of Flatout. Corporate assets declined because of a decrease in cash, which is treated as a Corporate asset, due to cash paid for the acquisition of Flatout.

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Net Sales - Specialty Foods	\$263,400	\$241,849	\$826,798	\$782,267
Operating Income				
Specialty Foods	\$34,170	\$31,408	\$124,909	\$130,364
Corporate Expenses	(2,962	) (2,573	) (8,881	) (8,913
Total	\$31,208	\$28,835	\$116,028	\$121,451

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

LANCASTER COLONY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

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, 2015 refers to fiscal 2015, which is the period from July 1, 2014 to June 30, 2015.

The following discussion should be read in conjunction with our condensed consolidated financial statements and the notes thereto, all included elsewhere in this report. The forward-looking statements in this section and other parts of this report involve risks, uncertainties and other factors, including statements regarding our plans, objectives, goals, strategies, and financial performance. Our actual results could differ materially from the results anticipated in these forward-looking statements due to these factors. For more information, see the section below entitled "Forward-Looking Statements."

OVERVIEW

Business Overview

Lancaster Colony Corporation is a manufacturer and marketer of specialty food products for the retail and foodservice markets.

We also manufactured and marketed candles for the food, drug and mass markets until that business was sold on January 30, 2014. The financial results of these operations, previously included in our Glassware and Candles segment, are reported as discontinued operations for all periods presented herein.

Our operations are organized into one reportable segment: "Specialty Foods." The sales of this segment are predominately domestic.

We view this segment as having the potential to achieve future growth in sales and profitability due to attributes such as:

- leading retail market positions in several branded products with a high-quality perception;
- a broad customer base in both retail and foodservice accounts;
- well-regarded culinary expertise among foodservice accounts;
- recognized leadership in foodservice product development;
- experience in integrating complementary business acquisitions; and
- historically strong cash flow generation that supports growth opportunities.

Our goal is to grow both retail and foodservice sales over time by:

- leveraging the strength of our retail brands to increase current product sales;
- introducing new products and expanding into new channels;
- growing our foodservice sales through the strength of our reputation in product development and quality; and
- pursuing acquisitions that meet our strategic criteria.

Consistent with our current acquisition strategy, in March 2015 we acquired all of the issued and outstanding capital stock of Flatout Holdings, Inc. ("Flatout"), a privately owned manufacturer and marketer of flatbread and pizza crusts based in Saline, Michigan. The purchase price was \$92.2 million, net of cash acquired. This transaction is discussed in further detail in Note 2.

We have made substantial capital investments to support our existing food operations and future growth opportunities. Based on our current plans and expectations, we believe our capital expenditures for 2015 will total between \$18 and \$20 million.

RESULTS OF CONSOLIDATED OPERATIONS

Net Sales and Gross Margin

(Dollars in thousands)	Three Months Ended March 31,			Nine Months Ended March 31,				
	2015	2014	Change	2015	2014	Change		
Net Sales - Specialty Foods	\$263,400	\$241,849	\$21,551	9 %	\$826,798	\$782,267	\$44,531	6 %
Gross Margin	\$56,625	\$51,908	\$4,717	9 %	\$192,702	\$190,702	\$2,000	1 %
Gross Margin as a Percentage of Net Sales	21.5	% 21.5	%		23.3	% 24.4	%	

In March 2015 we acquired Flatout and its results of operations have been included in our condensed consolidated financial statements from the date of acquisition, but such results were not material to our condensed consolidated financial statements.

Net sales for the three and nine months ended March 31, 2015 increased 9% and 6%, respectively, and the growth was primarily driven by volume and mix. Retail net sales increased 14% and 6% during the three and nine months ended March 31, 2015, respectively. This year's earlier Easter holiday shifted seasonal retail sales into the third quarter. Third quarter retail sales growth was also attributed to higher sales of certain product lines including New York BRAND[®] frozen garlic bread, New York BRAND[®] croutons and salad toppings and Olive Garden[®] retail dressings. For the nine months ended March 31, 2015, retail sales increased on higher sales of New York BRAND[®] frozen garlic bread and Olive Garden[®] retail dressings, but were offset in part by increased promotional spending on some retail product offerings and by placement costs for new products. Foodservice net sales improved 4% and 5% for the quarter and year-to-date periods, respectively, primarily due to increased sales to national chain restaurants. The segment's overall sales volume, as measured by pounds shipped, is estimated to have improved by 5% and 4% for the three and nine months ended March 31, 2015, respectively. The impact of a more favorable sales mix was estimated to be 4% and 1% for the three and nine months ended March 31, 2015, respectively. In general, the impacts of pricing for both retail and foodservice were less than 1% of segment net sales for both the three and nine months ended March 31, 2015.

Gross margin percentages were unchanged for the three months ended March 31, 2015 while the year-to-date percentages declined as the benefits from the improved sales volumes were offset by increased operating costs due to capacity constraints in our dressing manufacturing, higher freight expense, and the increased promotional spending on some retail product offerings and placement costs for new products. We estimate that lower ingredient costs beneficially affected the segment's gross margins by less than 1% of net sales for the three and nine months ended March 31, 2015.

Selling, General and Administrative Expenses

(Dollars in thousands)	Three Months Ended March 31,			Nine Months Ended March 31,				
	2015	2014	Change	2015	2014	Change		
SG&A Expenses	\$25,417	\$23,073	\$2,344	10 %	\$76,674	\$69,251	\$7,423	11 %
SG&A Expenses as a Percentage of Net Sales	9.6	% 9.5	%		9.3	% 8.9	%	

Consolidated selling, general and administrative expenses increased 10% and 11% for the three and nine months ended March 31, 2015, respectively, and were generally consistent as a percentage of net sales for the third quarter of 2015 and 2014. The third quarter and year-to-date periods include \$0.4 million of transaction expenses related to the

acquisition of Flatout in March 2015. The year-to-date increase in these costs also reflected higher consumer promotional spending on new products, as well as increased consumer spending on certain branded retail products.

Operating Income

The foregoing factors contributed to consolidated operating income totaling \$31.2 million and \$116.0 million for the three and nine months ended March 31, 2015, respectively. Our operating income can be summarized as follows:

(Dollars in thousands)	Three Months Ended March 31,			Nine Months Ended March 31,				
	2015	2014	Change	2015	2014	Change		
Operating Income								
Specialty Foods	\$34,170	\$31,408	\$2,762	9 %	\$124,909	\$130,364	\$(5,455)	(4) %
Corporate Expenses	(2,962)	(2,573)	(389)	15 %	(8,881)	(8,913)	32	— %
Total	\$31,208	\$28,835	\$2,373	8 %	\$116,028	\$121,451	\$(5,423)	(4) %
Operating Income as a Percentage of Net Sales								
Specialty Foods	13.0	% 13.0	%	15.1	% 16.7	%		
Total	11.8	% 11.9	%	14.0	% 15.5	%		

Looking forward, as we enter the final quarter of our fiscal year, we anticipate continued investment in certain branded retail products and promotional costs to support products introduced since last spring as well as new products expected to be introduced in the fourth quarter. We expect slightly higher freight costs, but we anticipate material costs to be modestly favorable for the fourth quarter; however, this is tempered by the possibility of a sizeable outbreak of Avian influenza within U.S. laying flocks and its unknown impacts on the price of our egg-based ingredients. Finally, although Easter sales will be absent from the upcoming quarter due to the earlier holiday in 2015, we will capture a full quarter of contribution from our recently acquired Flatout® flatbread business, but this contribution will be lessened by transitional costs expected to be approximately \$0.8 million.

Interest Income and Other – Net

Interest income and other was not material in the three and nine months ended March 31, 2015 and 2014 due to the nominal interest rates earned by us on our cash balances and our capital structure.

Income From Continuing Operations Before Income Taxes

As impacted by the factors discussed above, income from continuing operations before income taxes for the three months ended March 31, 2015 increased by \$2.5 million to \$31.1 million from the prior-year total of \$28.6 million. Income from continuing operations before income taxes for the nine months ended March 31, 2015 and 2014 was \$115.9 million and \$121.1 million, respectively. Consistent with our expectations, our effective tax rate was 34.3% for the nine months ended March 31, 2015, as compared to the prior-year rate of 33.9%.

Income From Continuing Operations

Third quarter income from continuing operations for 2015 of \$20.4 million increased from the preceding year's income from continuing operations for the quarter of \$18.9 million, as influenced by the factors noted above. Our weighted average shares outstanding remained fairly consistent for all periods due to the limited levels of share grants and share repurchases. Consequently, and as largely influenced by the increase in income from continuing operations, diluted income per common share from continuing operations increased from \$0.69 for the prior year to \$0.75 per diluted share for the third quarter of 2015. Year-to-date income from continuing operations of \$76.1 million decreased from the prior year-to-date total of \$80.1 million. Year-to-date income from continuing operations per share was \$2.78 per diluted share compared to \$2.93 per diluted share for the prior-year period.

Discontinued Operations

There were no discontinued operations in 2015. Loss from discontinued operations, net of tax, totaled \$29.3 million and \$26.4 million for the three and nine months ended March 31, 2014, respectively. These amounts included an after-tax loss of \$29.6 million on the January 2014 sale of our candle manufacturing and marketing operations. Loss

from discontinued operations per share for the third quarter of 2014 was \$1.07 per diluted share. Year-to-date loss from discontinued operations per share was \$0.97 per diluted share for the nine months ended March 31, 2014.

Net Income (Loss)

Third quarter net income for 2015 of \$20.4 million increased from the preceding year's net loss for the quarter of \$10.4 million, as influenced by the factors noted above. Year-to-date net income of \$76.1 million was higher than the prior year-to-date total of \$53.7 million. Net income per share for the third quarter of 2015 totaled \$0.75 per diluted share, as compared to a net loss of \$0.38 per diluted share in the prior year. Year-to-date net income per share was \$2.78 per diluted share, as compared to \$1.96 per diluted share for the prior-year period.

FINANCIAL CONDITION

For the nine months ended March 31, 2015, net cash provided by operating activities totaled \$96.6 million, as compared to \$98.8 million in the prior-year period. This change was largely influenced by the discontinued operations resulting from the sale of our candle manufacturing and marketing operations, which were sold in January 2014.

Cash used in investing activities for the nine months ended March 31, 2015 was \$109.4 million, as compared to cash provided of \$16.6 million in the prior year. The cash used in investing activities in the current year reflects \$92.2 million paid for the acquisition of Flatout in March 2015, as well as a higher level of capital expenditures in 2015, the majority of this being spent on our processing capacity expansion project at our Horse Cave, Kentucky dressing facility which was essentially complete at December 31, 2014. The prior year cash provided by investing activities reflected the impact of the proceeds received on the January 2014 sale of our candle manufacturing and marketing operations.

Cash used in financing activities for the nine months ended March 31, 2015 of \$37.3 million decreased slightly from the prior-year total of \$37.5 million. This decrease was primarily due to a lower level of share repurchases in the current year, as partially offset by higher dividend payments. At March 31, 2015, 1,420,000 shares remained authorized for future buyback under the existing share repurchase program.

Under our unsecured revolving credit facility ("Facility"), we may borrow up to a maximum of \$120 million at any one time. Loans may be used for general corporate purposes. We had no borrowings outstanding under this Facility at March 31, 2015. At March 31, 2015, we had \$4.2 million of standby letters of credit outstanding, which reduced the amount available for borrowing on the Facility. The Facility expires in April 2017, and all outstanding amounts are then due and payable. Interest is variable based upon formulas tied to LIBOR or an alternative base rate defined in the credit agreement, at our option. We must also pay facility fees that are tied to our then-applicable consolidated leverage ratio. Based on the long-term nature of this Facility, when we have outstanding borrowings under this Facility, they will be classified as long-term debt.

The Facility contains certain restrictive covenants, including limitations on indebtedness, asset sales and acquisitions, and financial covenants relating to interest coverage and leverage. At March 31, 2015, we were in compliance with all applicable provisions and covenants of the Facility, and we exceeded the requirements of the financial covenants by substantial margins.

We currently expect to remain in compliance with the Facility's covenants for the foreseeable future. However, a default under the Facility could accelerate the repayment of any outstanding indebtedness and limit our access to additional credit available under the Facility. Such an event could require curtailment of cash dividends or share repurchases, reduce or delay beneficial expansion or investment plans, or otherwise impact our ability to meet our obligations when due. At March 31, 2015, we were not aware of any event that would constitute a default under the Facility.

We believe that internally generated funds and our existing balances in cash and equivalents, in addition to our currently available bank credit arrangements, should be adequate to meet our cash requirements through 2015. If we were to borrow outside of our Facility under current market terms, our average interest rate may increase significantly and have an adverse effect on our results of operations.

CONTRACTUAL OBLIGATIONS

We have various contractual obligations that are appropriately recorded as liabilities in our condensed consolidated financial statements. Certain other items, such as purchase obligations, are not recognized as liabilities in our condensed consolidated financial statements. Examples of such purchase obligations are commitments to purchase raw materials or inventory that has not yet been received as of March 31, 2015 and future minimum lease payments

for the use of property and equipment under operating lease agreements. Aside from expected changes in raw-material needs due to changes in product demand, there have been no significant changes to the contractual obligations disclosed in our 2014 Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES

There have been no changes in critical accounting policies from those disclosed in our 2014 Annual Report on Form 10-K.

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers” (“ASU 14-09”) which creates a comprehensive set of guidelines for the recognition of revenue under the principle: “Recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” The requirements of ASU 14-09 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and will require either retrospective application to each prior period presented or retrospective application with the cumulative effect of initially applying the standard recognized at the date of adoption. We are currently evaluating the impact this ASU will have on our financial position and results of operations.

RECENTLY ADOPTED ACCOUNTING STANDARDS

There were no recently adopted accounting pronouncements that impacted our consolidated financial statements.

FORWARD-LOOKING STATEMENTS

We desire to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 (the “PSLRA”). This Quarterly Report on Form 10-Q contains various “forward-looking statements” within the meaning of the PSLRA and other applicable securities laws. Such statements can be identified by the use of the forward-looking words “anticipate,” “estimate,” “project,” “believe,” “intend,” “plan,” “expect,” “hope” or similar words. These statements discuss future expectations; contain projections regarding future developments, operations or financial conditions; or state other forward-looking information. Such statements are based upon assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe to be appropriate. These forward-looking statements involve various important risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed in the forward-looking statements. Actual results may differ as a result of factors over which we have no, or limited, control including, without limitation, the specific influences outlined below. Management believes these forward-looking statements to be reasonable; however, one should not place undue reliance on such statements that are based on current expectations. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update such forward-looking statements, except as required by law.

Items which could impact these forward-looking statements include, but are not limited to:

- the ability to successfully integrate the acquisition of Flatout;
- the potential for loss of larger programs or key customer relationships;
- the effect of consolidation of customers within key market channels;
- the success and cost of new product development efforts;
- the lack of market acceptance of new products;
- price and product competition;
- the reaction of customers or consumers to the effect of price increases we may implement;
- the possible occurrence of product recalls or mislabeled product costs;
- changes in demand for our products, which may result from loss of brand reputation or customer goodwill;
- maintenance of competitive position with respect to other manufacturers;
- the extent to which future business acquisitions are completed and acceptably integrated;
- efficiencies in plant operations;
- fluctuations in the cost and availability of raw materials and packaging;
- capacity constraints that may affect our ability to meet demand or may increase our costs;
- dependence on contract manufacturers;
- stability of labor relations;

adverse changes in freight, energy or other costs of producing, distributing or transporting our products;
the impact of fluctuations in our pension plan asset values on funding levels, contributions required and benefit costs;
dependence on key personnel;
changes in financial markets;
access to any required financing;
changes in estimates in critical accounting judgments;
the outcome of any litigation or arbitration; and
certain other factors, including the information disclosed in our discussion of risk factors under Item 1A of our 2014 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risks have not changed materially from those disclosed in our 2014 Annual Report on Form 10-K.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer evaluated, with the participation of management, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2015 to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is 1) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and 2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting. No changes were made to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed under Item 1A in our 2014 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) In November 2010, our Board of Directors approved a share repurchase authorization of 2,000,000 shares, of which 1,420,000 shares remained authorized for future repurchases at March 31, 2015. This share repurchase authorization does not have a stated expiration date. In the third quarter, we made the following repurchases of our common stock:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet be Purchased Under the Plans
January 1-31, 2015	—	\$—	—	1,425,949
February 1-28, 2015 (1)	6,267	\$90.76	6,267	1,419,682
March 1-31, 2015	—	\$—	—	1,419,682
Total	6,267	\$90.76	6,267	1,419,682

(1) Represents shares that were repurchased in satisfaction of tax withholding obligations arising from the vesting of restricted stock granted to employees under the Lancaster Colony Corporation 2005 stock plan.

Item 6. Exhibits

See Index to Exhibits following Signatures.

SIGNATURES

Pursuant to the requirements 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.

Date: May 7, 2015

LANCASTER COLONY CORPORATION
(Registrant)

By: /s/ JOHN B. GERLACH, JR.
John B. Gerlach, Jr.
Chairman, Chief Executive Officer,
President and Director
(Principal Executive Officer)

Date: May 7, 2015

By: /s/ DOUGLAS A. FELL
Douglas A. Fell
Treasurer, Vice President,
Assistant Secretary and
Chief Financial Officer
(Principal Financial and Accounting Officer)

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
 FORM 10-Q
 MARCH 31, 2015
 INDEX TO EXHIBITS

Exhibit Number	Description	Located at
10.1*	Form of Restricted Stock Award Agreement for employees and consultants under the Lancaster Colony Corporation 2005 Stock Plan	Filed herewith
10.2*	Form of Stock Appreciation Rights Award Agreement for employees and consultants under the Lancaster Colony Corporation 2005 Stock Plan	Filed herewith
31.1	Certification of CEO under Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of CFO under Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	Certification of CEO and CFO under Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

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