

LCNB CORP  
Form S-4  
September 25, 2007

As filed with the Securities and Exchange Commission on September \_\_\_\_, 2007.

Registration No. 333-\_\_\_\_

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

\_\_\_\_\_

**FORM S-4**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

\_\_\_\_\_

**LCNB CORP.**

(Exact name of registrant as specified in its charter)

**OHIO**  
(State or other jurisdiction  
of incorporation or  
organization)

**6022**  
(Primary Standard Industrial  
Classification Code Number)

**31-1626393**  
(I.R.S. Employer  
Identification  
No.)

**2 North Broadway**

**Lebanon, Ohio 45036**

**( 513) 932-1414**

(Address, including zip code, and telephone number,

**including area code, of Registrant's principal executive offices)**

**Stephen P. Wilson**

**LCNB Corp.**

**2 North Broadway**

**Lebanon, Ohio 45036**

**( 513) 932-1414**

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**(Address, including zip Code, and telephone number,**

**including area code, of agent for service)**

**Copies to:**

**Susan B. Zaunbrecher, Esq.**

**Dinsmore & Shohl LLP**

**255 E. Fifth Street, Suite 1900**

**Cincinnati, Ohio 45202**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this Registration Statement has become effective and all other conditions to the consummation of the transactions have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

Title of each class of securities <u>to be registered</u>	Amount to be <u>registered (1)</u>	Proposed maximum <u>offering price per unit</u>	Proposed maximum <u>aggregate price (2)</u>	Amount of <u>registration fee</u>
Common shares, without par value	361,826	N/A	\$4,920,829	\$151

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(1)

Based upon the maximum number of common shares that LCNB may be required to issue in the transaction, calculated as the product of (i) half of the outstanding Sycamore common shares and (ii) an exchange ratio of 2.444 common shares of LCNB for each share of Sycamore, plus the number of Sycamore options that may be vested as of the effective time multiplied by 2.444.

(2)

Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933 and computed pursuant to Rule 457(f) thereunder on the basis of the market value of the common shares of LCNB to be received by the holders of Sycamore common shares in the transaction, computed, in accordance with Rule 457(f)(1) and (3), as the product of (x) \$13.60, the average of the high and low prices of LCNB's common shares, as reported on the OTCBB on September 20, 2007, multiplied by (y) the 361,826 common shares of LCNB to be issued in the merger transaction. The proposed maximum aggregate offering price was calculated using this method because the amount of cash estimated to be paid by LCNB in the merger transaction exceeds the aggregate book value of the common shares of Sycamore to be exchanged in the merger transaction. As a result, the application of rules 457(f)(2) and 457(f)(3) would result in a negative proposed maximum aggregate offering price.

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**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion, dated September \_\_, 2007**

**Sycamore National Bank**

**3209 W. Galbraith Road**

**Cincinnati, Ohio 45239**

**(513) 741-0019**

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**Notice of Special Meeting of Shareholders**

**To Be Held on October \_\_, 2007**

A special meeting of shareholders of Sycamore National Bank will be held on \_\_\_\_\_, 2007 at \_\_\_\_\_ .m., Eastern Time, at [\_\_\_\_\_]. The special meeting will be held for the purpose of considering and voting upon the following matters:

1.

To approve and adopt the Amended and restated affiliation agreement, dated as of September 24, 2007, by and among LCNB Corp., Lebanon-Citizens National Bank and Sycamore National Bank, which provides for the merger of Sycamore National Bank with and into LCNB Corp. s wholly-owned subsidiary Lebanon-Citizens National Bank (since renamed LCNB National Bank ). Subject to certain adjustments set forth in the Amended and restated affiliation agreement, at the effective time of the merger each outstanding common share of Sycamore National Bank, \$1.00 par value, will be converted into the right to receive either: (1) \$33.75 in cash, or (2) 2.444 common shares, without par value, of LCNB, or a combination of cash and LCNB shares; and

2.

To transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

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The Board of Directors of Sycamore has established \_\_\_\_\_, 2007, as the record date for the special meeting. Only record holders of Sycamore common shares as of the close of business on that date will be entitled to receive notice of and vote at the special meeting.

A joint proxy statement/prospectus and proxy card for the special meeting are enclosed.

**Your vote is important. Even if you plan to attend the special meeting, please complete, sign and return the proxy card in the enclosed postage-paid envelope as soon as possible.**

**The Sycamore National Bank Board of Directors recommends that you vote FOR the approval and adoption of the Amended and restated affiliation agreement.**

By Order of the Board of Directors,

Cincinnati, Ohio

\_\_\_\_\_, 2007

William Huddleson, Chairman

**LCNB CORP.**

**SYCAMORE NATIONAL BANK**

**PROSPECTUS**

**PROXY STATEMENT**

for the issuance of up to

for the Special Meeting of Shareholders

361,826 Common Shares of

to be held on \_\_\_\_\_, 2007

LCNB Corp.

at \_\_\_\_\_ .m.

On September 24, 2007, Sycamore National Bank ( Sycamore ), LCNB Corp. ( LCNB ), and Lebanon-Citizens National Bank (which has subsequently changed its name to LCNB National Bank )(the Bank ) executed an amended and restated affiliation agreement that provides for the merger of Sycamore into the Bank. For tax purposes, it is intended that the acquisition of Sycamore by LCNB will qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

We cannot complete the merger unless the holders of at least 186,489 Sycamore common shares, which is more than two-thirds of the issued and outstanding Sycamore common shares, approve and adopt the amended and restated affiliation agreement. The Sycamore Board of Directors has scheduled a special meeting for Sycamore shareholders to vote on the amended and restated affiliation agreement. The date, time and place of the special meeting are as follows:

\_\_\_\_\_, 2007

\_\_\_\_\_ .m.

\_\_\_\_\_  
\_\_\_\_\_

**Cincinnati, Ohio**

Subject to certain adjustments set forth in the amended and restated affiliation agreement, if we complete the merger each outstanding common share of Sycamore will be converted into either (1) \$33.75 in cash, or (2) 2.444 common shares of LCNB. Shareholders will have the option to receive cash, LCNB shares, or a combination of cash and

LCNB shares. Elections will be limited by the requirement that one-half of all of the outstanding Sycamore shares be exchanged for cash and one-half of all the outstanding Sycamore shares be exchanged for stock. Therefore, you may not receive the form of payment that you request.

LCNB shares are listed on the OTC Bulletin Board ( OTCBB ) under the symbol LCNB. On \_\_\_\_\_, 2007, LCNB shares closed at \$\_\_\_\_\_. Based on that price, 2,444 common shares of LCNB would be valued at \$\_\_\_\_. **The consideration that Sycamore shareholders will receive in exchange for their Sycamore shares may be adjusted under certain circumstances set forth in the amended and restated affiliation agreement.**

This proxy statement/prospectus provides detailed information about the merger. We encourage you to read this entire document carefully.

**An investment in the common shares of LCNB involves certain risks. For a discussion of these risks, see Risk factors beginning on page \_\_\_\_ of this document.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the LCNB shares to be issued in the merger or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense. LCNB shares are not insured by the Federal Deposit Insurance Corporation or any other government agency.**

This proxy statement/prospectus is dated September \_\_\_\_, 2007, and is first being mailed to Sycamore shareholders on or about September \_\_\_\_, 2007.



**Additional information**

This proxy statement/prospectus incorporates important business and financial information about LCNB that is not included in or delivered with this proxy statement/prospectus. You can obtain LCNB's documents that LCNB has filed with or furnished to the Securities and Exchange Commission but have not been included in or delivered with this proxy statement/prospectus without charge by requesting them in writing or by telephone from LCNB at the following address:

LCNB Corp.

2 N. Broadway

Lebanon, Ohio 45036

Attn: Stephen P. Wilson

(513) 932-1414

**Any request for documents should be made by \_\_\_\_\_, 2007 to ensure timely delivery of the documents prior to the special meeting.**

See **Where You Can Find More Information** on page \_\_\_\_.

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**Annex A**

Amended and Restated Affiliation Agreement, dated September 24, 2007, by and among LCNB Corp., The Lebanon-Citizens National Bank and Sycamore National Bank.

**Annex B**

Opinion of Sandler O'Neill & Partners, L.P. dated as of \_\_\_\_\_, 2007.

**Annex C**

Rights of dissenting shareholders, Title 12 USC 215a.



**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE  
SYCAMORE SPECIAL SHAREHOLDERS MEETING**

**Q: WHAT WILL HAPPEN IN THE MERGER?**

**A:** In the merger, Sycamore will merge with and into the Bank, a national bank, wholly-owned subsidiary of LCNB. The existing board of directors and executive officers of the Bank will be the board of directors and executive officers of the merged company, with John Calhoun, Chief Executive Officer of Sycamore being added as an Executive Vice President.

**Q: WHAT WILL I RECEIVE IN THE MERGER?**

**A:** Upon completion of the merger, each Sycamore common share will automatically be converted into \$33.75 cash or 2.444 LCNB common shares. LCNB will not issue any fractional shares in the merger; instead, Sycamore shareholders will receive cash for any fractional shares of LCNB common shares owed to them.

**Q: CAN I ELECT THE TYPE OF CONSIDERATION THAT I WILL RECEIVE IN THE MERGER?**

**A:** Yes. You will be permitted to elect whether you wish to receive cash, LCNB common shares or a combination of cash and shares in exchange for your Sycamore common shares.

**Q: WILL I RECEIVE THE FORM OF CONSIDERATION I ELECT TO RECEIVE?**

**A:** Not necessarily. Your election will be subject to reallocation under the procedures explained in the amended and restated affiliation agreement and this proxy statement/prospectus to ensure that the Sycamore common shares, in the aggregate, are exchanged 50% for cash and 50% for LCNB common shares.

**Q: WHEN AND WHERE WILL THE SPECIAL MEETING TAKE PLACE?**

A: The special meeting of shareholders of Sycamore National Bank will be held on \_\_\_\_\_, 2007 at \_\_\_\_\_  
\_\_m., Eastern Time, at [\_\_\_\_\_].

Q: WHAT MATTERS WILL BE CONSIDERED AT THE SPECIAL MEETING?

A: Sycamore shareholders will be asked to vote to approve the amended and restated affiliation agreement and the transactions contemplated by the amended and restated affiliation agreement, as well as any additional matters that come before the special meeting.

Q: WHAT DO I NEED TO DO NOW?

A: After reviewing this proxy statement/prospectus, please sign and date the enclosed proxy card and return it in the enclosed postage-paid envelope as soon as possible. By submitting your proxy card, you authorize the individuals named in the proxy card to represent you and vote your shares of Sycamore common stock at the special meeting in accordance with your instructions. Your vote is very important. Whether or not you plan to attend the special meeting, please sign, date and return your proxy card in the enclosed postage-paid envelope.

You also have received or shortly will be receiving an election form by which you are to select the form of consideration for which you will exchange your Sycamore common shares. Please return the election form pursuant to the instructions included with the form as soon as possible. **By making an election and returning the form, you will not be deemed to have voted for the amended and restated affiliation agreement.** Returning the election form will not affect your dissenters' rights.

Q: WHEN SHOULD I SEND IN MY SYCAMORE COMMON STOCK CERTIFICATES?

A: Please do not send them in with your proxy cards. Registrar and Transfer Company, the exchange agent, will provide instructions on returning your Sycamore common share certificates within five business days of the closing of the merger.

Q: IS MY VOTE NEEDED TO APPROVE THE AMENDED AND RESTATED AFFILIATION AGREEMENT?

A: The affirmative vote of two-thirds of the outstanding Sycamore common shares entitled to vote at the special meeting is required to approve the amended and restated affiliation agreement. Your failure to vote, in person or by proxy, at the special meeting or your abstention will have the same effect as if you voted AGAINST the approval of the amended and restated affiliation agreement.

Q: HOW WILL MY SHARES BE VOTED IF I RETURN A BLANK PROXY CARD?

A: If you sign, date and return your proxy card and do not indicate how you want your Sycamore common shares to be voted, your shares will be voted FOR the approval of the amended and restated affiliation agreement.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes, you may revoke your proxy at any time before a vote is taken at the special meeting by:

- 

filing a written notice of revocation with the Secretary of Sycamore, at: 3209 W. Galbraith Road, Cincinnati, Ohio 45239

- 

executing and returning another proxy card with a later date; or

- 

attending the special meeting and giving notice of revocation in person.

*Attendance at the special meeting will not, by itself, revoke your proxy.*

**Q: IF I DO NOT FAVOR THE APPROVAL OF THE AMENDED AND RESTATED AFFILIATION AGREEMENT AND THE MERGER, WHAT ARE MY RIGHTS?**

**A:** You have the rights under 12 U.S.C. Section 215a to dissent from the proposed merger and to demand the value (as determined pursuant to 12 U.S.C. Section 215a) for your Sycamore common shares. These rights are known as dissenters rights. Please see Dissenters Rights beginning on page 16 of this proxy statement/prospectus and the text of 12 U.S.C. Section 215a attached to this proxy statement/prospectus as Annex C for additional information.

**Q: IF MY SHARES OF SYCAMORE STOCK ARE HELD IN STREET NAME BY MY BROKER, WILL MY BROKER VOTE MY SHARES OF SYCAMORE COMMON STOCK FOR ME?**

**A:** Your broker will vote your shares only if you provide instructions on how to vote. If you do not provide your broker with instructions on how to vote your shares held in street name, your broker will not be permitted to vote your shares, which will have the effect of a vote against approving the amended and restated affiliation agreement.

**Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?**

**A:** We expect to complete the merger in the fourth quarter of 2007; however, we cannot assure you when or if the merger will occur. We must first obtain the approval of our shareholders at the special meeting and the necessary regulatory approvals.

## Summary

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. To fully understand the merger, you should read carefully this entire document and the other documents to which we refer. To obtain more information, see Where you can find more information on page 48. Page references are included in this summary to direct you to a more complete description of topics discussed in this document.*

### The parties (page 17)

LCNB Corp.

2 N. Broadway

Lebanon, Ohio 45036

(513) 932-1414

LCNB Corp. ( LCNB ), an Ohio corporation formed in December, 1998, is a financial holding company headquartered in Lebanon, Ohio. Through its subsidiaries, LCNB National Bank (the Bank ) and Dakin Insurance Agency, Inc. ( Dakin ), LCNB is engaged in the commercial banking and insurance agency businesses.

The predecessor of LCNB, the Bank, was formed as a national banking association in 1877. On May 19, 1999, the Bank became a wholly-owned subsidiary of LCNB. The Bank's main office is located in Warren County, Ohio and 21 branch offices are located in Warren, Butler, Clinton, Clermont, Montgomery and Hamilton Counties, Ohio. In addition, the Bank operates 28 automated teller machines ( ATMs ) in its market area.

The Bank is a full service community bank offering a wide range of commercial and personal banking services. Deposit services include checking accounts, NOW accounts, savings accounts, Christmas and vacation savings accounts, money market deposit accounts, Classic 50 accounts (a Senior Citizen program), individual retirement accounts, and certificates of deposit. Deposits of the Bank are insured up to applicable limits by the Deposit Insurance Fund, which is administered by the Federal Deposit Insurance Corporation (the FDIC ).

At June 30, 2007, LCNB had 183 full-time and 81 part-time employees, total assets of \$540.3 million, total loans of \$392.6 million, total deposits of \$479.8 million, and total shareholders' equity of \$51.1 million. LCNB common shares are traded on The OTC Bulletin Board ( OTCBB ) under the symbol LCNB.

Sycamore National Bank

3209 W. Galbraith Road

Cincinnati, Ohio 45239

(513) 741-0019

Sycamore National Bank ("Sycamore") is a national bank headquartered in Cincinnati, Ohio. Sycamore was founded in 1880 as a mutual savings association and later converted to a national bank in 1991. Sycamore operates within Colerain and Green Townships in Cincinnati, Ohio, with its main office located on W. Galbraith Road and its single branch office located on Bridgetown Road.

Sycamore is a community bank serving individuals and small businesses in the Cincinnati area. Sycamore has a wide variety of loan and deposit products, including personal loans, mortgage loans, home equity loans, checking accounts, money market accounts, savings accounts, certificates of deposit, and individual retirement accounts. See also the description of Sycamore beginning on page 17.

At June 30, 2007, Sycamore had 11 full-time and 9 part-time employees, total assets of \$48.5 million, total loans of \$43.1 million, total deposits of \$43.8 million, and total shareholders' equity of \$4.5 million.

**The merger (page 18)**

The amended and restated affiliation agreement provides for the merger of Sycamore into the Bank. The merger cannot be completed unless at least 186,489 Sycamore shares, which is more than two-thirds of the issued and outstanding Sycamore shares, are voted to approve and adopt the amended and restated affiliation agreement and the merger. The amended and restated affiliation agreement is attached to this document as Annex A and is incorporated in this proxy statement/prospectus by reference. We encourage you to read the amended and restated affiliation agreement carefully, because it is the legal document that governs the merger.

**Merger Consideration (page 31)**

Subject to certain adjustments set forth in the amended and restated affiliation agreement and described below, at the effective time of the merger each Sycamore common share will be converted into the right to receive either \$33.75 in cash or 2.444 LCNB common shares (or some combination thereof). Shareholders of Sycamore will have the option of electing how many of their Sycamore common shares to exchange for cash, and how many shares to exchange for LCNB common shares.

Under the amended and restated affiliation agreement, one-half of the total number of Sycamore common shares outstanding immediately prior to the effective time of the merger must be exchanged for cash, and one-half of the total number of Sycamore shares outstanding immediately prior to the effective time of the merger must be exchanged for LCNB shares. **If the aggregate number of shares for which cash and stock elections are made are not equal to one-half of the outstanding Sycamore shares, then the form of payment you receive may be different than what you requested.**

The amended and restated affiliation agreement provides that the per share merger consideration to be received by Sycamore shareholders may be adjusted so that the exchange ratio (*i.e.*, the number of LCNB Shares that Sycamore shareholders will receive in exchange for each LCNB share) may be increased if the average market price of a LCNB share at a specified time prior to the closing date is less than \$11.05 and the decline in the market price of a LCNB share is more than 20% greater than the decline, if any, in the SNL Bank Index.

**Election procedure (page 32)**

On the date on which this proxy statement/prospectus was mailed to you, Registrar and Transfer Company, the exchange agent in the transaction mailed an election form to you that will permit you to elect the type of consideration you would prefer to receive in exchange for each Sycamore share that you own. Your options are to:

- elect to receive all cash,
- elect to receive all LCNB shares,
- elect to receive a combination of cash and LCNB shares, or
- make no election.

All election forms must be properly completed and actually received by the Sycamore agent by 5:00 p.m., Eastern Time, on the 3<sup>rd</sup> day preceding the effective time of the merger. Please do not send your stock certificates with the election forms.

**Allocation of LCNB common shares and cash among Sycamore shareholders (page 33)**

Under the amended and restated affiliation agreement, one-half of the total number of Sycamore common shares outstanding at the effective time of the merger will be exchanged for cash and one-half of the total number of Sycamore common shares outstanding at the effective time of the merger will be exchanged for



LCNB common shares. If the number of Sycamore common shares designated by Sycamore shareholders in election forms to be exchanged for cash consideration is less than one-half, then each Sycamore shareholder electing cash will receive cash. The Sycamore common shares of those Sycamore shareholders who did not make an election and, if necessary, those Sycamore shareholders electing to receive LCNB common shares as consideration, will then be exchanged for cash, on a pro rata basis, so that one-half of the outstanding Sycamore common shares are exchanged for cash. The remainder of the Sycamore common shares will be exchanged for LCNB shares.

If the number of Sycamore common shares designated by Sycamore shareholders in election forms to be exchanged for cash consideration is greater than one-half, then the cash consideration will be allocated among those Sycamore shareholders electing to receive cash on a pro rata basis so that the total number of Sycamore common shares exchanged for cash equals one-half of the number of outstanding Sycamore common shares immediately prior to the effective time of the merger. The remainder of the Sycamore shares will be exchanged for LCNB common shares.

#### **Special meeting of Sycamore shareholders (page 14)**

Sycamore will hold a special meeting of shareholders on \_\_\_\_\_, 2007, at \_\_\_\_\_ .m., Eastern Time, at [ \_\_\_\_\_]. Only holders of record of the outstanding Sycamore shares at the close of business on \_\_\_\_\_, 2007 will be entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting. As of such date, there were 279,733 Sycamore common shares issued and outstanding, each of which will be entitled to one vote on each matter properly submitted for vote to the shareholders at the special meeting.

At the special meeting, Sycamore shareholders will be asked to consider and vote upon the following matters:

- 

to approve and adopt the Amended and restated affiliation agreement, dated as of September 24, 2007, by and among LCNB Corp., The Lebanon-Citizens National Bank (subsequently renamed LCNB National Bank ) and Sycamore National Bank, and the merger of Sycamore into LCNB National Bank; and

- 

to transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

#### **Required vote (page 14)**

The adoption of the amended and restated affiliation agreement and approval of the merger will require the affirmative vote of at least 186,489 Sycamore shares, which is more than two-thirds of the issued and outstanding Sycamore shares entitled to vote at the special meeting. A quorum, consisting of the holders of a majority of the outstanding Sycamore common shares, must be present in person or by proxy at the special meeting of shareholders before any action can be taken. Abstentions and broker non-votes will have the effect of a vote against the adoption and approval of the amended and restated affiliation agreement. If you fail to return your properly executed proxy card, the effect will be the same as a vote against approval and adoption of the amended and restated affiliation agreement unless you are present and vote at the special meeting.

If you return your properly executed proxy card prior to the special meeting and do not revoke it prior to its use, the Sycamore common shares represented by that proxy card will be voted at the special meeting, or any adjournment or postponement of the special meeting. The Sycamore common shares will be voted as specified on the proxy card or, in the absence of specific instructions to the contrary, will be voted **FOR** the approval and adoption of the amended and restated affiliation agreement.

**Vote of management owned shares (page 15)**

As of the record date, directors and executive officers of Sycamore and their affiliates collectively owned approximately 26% of the outstanding Sycamore shares. The affirmative vote of at least two-thirds of the outstanding shares of Sycamore is required to approve the amended and restated affiliation agreement. All of the directors of Sycamore, who collectively owned approximately 25% of the outstanding Sycamore shares as of the record date, entered into voting agreements with LCNB pursuant to which they agreed to vote 66,301 shares in favor of the adoption and approval of the amended and restated affiliation agreement.

**Recommendation to shareholders (page 15)**

The Sycamore Board of Directors believes that the merger is in the best interests of Sycamore and its shareholders and unanimously recommends that you vote **FOR** the proposal to approve and adopt the amended and restated affiliation agreement.

**Conditions to completion of merger (page 37)**

The completion of the merger depends upon the satisfaction of a number of conditions set forth in the amended and restated affiliation agreement, including the adoption of the amended and restated affiliation agreement and approval of the merger by Sycamore shareholders and the receipt of necessary government approvals. LCNB, the Bank, and Sycamore have filed the applications necessary to obtain approval for the merger from the necessary governmental authorities.

**Opinion of Sycamore's financial advisor (page 22)**

The full text of the written opinion of Sandler O'Neill, dated August 13, 2007 that describes, among other things, the assumptions made, matters considered, and qualifications and limitations on the review undertaken by Sandler O'Neill in connection with its opinion, is attached as Annex B to this document and is incorporated into this document by reference. Sandler O'Neill provided its advisory service and opinion for the information and assistance of the Sycamore board of directors in connection the merger. The Sandler O'Neill opinion is not a recommendation as to how any holder of shares of Sycamore common stock should vote with respect to the merger.

**Material federal income tax consequences of the merger (page 41)**

Sycamore shareholders may recognize a gain or a loss upon the receipt of cash and/or LCNB shares in the merger. The actual income tax consequences for each Sycamore shareholder may be different, and you should contact your tax advisor.

**Interests of directors and officers (page 39)**

Some of the directors and executive officers of Sycamore have interests in the merger that are different from, or in addition to, their interests as shareholders of Sycamore. These interests include the following:

- 

John Calhoun and John Rost have entered into employment agreements with LCNB, which provide for their employment for a certain period of time after the effective time of the merger. These agreements are described in further detail later in this proxy statement/prospectus.

- 

Sycamore has purchased directors and officers liability insurance for the directors and officers of Sycamore for a period of three years after the merger. LCNB has also agreed to indemnify the directors, officers and employees of Sycamore for certain actions or omissions in the course of their duties as directors, officers and employees of Sycamore occurring prior to the merger.

The Sycamore Board of Directors was aware of these interests of the directors and officers of Sycamore and considered them, among other things, in approving the amended and restated affiliation agreement and the merger.

**Resale of LCNB shares (page 41)**

LCNB has registered the LCNB shares to be issued in the merger with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The LCNB shares will be freely transferable, except for LCNB shares received by persons who may be deemed to be affiliates of Sycamore.

**Regulatory approvals (page 14)**

LCNB has submitted an application to the Office of the Comptroller of the Currency seeking approval of the merger, and has sent to the Board of Governors of the Federal Reserve System a request to waive the application requirements.

We anticipate that these regulatory authorities will approve and/or waive the application requirements. However, there can be no assurance that all requisite approvals will be obtained or waived, that the approvals will be received on a timely basis or that the approvals will not impose conditions or requirements that would so materially reduce the economic or business benefits of the merger that, had such condition or requirement been known, neither LCNB nor Sycamore would have entered into the amended and restated affiliation agreement.

**Termination and amendment of the amended and restated affiliation agreement (page 38)**

LCNB and Sycamore may agree to terminate the merger at any time before it is completed, even if the Sycamore shareholders have voted to approve the merger. The amended and restated affiliation agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger for various reasons, including a failure to get the required approvals, material adverse changes, and by mutual written consent.

In the event that the Board of Directors of Sycamore terminates the amended and restated affiliation agreement to comply with its fiduciary duties to shareholders following the receipt of a proposal for an acquisition transaction from a person or entity other than LCNB, or Sycamore consummates or enters into an agreement relating to an acquisition transaction with any person or entity other than LCNB within 12 months after the amended and restated affiliation agreement is terminated by LCNB due to a willful breach of the amended and restated affiliation agreement by Sycamore, Sycamore will have to pay a termination fee to LCNB of \$300,000.

We may amend the amended and restated affiliation agreement in writing at any time before or after the Sycamore shareholders adopt the amended and restated affiliation agreement. If the Sycamore shareholders have already adopted the amended and restated affiliation agreement, however, we will not amend it without shareholder approval if the amendment would have a material adverse effect on the shareholders.

**Dissenters' rights (page 16)**

Federal law provides Sycamore shareholders with dissenters' rights in the merger. This means that if you strictly comply with the procedures under federal law, you have the right to receive payment for your Sycamore common shares based upon an independent determination of their value. In addition to the summary of dissenters' rights on page \_\_\_\_, a copy of the provisions of federal law regarding dissenters' rights to which Sycamore shareholders are entitled is attached to this proxy statement/prospectus as Annex C.

## **Risk Factors**

In deciding how to vote on the amended and restated affiliation agreement, you should consider carefully all of the information contained in this document, especially the following factors.

### **Fluctuation in the market price of the LCNB shares may affect the value of the consideration you receive.**

Subject to certain adjustments set forth in the amended and restated affiliation agreement and described below, at the effective time of the merger each Sycamore share will be converted into the right to receive either \$33.75 in cash or 2.444 LCNB shares. On \_\_\_\_\_, 2007, the last trading date before we printed this proxy statement/prospectus, the price of LCNB shares closed at \$\_\_\_\_\_ per share on OTCBB. Based on that price, 2.444 LCNB shares would be valued at \$\_\_\_\_\_.

If the average market price of a LCNB share, at a specified date prior to the closing date is less than \$11.05 and the decline in the market price of a LCNB share is more than 20% greater than the decline, if any, in the SNL Bank Index during the period between August 3, 2007 and the specified date described above, then the Board of Directors of Sycamore may elect to terminate the amended and restated affiliation agreement and abandon the merger. If the Board of Directors of Sycamore elects to terminate the amended and restated affiliation agreement, LCNB will have five days in which to elect to increase the exchange ratio so that the exchange ratio multiplied by the average market price of a LCNB share during the measuring period equals 80% of the per share cash amount. If LCNB elects to increase the exchange ratio, then the election by the Board of Directors to terminate the amended and restated affiliation agreement will be of no further force and effect and the amended and restated affiliation agreement will remain in effect.

The market price of the LCNB shares may fall after the end of the specified date described above and before the closing of the merger. Further, you will not receive your merger consideration until several weeks after the closing of the merger. You will not be able to sell your LCNB stock to avoid losses resulting from any decline in the trading prices of LCNB shares during this period.

On the day the merger closes, the market price of a share of LCNB stock may be higher or lower than the market price on the date the amended and restated affiliation agreement was signed, on the date this document was mailed to you, or on the date of the special meeting of shareholders of Sycamore. Therefore, you cannot be assured of receiving any specific market value of LCNB shares.

**You may receive a form of consideration different from the form of consideration you elect**

The consideration you receive in the merger is subject to the requirement that one-half of the total number of Sycamore shares outstanding immediately prior to the effective time of the merger must be exchanged for cash. The amended and restated affiliation agreement contains proration and allocation methods to achieve this result. If you elect to receive all cash and the available cash is oversubscribed, then you may receive a portion of the merger consideration in the form of LCNB stock. If you elect all stock and the available stock is oversubscribed, then you may receive a portion of the merger consideration in cash. If you elect a combination of cash and LCNB stock, you may not receive the specific combination of cash and LCNB stock that you request.



**LCNB may fail to realize the anticipated benefits of the merger.**

LCNB and Sycamore may not be able to integrate their operations without encountering difficulties, including the loss of key employees and customers, the disruption of ongoing business or possible inconsistencies in standards, controls, procedures and policies. Additionally, in determining that the merger is in the best interests of LCNB and Sycamore, each of the LCNB and the Sycamore Boards of Directors considered enhanced earnings opportunities. There can be no assurance, however, that any enhanced earnings will result from the merger.

**Changes in interest rates could reduce LCNB's income.**

LCNB's net income depends to a great extent on the difference between the interest rates earned on interest-earning assets, such as loans and investment securities, and the interest rates paid on interest-bearing liabilities, such as deposits and borrowings. These rates are highly sensitive to many factors that are beyond LCNB's control, including general economic conditions and the policies of various governmental and regulatory agencies. Changes in interest rates influence the volume of loan originations, the generation of deposits, the yield on loans and investment securities and the cost of deposits and borrowings. Fluctuations in these areas may adversely affect LCNB.

**The termination fee set forth in the amended and restated affiliation agreement may limit the opportunity for Sycamore shareholders to realize a greater price to be paid for their shares.**

Sycamore will be required to pay a termination fee in the amount of \$300,000 to LCNB if Sycamore terminates the amended and restated affiliation agreement due to a third party offer, or if Sycamore consummates a transaction with a third party within 12 months after LCNB terminates the agreement pursuant to Sycamore's willful breach of the agreement.

LCNB required Sycamore to agree to these provisions as a condition to LCNB's willingness to enter into the amended and restated affiliation agreement. However, these provisions might discourage a third party that might have an interest in acquiring all or a significant part of Sycamore from considering or proposing such an acquisition even if it were prepared to pay consideration with a higher per share market price than the current proposed merger consideration, and the termination fee might result in a potential competing acquirer proposing to pay a lower per share price to acquire Sycamore than it might have otherwise agreed to pay.

**The merger is subject to the approval of governmental entities that may impose conditions that could have an adverse effect on LCNB.**

The Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System must either approve the merger or waive approval of the merger before it may be completed. These governmental entities may impose conditions on the completion of the merger or require changes to the terms of the merger. Although LCNB and Sycamore do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of LCNB following the merger, any of which might have a material adverse effect on LCNB following the merger.

**Sycamore directors and officers have interests in the merger that are different from, or in addition to, those of a shareholder.**

Executive officers of Sycamore negotiated the terms of the amended and restated affiliation agreement with their counterparts at LCNB, and the board of directors of Sycamore approved the amended and restated affiliation agreement and is recommending that Sycamore shareholders vote for the amended and restated affiliation agreement.

In considering these facts and the other information contained in this proxy statement/prospectus, you should be aware that some of Sycamore's executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of Sycamore common

shareholders. For example, LCNB has entered into employment agreements with certain of the executive officers for a period of time following the completion of the merger. See "Interests of Directors and Officers" beginning on page 39.

**Sycamore shareholders will not control LCNB's future operations.**

Following the merger, Sycamore shareholders in the aggregate will become the owners of approximately 5.4% of the approximately 6,707,312 LCNB common shares anticipated to be outstanding following the issuance of the 341,834 LCNB common shares in the merger and 19,992 shares pursuant to the conversion of Sycamore options. As a result, former Sycamore shareholders will not have a significant impact on the election of directors or on whether future proposals submitted to a vote of LCNB shareholders are approved or rejected.

**LCNB could experience difficulties in managing its growth and effectively integrating Sycamore.**

LCNB may not be able to manage its growth adequately and profitably or to integrate the operations of Sycamore effectively. Acquiring Sycamore will involve risks commonly associated with acquisitions, including, without limitation, potential exposure to liabilities of Sycamore, difficulty and expense of integrating the operations and personnel of Sycamore, potential disruption to the business of Sycamore and the Bank, potential diversion of the time and attention of management of these entities and impairment of relationships with, and the possible loss of, key employees and customers of these entities.

**Future governmental regulation and legislation could limit LCNB's future growth.**

LCNB and the Bank are subject to extensive regulation, supervision and legislation that govern almost all aspects of the operations of LCNB and the Bank. These laws may change from time to time and are primarily intended for the protection of consumers, depositors and deposit insurance funds. The impact of any changes to these laws may negatively affect LCNB's ability to expand its services and to increase the value of its business. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on LCNB, these changes could be materially adverse to LCNB's stockholders.

**Additional risks and uncertainties could have a negative effect on LCNB's financial performance.**

Additional factors could have a negative effect on the financial performance of LCNB and its subsidiaries and the LCNB common shares. Such factors include, without limitation, changes in general economic and financial market conditions, changes in competitive conditions, continuing consolidation in the financial services industry, new

litigation or changes in existing litigation, losses, customer bankruptcy, claims and assessments.

### **Forward looking statements**

The Private Securities Litigation Reform Act of 1995 provides a safe harbor from civil litigation for forward-looking statements. Forward-looking statements include the information concerning future results of operations, cost savings and synergies of LCNB and Sycamore after the merger and those statements preceded by, followed by or that otherwise include the terms should, believe, expect, anticipate, intend, may, will, continue, es expressions that indicate future events and trends. Although LCNB and Sycamore believe, in making such statements, that their expectations are based on reasonable assumptions, these statements may be influenced by risks and uncertainties which could cause actual results and trends to be substantially different from historical results or those anticipated, depending on a variety of factors. These risks and uncertainties include, without limitation:

- 

expected cost savings from the merger may not be fully realized or realized within the expected time frame;

- revenues following the merger may be lower than expected or deposit withdrawals, operating costs or customer loss and business disruption following the merger may be greater than expected;
- competition among depository and other financial services companies may increase significantly;
- costs or difficulties related to the integration of LCNB and Sycamore may be greater than expected;
- general economic or business conditions, such as interest rates, may be less favorable than expected;
- adverse changes may occur in the securities market; and
- legislation or changes in regulatory requirements may adversely affect the businesses in which LCNB is engaged.

You should understand that these factors, in addition to those discussed elsewhere in this document and in documents that have been incorporated by reference, could affect the future results of LCNB and Sycamore, and could cause those results to be substantially different from those expressed in any forward-looking statements. LCNB and Sycamore do not undertake any obligation to update any forward-looking statement to reflect events or circumstances arising after the date of this document.

**Comparative stock prices**

LCNB common shares are listed on the OTCBB under the symbol LCNB. Sycamore common shares are not publicly traded.

As of June 30, 2007, there were 6,345,486 LCNB common shares outstanding and held by approximately 613 holders of record. As of \_\_\_\_\_, 2007, there were 279,733 Sycamore common shares outstanding and held by approximately 175 holders of record.

The information presented in the following table reflects the last reported sale prices for LCNB common shares on August 13, 2007, the last trading day preceding our public announcement of the merger, and on \_\_\_\_, the last practicable trading day for which information was available prior to the date of this proxy statement/prospectus. No assurance can be given as to what the market price of LCNB common shares will be if and when the merger is consummated.

We have calculated the Sycamore equivalent per share price by multiplying the last reported sale price of LCNB common shares on the dates indicated by the relevant exchange ratio calculated in accordance with the terms of the amended and restated affiliation agreement. The applicable formulas and other assumptions used in calculating the relevant exchange ratios are described under the heading "Summary of Proposed Merger - Amended and Restated Affiliation Agreement" on page 33.

	<u>LCNB</u>	<u>Exchange Ratio</u>	<u>Sycamore equivalent per share price</u>
September 24, 2007	13.95	2.444	\$34.09
_____, 2007	\$		\$

**Selected consolidated financial data of LCNB**

The tables below contain information regarding the financial condition and earnings of LCNB for the five years ended December 31, 2006, and the six months ended June 30, 2006 and 2007. This information is based on information contained in LCNB's quarterly report on Form 10-Q and annual reports on Form 10-K filed with the Securities and Exchange Commission.

**SELECTED FINANCIAL DATA**

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(Dollars in thousands, except per share data)						
<b>Income Statement:</b>							
Interest income	\$ 15,783	14,795	30,548	27,602	25,648	27,437	30,163
Interest expense	6,694	5,638	12,233	9,032	7,368	8,680	10,670
Net interest income	9,089	9,157	18,315	18,570	18,280	18,757	19,493
Provision for loan losses	83	34	143	338	489	658	348
Net interest income after provision for loan losses	9,006	9,123	18,172	18,232	17,791	18,099	19,145
Non-interest income	4,103	4,099	8,345	7,956	7,659	6,797	5,623
Non-interest expenses	9,149	8,922	17,838	17,243	16,404	15,725	15,705
Income before income taxes	3,960	4,300	8,679	8,945	9,046	9,171	9,063
Provision for income taxes	965	1,082	2,165	2,240	2,450	2,434	2,523
Net income	\$ 2,995	3,218	6,514	6,705	6,596	6,737	6,540
<b>Per Share (1):</b>							
Basic earnings per share	\$ 0.47	0.49	1.00	1.01	0.98	0.99	0.95
Diluted earnings per share	\$ 0.47	0.49	1.00	1.01	0.98	0.99	0.95
Dividends declared per share	\$ 0.31	0.30	0.60	0.58	0.56	0.53	0.505
Book value at period end	\$ 8.06	7.98	7.99	7.94	7.86	7.77	7.54

**Balance Sheet:**

Securities	\$ 97,982	115,303	114,474	136,686	116,495	153,901	139,049
Loans, net of unearned income	394,640	373,503	390,370	359,801	336,590	317,833	324,832
Allowance for loan losses	2,050	2,051	2,050	2,150	2,150	2,150	2,000
Total assets	540,292	546,081	548,215	539,501	522,251	523,608	506,751
Total deposits	479,846	490,910	478,615	481,475	463,900	463,033	442,220
Short-term borrowings	1,253	251	15,370	1,031	1,269	633	3,022
Long-term debt	5,000	40	-	2,073	2,137	4,197	6,253
Total shareholders equity	51,129	51,916	50,999	52,022	52,296	52,448	51,930

**Selected Financial Ratios****and Other Data:**

Return on average assets	1.11%	1.20%	1.19%	1.25%	1.29%	1.31%	1.32%
Return on average equity	11.69%	12.41%	12.48%	12.80%	12.56%	12.64%	13.00%
Equity-to-assets ratio	9.46%	9.51%	9.30%	9.64%	10.01%	10.02%	10.25%
Dividend payout ratio	65.96%	61.22%	60.00%	57.43%	57.14%	53.54%	53.16%
Net interest margin, fully-taxable equivalent	3.85%	3.92%	3.84%	3.99%	4.02%	4.09%	4.39%

(1)

All per share data have been adjusted to reflect a 100% stock dividend accounted for as a stock split in 2004 and 2007.



### **Sources of information**

LCNB provided all information in this proxy statement/prospectus relating to it, and Sycamore provided all information in this proxy statement/prospectus relating to it. Each party is responsible for the accuracy of its information.

**You should rely only on the information which is contained in this document or to which we have referred in this document. We have not authorized anyone to provide you with information that is different.**

### **Votes required**

Approval of the amended and restated affiliation agreement requires the holders of at least two-thirds of the outstanding Sycamore shares, or 186,489 shares, to vote in favor of the amended and restated affiliation agreement and approve the merger. As of June 30, 2007, the directors and executive officers of Sycamore and Sycamore Bank and the affiliates of such directors and executive officers had sole or shared voting power with respect to 73,325 Sycamore shares, or 26.2% of the outstanding Sycamore shares. The directors of Sycamore have entered into voting agreements with LCNB pursuant to which they have agreed to vote 66,301 Sycamore shares for the adoption and approval of the amended and restated affiliation agreement and the merger.

### **Regulatory approval required**

LCNB has submitted an application to the Office of the Comptroller of the Currency seeking approval of the merger and a request for a waiver of approval from the Board of Governors of the Federal Reserve System. We anticipate that these regulatory authorities will approve or waive the application requirements. However, there can be no assurance that all requisite approvals and/or waivers will be obtained, that the approvals and/or waivers will be received on a timely basis, or that the approvals and/or waivers will not impose conditions or requirements that would so materially reduce the economic or business benefits of the merger that, had such condition or requirement been known, neither LCNB nor Sycamore would have entered into the amended and restated affiliation agreement.

### **Tax Consequences**

Please see **Material Federal Income Tax Consequences** on page 41.

**The Special Meeting of Sycamore Shareholders**

**Purpose, time and place**

This proxy statement/prospectus is being sent to you in connection with the solicitation of proxies by the Sycamore Board of Directors for use at the special meeting to be held at \_\_\_\_\_ .m., on \_\_\_\_\_, 2007, at \_\_\_\_\_. At the special meeting, shareholders will be asked to consider and vote upon the following matters:

- to approve and adopt the Amended and Restated Affiliation Agreement, dated as of September 24, 2007, by and between LCNB Corp., Lebanon-Citizens National Bank (subsequently renamed LCNB National Bank ) and Sycamore National Bank, which provides for the merger of Sycamore into LCNB National Bank; and
  
- to transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The Sycamore Board of Directors believes that the merger is in the best interests of Sycamore and its shareholders and unanimously recommends that you vote **FOR** the proposal to approve and adopt the amended and restated affiliation agreement.

### **Shares outstanding and entitled to vote; record date**

Only shareholders of record on \_\_\_\_\_, 2007, will be entitled to notice of and to vote at the special meeting of shareholders. At the close of business on the record date, \_\_\_\_\_, 2007, there were 279,733 Sycamore common shares issued and outstanding and entitled to vote. The Sycamore shares were held of record by approximately 175 shareholders. Each Sycamore share entitles the holder to one vote on all matters properly presented at the special meeting of shareholders.

### **Votes required**

Approval of the amended and restated affiliation agreement requires the holders of at least two-thirds of the outstanding Sycamore shares, or 186,489 shares, to vote in favor of the amended and restated affiliation agreement.

As of June 30, 2007, the directors and executive officers of Sycamore and the affiliates of such directors and executive officers had sole or shared voting power with respect to 73,325 Sycamore shares, or 26.2% of the outstanding Sycamore shares. The directors of Sycamore have entered into voting agreements with LCNB pursuant to which they have agreed to vote 66,301 Sycamore shares for the adoption and approval of the amended and restated affiliation agreement.

Each share of Sycamore is entitled to one vote on the proposal. A quorum, consisting of the holders of a majority of the outstanding Sycamore shares, must be present in person or by proxy at the special meeting before any action can be taken. Under federal law, only votes cast in favor of a proposal count as being voted for the proposal. Therefore, abstentions and broker non-votes will have the effect of a vote against the adoption and approval of the amended and restated affiliation agreement. Also, if you fail to return your properly executed proxy card, the effect will be the same as a vote **AGAINST** adoption and approval of the amended and restated affiliation agreement unless you are present and vote at the special meeting.

If you return your properly executed proxy card prior to the special meeting and do not revoke it prior to its use, the Sycamore shares represented by that proxy card will be voted at the special meeting, or any adjournment of the special meeting. The Sycamore shares will be voted as specified on the proxy card or, in the absence of specific instructions to the contrary, will be voted **FOR** the approval and adoption of the amended and restated affiliation agreement.

### **Voting, solicitation and revocation of proxies**

A proxy card for use at the special meeting of shareholders accompanies each copy of this proxy statement/prospectus mailed to Sycamore shareholders. This proxy is solicited by the Sycamore Board of Directors. Whether or not you attend the special meeting, the Sycamore Board of Directors urges you to return the enclosed proxy card. If you have executed a proxy, you may revoke it at any time before a vote is taken at the special meeting by:

\*

filing a written notice of revocation with the Secretary of Sycamore, at 3209 W. Galbraith Road, Cincinnati, Ohio 45239;

\*

executing and returning a later-dated proxy received by Sycamore prior to a vote being taken at the special meeting; or

\*

attending the special meeting and giving notice of revocation in person.

*Your attendance at the special meeting will not, by itself, revoke your proxy.*

If you are a Sycamore shareholder whose shares are not registered in your own name, you will need additional documentation from your record holder in order to vote your shares in person at the special meeting.

We do not expect any matter other than the amended and restated affiliation agreement to be brought before the Sycamore special meeting of shareholders. If any other matters are properly brought before the special meeting for consideration, shares represented by properly executed proxies will be voted in the discretion of the persons named in the proxy card in accordance with their best judgment.

Sycamore will pay all costs incurred in connection with the solicitation of proxies on behalf of the Sycamore Board of Directors. Proxies will be solicited by mail and may also be solicited, for no additional compensation, by officers, directors or employees of Sycamore. Sycamore will also pay the standard charges and expenses of brokerage houses, voting trustees, banks, associations and other custodians, nominees and fiduciaries, who are record holders of Sycamore shares not beneficially owned by them, for forwarding the proxy materials to, and obtaining proxies from, the beneficial owners of Sycamore shares entitled to vote at the special meeting of shareholders.

### **Dissenters' rights**

*General.* Under national banking laws, Sycamore shareholders have the right to dissent from the merger and to obtain payment of the value of their shares of Sycamore common stock in the event the merger is completed. If you are contemplating exercising your right to dissent, we urge you to read carefully the provisions of 12 U.S.C. Section 215a of the National Bank Act, which is attached to this proxy statement/prospectus as Annex C, and consult with your legal counsel before electing or attempting to exercise these rights. A discussion of the provisions of the statute is included here. The discussion describes the steps that you must take if you want to exercise your right to dissent. You should read this summary and the full text of the law. You should send or deliver any written notice or demand required concerning your exercise of dissenters' rights to the attention of Sycamore National Bank, John Calhoun, 3209 W. Galbraith Road, Cincinnati, Ohio 45239.

*How to Be Eligible For Dissenters' Rights.* To be eligible for dissenters' rights, you must either vote against the merger, or give written notice of your intention to claim dissenters' rights at or prior to the Sycamore special meeting, to the presiding officer of the special meeting.

*Notice to Demand Payment.* If the merger is consummated, within 30 days after the effective date of the merger, a shareholder eligible to exercise his or her dissenters' rights must request payment of the value of his or her Sycamore shares from, and surrender his or her stock certificates representing Sycamore common stock to LCNB National Bank, Attn: Stephen P. Wilson, 2 N. Broadway, Lebanon, Ohio 45036.

*Failure to Comply with Notice to Demand Payment.* You must take each step in the indicated order and in strict compliance with the statute to maintain and exercise your dissenters' rights. If you fail to follow the steps, you will lose the right to dissent and you will receive the merger consideration described in this document for each share of Sycamore common stock that you hold.

*How the Value of Shares is Determined.* The value of the shares of any dissenting shareholder will be determined, as of the effective date of the merger, by an appraisal made by a committee of three persons. The committee will consist

of one person selected by the vote of the holders of the majority of the shares whose owners are entitled to payment as a dissenter, one person selected by the board of directors of LCNB National Bank (as the surviving bank of the merger) and one person selected by the two so selected. The valuation agreed upon by any two of the three appraisers will govern.

If the value so fixed is not satisfactory to any dissenting shareholder who has requested payment, that shareholder may, within five days after being notified of the appraised value of his shares, appeal to the Office of the Comptroller for the Currency ( OCC ). The OCC is required to cause a reappraisal to be made, which will be final and binding (subject to judicial review in certain circumstances). If, for any reason, one or more of the appraisers is not selected as provided above within 90 days from the effective date of the merger, or if the appraisers fail to determine the value of such shares within the 90 days, the OCC is required, upon written request of any interested party, to cause an appraisal to be made that will be final and binding on all parties (subject to judicial review in certain circumstances). The expenses of the OCC in making the reappraisal or the

appraisal, as the case may be, will be paid by LCNB. The ascertained value of the shares will be paid promptly to the dissenting shareholders. For more information regarding the OCC's stock appraisal process, shareholders may contact the Office of the Comptroller for the Currency, Corporate Activity Division, 250 E Street, S.W., Washington, D.C. 20219 (Telephone: (202) 874-5000).

A shareholder will not be permitted to split his or her vote; if a shareholder intends to vote, he or she must vote all of his or her shares either for or against the merger. The discussion in this section is only a summary of the rights and obligations of dissenting shareholders and is qualified in its entirety by reference to the applicable provisions of 12 U.S.C. Section 215a, which is attached hereto as Annex C.

**FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN 12 U.S.C. SECTION 215a, REGARDING DISSENTERS' RIGHTS WILL CONSTITUTE A WAIVER OF APPRAISAL RIGHTS. SHAREHOLDERS MAY WISH TO CONSULT INDEPENDENT COUNSEL BEFORE EXERCISING DISSENTERS' RIGHTS.**

### **The parties to the Amended and Restated Affiliation Agreement**

#### **LCNB**

LCNB Corp.

2 N. Broadway

Lebanon, Ohio 45036

(513) 932-1414

LCNB Corp. ( "LCNB" ), an Ohio corporation formed in December, 1998, is a financial holding company headquartered in Lebanon, Ohio. Through its subsidiaries, LCNB National Bank (the "Bank" ) and Dakin Insurance Agency, Inc. ( "Dakin" ), LCNB is engaged in the commercial banking and insurance agency businesses.

The predecessor of LCNB, the Bank, was formed as a national banking association in 1877. On May 19, 1999, the Bank became a wholly-owned subsidiary of LCNB. The Bank's main office is located in Warren County, Ohio and 21 branch offices are located in Warren, Butler, Clinton, Clermont, Montgomery, and Hamilton Counties, Ohio. In addition, the Bank operates 28 automated teller machines ( "ATMs" ) in its market area.

The Bank is a full service community bank offering a wide range of commercial and personal banking services. Deposit services include checking accounts, NOW accounts, savings accounts, Christmas and vacation savings, money market deposit accounts, Classic 50 accounts (a Senior Citizen program), individual retirement accounts, and certificates of deposit. Deposits of the Bank are insured up to applicable limits by the Deposit Insurance Fund, which

is administered by the Federal Deposit Insurance Corporation (the FDIC ).

At June 30, 2007, LCNB had 183 full-time and 81 part-time employees, total assets of \$540.3 million, total loans of \$392.6 million, total deposits of \$479.8 million, and total shareholders equity of \$51.1 million. LCNB common shares are traded on the Over The Counter Bulletin Board ( OTCBB ) under the symbol LCNB.

## **Sycamore**

Sycamore National Bank

3209 W. Galbraith Road

Cincinnati, Ohio 45239

(513) 741-0019

Sycamore is a national bank headquartered in Cincinnati, Ohio. Sycamore was founded in 1880 as a mutual savings association and later converted to a national bank in 1991. Sycamore operates within



Colerain and Green Townships in Cincinnati, Ohio, with its main office located on W. Galbraith Road and its single branch office located on Bridgetown Road.

Sycamore is a community bank serving individuals and small businesses in the Cincinnati area. Sycamore has a wide variety of loan and deposit products, including personal loans, mortgage loans, home equity loans, checking accounts, money market accounts, savings accounts, certificates of deposit, individual retirement accounts, business deposit and money market accounts, business checking accounts and various business loans.

At June 30, 2007, Sycamore had 11 full-time and 9 part-time employees, total assets of \$48.5 million, total loans of \$43.1 million, total deposits of \$43.8 million, and total shareholders' equity of \$4.5 million.

### **The Merger**

If the holders of at least two-thirds of the Sycamore shares adopt the amended and restated affiliation agreement, if the necessary regulatory approvals are received and if all conditions to the completion of the merger are satisfied or waived, the acquisition of Sycamore by LCNB will be accomplished through the merger of Sycamore with and into the Bank.

### **Background and reasons for the merger**

#### **Background of the merger.**

From time to time, the Sycamore Board of Directors has considered various strategic alternatives for Sycamore in light of, and in response to, trends in the financial institution industry. The Sycamore Board of Directors has also been sensitive to the desire for greater investment liquidity expressed by certain shareholders from time to time. These considerations prompted the Sycamore Board of Directors to consider whether the long-term best interest of Sycamore's shareholders, employees and customers would best be served by remaining independent or by Sycamore affiliating with another company.

On April 5, 2007, Sycamore retained Sandler O'Neill & Partners L.P. ( Sandler O'Neill ). Sandler O'Neill's initial task was to assist the Sycamore Board of Directors in identifying a group of companies that would potentially have an interest in affiliating with Sycamore. As a result of this analysis, the Sycamore Board of Directors instructed Sandler O'Neill to initiate a process that would determine the level of interest these companies had in affiliating with Sycamore and the level of consideration each would be willing to pay. Sandler O'Neill prepared a June 2007 Confidential Information Memorandum and distributed it to those companies identified by the Sycamore Board of Directors and Sandler O'Neill that had expressed an interest in affiliating with Sycamore. As a result, Sandler O'Neill received five expressions of interest (setting forth certain material terms of a potential transaction) from potential

acquirors of Sycamore. Subsequently, Sandler O'Neill analyzed the expressions of interest received and presented the results of its analysis to Sycamore's Board of Directors on June 20, 2007.

After deliberation, the Sycamore Board of Directors instructed Sandler O'Neill to pursue the expression of interest made by LCNB Corp. ( LCNB ). In pursuing a transaction with LCNB, Sandler O'Neill was instructed by the Sycamore Board of Directors to negotiate certain aspects of the expression of interest with LCNB's investment bankers. These negotiations resulted in a higher price than originally presented in the indication of interest as well as clarity of certain other proposed terms. On June 27, 2007, Sandler O'Neill received from LCNB an updated letter of interest that reflected these changes and included a 30-day exclusivity agreement. On June 28, 2007, in a telephonic meeting of the Sycamore Board of Directors, the board unanimously agreed to grant the 30-day exclusivity period and pursue a potential transaction with LCNB. Reasons cited by the Sycamore Board of Directors to pursue a transaction with LCNB included a strong purchase price, complementary business cultures, potential for a partial liquidity event for Sycamore shareholders, and a belief that the pro forma entity would be a strong investment for Sycamore shareholders and a good bank for both its customers and employees.

Over the next few weeks, LCNB and Sycamore each conducted due diligence on the other and actively negotiated the terms of a definitive acquisition agreement. On August 6, 2007, the Sycamore Board of Directors met with representatives of Sandler O'Neill and Frost Brown Todd LLC ("FBT"), Sycamore's special legal counsel, to review the terms of the proposed definitive acquisition agreement. FBT representatives advised the Sycamore Board of Directors regarding certain legal matters related to the proposed transaction, including the fiduciary obligations of Sycamore's directors in connection with their consideration of the proposed definitive acquisition agreement. FBT representatives also presented information about the proposed merger, including information related to LCNB and key terms related to structure, covenants, and representations and warranties, and the regulatory and shareholder approvals required to complete the proposed merger. A representative of Sandler O'Neill then presented a financial analysis of the transaction and orally advised the Sycamore Board of Directors of its opinion that, as of August 6, 2007, the amount of merger consideration to be paid by LCNB in the merger (the choice of cash and/or stock in LCNB) was fair, from a financial perspective, to the Sycamore shareholders. At that same meeting, the Sycamore directors reviewed the proposed acquisition agreement and asked questions concerning its provisions and the proposed merger of Sycamore into LCNB National Bank.

On August 13, 2007, the Sycamore Board of Directors again met with representatives of Sandler O'Neill and FBT. At this meeting, FBT representatives advised the Sycamore directors of certain revisions to the previous draft of the proposed acquisition agreement and reviewed with the directors the entire acquisition agreement. A representative of Sandler O'Neill then delivered an updated financial analysis of the transaction and an updated opinion that the merger consideration to be received by the Sycamore shareholders in the proposed merger was fair from a financial point of view to Sycamore's shareholders. Following the Sandler O'Neill presentation, Sycamore directors asked questions of Sycamore's chairman, president, representatives of FBT and the Sandler O'Neill representatives. Following a period of discussion and responses to director questions, upon motion duly made and seconded, the Sycamore Board of Directors unanimously approved the LCNB proposed acquisition agreement and authorized the appropriate officers of Sycamore to execute the definitive acquisition agreement. On the afternoon of August 13, 2007, LCNB and Sycamore entered into a definitive affiliation agreement (the "affiliation agreement").

Subsequent to the signing of the affiliation agreement, Sycamore determined that it had 2,100 more issued and outstanding common shares than it had disclosed in the affiliation agreement. Representatives from Sandler O'Neill, Stifel Nicolaus, Sycamore and LCNB agreed that in order to keep the aggregate merger consideration level the same as it was prior to the discovery of the additional outstanding Sycamore common shares, Sycamore and LCNB should amend and restate the affiliation agreement to lower the price per common share from \$34.00 to \$33.75, and the exchange ratio of LCNB common shares for Sycamore common shares from 2.462 to 2.444. LCNB and Sycamore entered into an amended and restated affiliation agreement reflecting such changes on September 24, 2007.

**LCNB's reasons for the merger.**

LCNB Corp. in reaching its determination to adopt and approve the amended and restated affiliation agreement, the board of directors consulted with LCNB management, legal consultants from Dinsmore & Shohl and investment bankers from Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus") and considered the following material factors in support of the board's approval:

the long-term interests of LCNB and its shareholders, as well as the interests of LCNB employees, customers, creditors and the communities in which LCNB operates;

information concerning the business, earnings, operations, financial condition and prospects of Sycamore, both individually and on a combined basis, including information with respect to the past earnings performance of each of LCNB and Sycamore;

the opportunity for the Bank to obtain a presence in a large and attractive market;

the opportunity to benefit from cost savings and other benefits of size and operating efficiencies;

the prospects for LCNB to benefit, over the long term, from increased financial strength and growth;

the potential accretion to LCNB earnings per share and book value per share;

the opinion of Stifel Nicolaus that, as of the date of the merger agreement, the consideration to be paid in the merger was fair, from a financial point of view to LCNB's shareholders;

the likelihood of completing the merger, including, in particular, obtaining regulatory approvals; and

the belief that the merger should assist LCNB in maintaining its status as an independent holding company and the Bank in maintaining its status as a community bank.

The board of directors of LCNB also considered a variety of risks and other potentially negative factors in deliberations concerning the merger. In particular, the board of directors of LCNB considered:

the risks associated with a fixed exchange ratio for a portion of the merger consideration, including the possibility that the value of LCNB common stock that the Sycamore shareholders receive in the merger could vary depending on the market price of LCNB's common stock at the effective time of the merger;

the costs associated with the regulatory approval process, the costs associated with calling a special meeting of the Sycamore shareholders and other merger-related costs; and

the risks associated with combining the operations of Sycamore with LCNB's existing operations, including difficulty in combining corporate, accounting, financial information and information systems.

The board of directors of LCNB did not receive a quantitative analysis of the factors listed above. However, the board of directors of LCNB concluded that the anticipated benefits of the merger outweighed the possible detriments.

This discussion is not intended to be exhaustive but includes the material information and factors considered by the LCNB board of directors in its consideration of the merger. In view of the wide variety of factors considered, the LCNB board of directors did not assign relative weights to the specific factors considered in reaching its

determination. The determination was made after consideration of all of the factors as a whole. In addition, individual members of the LCNB board of directors may have given different weights to different factors.

**Sycamore s reasons for the merger.**

In reaching its decision to approve the amended and restated affiliation agreement and merger and to recommend adoption of the amended and restated affiliation agreement and approval of the merger to the shareholders of Sycamore, the Sycamore Board of Directors consulted with its advisors and independently considered the amended and restated affiliation agreement and the transactions contemplated thereby. Sycamore s Board of Directors, in determining to recommend adoption of the amended and restated affiliation agreement and approval of the merger to Sycamore s shareholders, considered the following factors in concluding that the merger will be beneficial to Sycamore and its shareholders:

the financial terms of the merger.

its familiarity with, and information provided by Sandler O'Neill and LCNB as to, the business, financial condition, results of operations, current business strategy and future prospects of LCNB;

the nature of the markets in which Sycamore operates and Sycamore's position in such markets;

its understanding of the potential for a greater range of products and services that the combined bank could provide to customers;

the historical prices per share and private trading activity of Sycamore common stock and the fact that the merger consideration would enable Sycamore shareholders to realize a premium over the prices at which shares of Sycamore's common stock had previously traded and would provide Sycamore shareholders, with respect to the portion of the merger consideration comprised of LCNB common stock, a more liquid equity investment;

the fact that aggregate merger consideration represented a 2.17 multiple of Sycamore's June 30, 2007 stated common equity and a 36.1 multiple of Sycamore's net income for the twelve months ending June 30, 2007;

the expectation that, with respect to the portion of the merger consideration comprised of LCNB common stock, the merger will qualify as a transaction of a type that is generally tax-free to Sycamore shareholders for U.S. federal income tax purposes;

the treatment of Sycamore employees contemplated by the amended and restated affiliation agreement;

the Board of Directors' view of the risks associated with the prospects for the business and its financial projections and growth targets, given their assessment of the current competitive landscape, including on-going community bank consolidation and a difficult and competitive financial institution environment;

the opinion of Sandler O'Neill that, as of September 24, 2007 and the date of this joint proxy statement/prospectus and based upon and subject to the various assumptions and limitations set forth therein, the merger consideration to be received by Sycamore's shareholders pursuant to the amended and restated affiliation agreement was fair from a financial point of view to such shareholders. The full text of the written opinion of Sandler O'Neill, as updated, is attached as Annex B to this prospectus/proxy statement. Sycamore's shareholders should read the opinion in its entirety;

the fact that, Sycamore, with the assistance of Sandler O'Neill, had conducted an extensive set of discussions with potential parties to a business combination that was designed to determine both interest in and valuation for such a potential transaction with Sycamore;

the fact that Sycamore and Sandler O'Neill had conducted an extensive sales process and bidding procedure that was designed to determine the highest value attainable in such a potential transaction and the merger consideration contemplated by the amended and restated affiliation agreement is greater than any amount offered under the sales process and bidding procedure conducted by Sandler O'Neill;

the fact that consummation of the merger would permit the Sycamore shareholders the opportunity to participate in the future growth prospects of LCNB;

the ability of Sycamore under certain circumstances set forth in the amended and restated affiliation agreement to provide non-public information to, and engage in discussions with, third parties that propose an alternative transaction; and its view that the terms of the amended and restated affiliation agreement, including the termination fee, would not preclude the



Sycamore Board of Directors from evaluating an unsolicited superior proposal for an alternative transaction involving Sycamore;

the risks described under "Risk Factors" beginning on page 10 of this proxy statement/prospectus;

the fees and expenses associated with completing the merger; and

the fact that the merger consideration and the terms and conditions of the amended and restated affiliation agreement were the result of arm's-length negotiations between LCNB and Sycamore.

In view of the variety of factors considered in connection with its evaluation of the amended and restated affiliation agreement and the merger, the Sycamore Board of Directors considered the factors as a whole and did not find it practicable to and did not quantify or otherwise assign relative weight to the specific factors considered in reaching its determination. In addition, individual members of the Sycamore Board of Directors may have given different weight to different factors. The explanation of Sycamore's reasons for the proposed merger set forth above contain forward-looking statements and, therefore, should be read in light of the factors discussed under "Forward-Looking Statements" on page 8 of this proxy statement/prospectus.

#### **Opinion of Sycamore's financial advisor**

By a letter agreement dated April 19, 2007, Sycamore retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Sycamore in connection with the proposed merger and participated in certain of the negotiations leading to the affiliation agreement and the amended and restated affiliation agreement. At the August 13, 2007 meeting at which Sycamore's board considered and approved the amended and restated affiliation agreement, Sandler O'Neill delivered to the board its oral opinion, subsequently confirmed in writing that, as of such date, the merger consideration was fair to Sycamore's shareholders from a financial point of view. The full text of Sandler O'Neill's opinion is attached as Annex B to this document. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Sycamore shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion is directed to the Sycamore board and speaks only to the fairness from a financial point of view of the merger consideration to Sycamore shareholders. It does not address the underlying business decision of Sycamore to engage in the merger or any other aspect of the

merger and is not a recommendation to any Sycamore shareholder as to how such shareholder should vote at the special meeting with respect to the merger, the form of consideration such shareholder should elect or any other matter.

In connection with rendering its August 13, 2007 opinion, Sandler O'Neill reviewed and considered, among other things:

- the amended and restated affiliation agreement;
  
- certain financial statements and other historical financial information of Sycamore as provided by senior management of Sycamore that Sandler O'Neill deemed relevant;

- certain publicly available financial statements and other historical financial information of LCNB that Sandler O Neill deemed relevant;
  
- internal financial projections for Sycamore for the years ending December 31, 2007 through December 31, 2010 as provided by the management of Sycamore;
  
- internal financial projections for LCNB for the years December 31, 2007 through December 31, 2010 as provided by the management of LCNB;
  
- the pro forma financial impact of the Merger on LCNB, based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and other synergies estimated by the senior management of LCNB and Sycamore;
  
- the publicly reported historical price and trading activity for LCNB's common stock, including a comparison of certain financial and stock market information for LCNB with similar publicly available information for certain other companies the securities of which are publicly traded;
  
- to the extent publicly available, the financial terms of certain recent business combinations in the commercial banking industry;
  
- the current market environment generally and the commercial banking environment in particular; and

- such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of senior management of Sycamore the business, financial condition, results of operations and prospects of Sycamore and held similar discussions with certain members of senior management of LCNB regarding the business, financial condition, results of operations and prospects of LCNB.

In performing its review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial information, projections, estimates and other information that was available to it from public sources, that was provided by Sycamore and LCNB or their respective representatives or that was otherwise reviewed by Sandler O'Neill and assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill further relied on the assurances of management of Sycamore and LCNB that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill was not asked to undertake, and did not undertake, an independent verification of any of such information and Sandler O'Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Sycamore or LCNB or any of their subsidiaries, or the collectibility of any such assets, nor was Sandler O'Neill furnished with any such evaluations or appraisals. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Sycamore or LCNB, nor did Sandler O'Neill review any individual credit files relating to Sycamore or LCNB. Sandler O'Neill assumed, with Sycamore's consent, that the respective allowances for loan losses for both Sycamore and LCNB were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

Sandler O'Neill's opinion was necessarily based upon financial, economic, market and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Sandler O'Neill assumed, in all respects material to its analysis that each party to such agreements would perform all of the material covenants required to be performed by such party under such agreements and that the conditions precedent in the amended and restated affiliation agreement had not been waived. Sandler O'Neill also assumed that there had been no material change in Sycamore's and LCNB's assets, financial condition, results of operations, business or

prospects since the date of the last financial statements made available to them, and that Sycamore and LCNB would remain as going concerns for all periods relevant to its analyses. Sandler O'Neill, with Sycamore's consent, relied on the advice Sycamore received from its legal, accounting, and tax advisors as to all legal, accounting, and tax matters relating to the amended and restated affiliation agreement and the other transactions contemplated by the amended and restated affiliation agreement.

The respective internal financial projections for Sycamore and LCNB used and relied upon by Sandler O'Neill in its analyses and the projections of transaction costs, estimates of purchase accounting adjustments, expected cost savings, and other synergies relating to the merger were reviewed with the respective senior managements of Sycamore and LCNB, and such managements confirmed to Sandler O'Neill that they reflected the best currently available estimates and judgments of such managements of the future financial performance of Sycamore and LCNB, both respectively and related to the combined entity, and Sandler O'Neill assumed that such performances would be achieved. Sandler O'Neill expressed no opinion as to such estimates and projections or the assumptions on which they were based. Those estimates and projections, as well as the other estimates used by Sandler O'Neill in its analysis, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

**Financial Analysis by Sandler O'Neill.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analysis must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying their respective opinions. Also, no company included in the comparative analysis described below is identical to Sycamore or LCNB and no transaction is identical to the merger. In performing its analysis, Sandler also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Sycamore, LCNB and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analysis. Sandler O'Neill prepared its analysis solely for purposes of rendering its opinion and provided such analysis to the Sycamore board at the board's August 13, 2007 meeting. Estimates on the values of companies did not purport to be appraisals or necessarily reflect the prices at which companies or their securities might actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analysis does not necessarily reflect the value of what LCNB's common stock will be when issued to Sycamore's stockholders or the price at which LCNB's common stock may be sold at any time.

In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather Sandler O'Neill made its own qualitative judgments as to the significance and relevance of each analysis and factor. The financial analysis summarized below includes information presented in tabular format. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion; rather Sandler O'Neill made its determination as to the fairness of the per share consideration on the basis of its experience and professional judgment after considering the results of all the analyses taken as a whole. Accordingly, Sandler O'Neill believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analysis and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analysis and opinion. The tables alone do

not constitute complete descriptions of the financial analyses presented in such tables.

At the August 13, 2007 meeting of Sycamore's board of directors, Sandler O'Neill presented certain financial analyses of the merger. The summary below is not a complete description of the analyses underlying

the opinion of Sandler O'Neill or the presentation made by SandlerO'Neill to Sycamore's board, but is instead a summary of the material analyses performed and presented in connection with its opinion.

**Summary of Proposal.** Sandler O'Neill reviewed the financial terms of the proposed transaction. Pursuant to the amended and restated affiliation agreement, each share of Sycamore common stock issued and outstanding immediately prior to the merger will be converted into the right to receive, (i) \$33.75 in cash or (ii) that number of shares of LCNB common stock at an exchange ratio of 2.444 shares of LCNB common stock for each share of Sycamore common stock determined by reference to the 20-day average closing price of LCNB as of August 3, 2007, or a combination of LCNB common stock and cash. Based upon per-share financial information for Sycamore for the twelve months ended June 30, 2007, Sandler O'Neill calculated the following ratios:

(i) *Transaction Ratios*

Transaction price / Last twelve months' earnings per share

36.0x

Transaction price / Tangible book value per share

217%

Tangible book premium/Core Deposits <sup>(1)</sup>

14.0%

(1)

Core deposits exclude time deposits with account balances greater than \$100,000, which were 13.2% of total deposits.

The aggregate transaction value was approximately \$9.67 million.

**Stock Trading History.** Sandler O'Neill reviewed the history of the publicly reported trading prices of LCNB's common stock. For the one-year and three-year period ended August 10, 2007, Sandler O'Neill compared the relative performance of LCNB's common stock with the following:

- 

the S&P 500 Index,

-

the NASDAQ Bank Index,

•

the S&P Bank Index, and

•

a Midwest Bank peer group

During the one-year period ended August 10, 2007, the relative performances were as follows:

(ii) *LCNB's Stock Performance*

**Beginning Index Value**

**Ending Index Value**

**August 10, 2006**

**August 10, 2007**

LCNB

100.00%

73.2%

S&P 500 Index

100.00

114.3

NASDAQ Bank Index



100.00

92.9

S&P Bank Index

100.00

92.9

Midwest Bank Index

100.00

96.5

During the three-year period ended August 10, 2007, the relative performances were as follows:

25

(iii) *LCNB's Stock Performance*

**Beginning Index Value**

**Ending Index Value**

**August 10, 2004**

**August 10, 2007**

LCNB

100.00%

73.0%

S&P 500 Index

100.00

134.7

NASDAQ Bank Index

100.00

105.8

S&P Bank Index

100.00

107.2

Midwest Bank Index

100.00

92.7

(1)

Midwest Bank Index is a weighted average (by market capitalization) composite of publicly traded comparable institutions selected by Sandler O Neill and includes Albank Corp., BNCCORP Inc., Brotherhood Bancshares Inc., Community Central Bank Corp., DCB Financial Corp, Fentura Financial Inc., First Manitowoc Bancorp Inc., Guaranty Federal Bcschs Inc., ISB Financial Corp., Kentucky Bancshares Inc., Landmark Bancorp Inc., NB&T Financial Group Inc., NI Bancshares Corporation, Northern States Financial Corp, PSB Holdings Inc., Rurban Financial Corp. and United Bancshares Inc.

**Comparable Company Analysis.** Sandler O Neill used publicly available information to compare selected financial and market trading information for Sycamore and LCNB to various peer groups selected by Sandler O Neill.

The Midwest Bank peer group for Sycamore consisted of the following companies:

Benton Financial Corp.	Michigan Community Bancorp
BNB Bancorp Inc.	Northern Star Financial Inc.
Capital Directions Inc.	Ohio State Bancshares Inc.
F & M Bancorp	Pandora Bancshares Inc.
First National Bk of Wellston	Tri-State 1st Banc Inc.
First Robinson Financial Corp.	University Bancorp Inc.
IFB Holdings Inc.	Washington Bancorp
Indiana Business Bancorp	Western Reserve Bancorp

The analysis compared publicly available financial information as of and for the most recently reported twelve-month period and market trading information as of August 10, 2007. The table below compares the data for Sycamore and the median data for the comparable peer group.

(iv) *Comparable Group Analysis*

	Midwest Bank
	Peer Group
<u>Sycamore</u>	<u>Median</u>

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Total assets ( <i>in millions</i> )	\$48.6	\$92.4
Tangible equity/Tangible assets	9.4%	9.2%
Last twelve months return on average assets	0.55%	0.52%
Last twelve months return on average equity	5.97%	4.64%
Price/Tangible book value per share	-	132.%
Price/Last Twelve Months earnings per share	-	18.6x
Market Capitalization ( <i>in millions</i> )	-	\$12.0

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The selected comparable Midwest Bank peer group for LCNB consisted of the following companies:

Albank Corp.	Kentucky Bancshares Inc.
BNCCORP Inc.	Landmark Bancorp Inc.
Brotherhood Bancshares Inc.	NB&T Financial Group Inc.
Community Central Bank Corp.	NI Bancshares Corporation
DCB Financial Corp	Northern States Financial Corp
Fentura Financial Inc.	PSB Holdings Inc.
First Manistowoc Bancorp Inc.	Rurban Financial Corp.
Guaranty Federal Bcschs Inc.	United Bancshares Inc.
ISB Financial Corp.	

The analysis compared publicly available financial information as of and for the most recently reported twelve-month period and market trading information as of August 10, 2007. The table below compares the data for LCNB and the median data for the comparable peer group.

(v) *Comparable Group Analysis*

	<u>LCNB</u>	Midwest Bank Peer Group <u>Median</u>
Total assets ( <i>in millions</i> )	\$540.3	\$548.2
Tangible equity/Tangible assets	9.31%	8.91%
Last twelve months return on average assets	1.15%	0.87%
Last twelve months return on average equity	12.1%	9.3%
Price/Tangible book value per share	176.%	144.%
Price/Last Twelve Months earnings per share	14.1x	13.1x
Price/Estimated 2007 earnings per share	14.8x	15.2x
Market Capitalization ( <i>in millions</i> )	\$88.5	\$64.9

**Analysis of Selected Merger Transactions.** Sandler O Neill reviewed 69 merger transactions announced from January 1, 2006 through August 10, 2007 involving Midwest banks in the United States with announced transaction values less than \$50 million:

Sandler O Neill also reviewed 106 merger transactions announced from January 1, 2006 through August 10, 2007 involving nationwide banks in the United States with announced transaction values less than \$20 million:

With respect to the Midwest and Nationwide comparable transactions, Sandler O Neill reviewed the following multiples in the selected merger transactions:

- transaction price at announcement to last twelve months reported earnings per share;
- transaction price to tangible book value per share;
- tangible book premium to core deposits; and

As illustrated in the following table, Sandler O Neill compared the multiples of the proposed merger to the median multiples of the selected merger transactions.

(vi) *Comparable Transaction Multiples*

	<u>LCNB / Sycamore</u>	<u>Midwest Bank Multiple</u>	<u>Nationwide Bank Multiple</u>
Transaction price / Last twelve months earnings per share	36.0x	25.2x	24.3x
Transaction price / Tangible book value per share	217%	199%	184%
Tangible book premium / Core deposits <sup>(1)</sup>	14.0%	12.0%	11.3%

(1)

Core deposits exclude time deposits with account balances greater than \$100,000, which were 13.2% of total deposits.

**Discounted Cash Flow Analysis.** Sandler O'Neill performed a discounted cash flow analysis to estimate a range of the present values of after-tax cash flows that Sycamore could provide to equity holders through 2010 on a stand-alone basis, excluding the effects related to the merger. In performing this analysis, Sandler O'Neill used management estimates of per share net income of \$0.78 for 2007, \$1.05 for 2008, \$1.19 for 2009 and \$1.34 in 2010. The range of values was determined by the present value of the terminal value of Sycamore's common stock. In calculating the terminal value of Sycamore common stock, Sandler O'Neill applied multiples ranging from 12x to 22x to Sycamore's 2010 estimated earnings, along with multiples ranging from 100% to 200% of Sycamore's 2010 estimated tangible book value, both as predicted by senior management of Sycamore. The dividend stream and the terminal value were then discounted back using discount rates ranging from 9.0% to 15.0%, which range Sandler O'Neill viewed as appropriate for a company with Sycamore's risk characteristics. In addition, the net present value of Sycamore's common stock at December 31, 2010 was calculated using the same range of price to last twelve months earnings multiples (12.0x - 22.0x) applied to a range of discounts and premiums to budget projections. The range applied to the budgeted net income was 25% under budget to 25% over budget, using a discount rate of 11.50% to the analysis.

This analysis resulted in the following reference ranges of indicated per share values for Sycamore common stock:

(vii) *Present Value Per Share Based on Price / Earnings; Net Present Value for Period Ending 12/31/2010*

*Terminal Earnings Multiple*

<b><i>Discount Rate</i></b>	<b>12x</b>	<b>14x</b>	<b>16x</b>	<b>18x</b>	<b>20x</b>	<b>22x</b>
9.0%	\$11.92	\$13.87	\$15.82	\$17.76	\$19.71	\$21.66
10.0%	\$11.53	\$13.41	\$15.29	\$17.17	\$19.05	\$20.93
11.0%	\$11.14	\$12.96	\$14.78	\$16.60	\$18.42	\$20.23
12.0%	\$10.78	\$12.54	\$14.29	\$16.05	\$17.81	\$19.57
13.0%	\$10.43	\$12.13	\$13.83	\$15.53	\$17.23	\$18.93
14.0%	\$10.09	\$11.74	\$13.38	\$15.03	\$16.67	\$18.32
15.0%	\$9.77	\$11.36	\$12.95	\$14.55	\$16.14	\$17.73



(viii) *Present Value Per Share Based on Tangible Book Value; Net Present Value for Period Ending 12/31/2010*

Terminal Tangible Book Multiple

**Discount**

<b>Rate</b>	100%	120%	140%	160%	180%	200%
9.0%	\$14.78	\$17.69	\$20.59	\$23.50	\$26.40	\$29.31
10.0%	\$14.29	\$17.09	\$19.90	\$22.71	\$25.52	\$28.33
11.0%	\$13.81	\$16.53	\$19.24	\$21.96	\$24.67	\$27.39
12.0%	\$13.36	\$15.98	\$18.61	\$21.23	\$23.86	\$26.48
13.0%	\$12.92	\$15.46	\$18.00	\$20.54	\$23.08	\$25.62
14.0%	\$12.51	\$14.96	\$17.42	\$19.87	\$22.33	\$24.79
15.0%	\$12.11	\$14.48	\$16.86	\$19.24	\$21.61	\$23.99

(ix) *Present Value Per Share Based on Price / Earnings; Net Present Value for Period Ending 12/31/2010*

Terminal Earnings Multiple

<b>EPS Projection Change from Base Case</b>	12x	14x	16x	18x	20x	22x
(25.0%)	\$8.28	\$9.62	\$10.96	\$12.30	\$13.64	\$14.98
(20.0%)	\$8.81	\$10.24	\$11.67	\$13.10	\$14.53	\$15.96
(15.0%)	\$9.35	\$10.87	\$12.39	\$13.91	\$15.43	\$16.95
(10.0%)	\$9.89	\$11.50	\$13.10	\$14.71	\$16.32	\$17.93
(5.0%)	\$10.42	\$12.12	\$13.82	\$15.52	\$17.22	\$18.91
0.0%	\$10.96	\$12.75	\$14.53	\$16.32	\$18.11	\$19.90
5.0%	\$11.50	\$13.37	\$15.25	\$17.13	\$19.00	\$20.88
10.0%	\$12.03	\$14.00	\$15.96	\$17.93	\$19.90	\$21.86
15.0%	\$12.57	\$14.62	\$16.68	\$18.74	\$20.79	\$22.85
20.0%	\$13.10	\$15.25	\$17.40	\$19.54	\$21.69	\$23.83
25.0%	\$13.64	\$15.88	\$18.11	\$20.35	\$22.58	\$24.81

In connection with their analyses, Sandler O'Neill considered and discussed with the Sycamore board how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income. Sandler O'Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Sandler O'Neill also performed a discounted cash flow analysis to estimate a range of the present values of after-tax cash flows that LCNB could provide to equity holders through 2010 on a stand-alone basis, excluding the effects related to the merger. In performing this analysis, Sandler O'Neill used management estimates of per share net income of \$0.94 for 2007, \$1.01 for 2008, \$1.08 for 2009 and \$1.16 in 2010. The range of values was determined by the

present value of the terminal value of LCNB's common stock. In calculating the terminal value of LCNB's common stock, Sandler O'Neill applied multiples ranging from 10x to 20x to LCNB's 2010 estimated earnings, along with multiples ranging from 100% to 225% of LCNB's 2010 estimated tangible book value, both as predicted by senior management of LCNB. The dividend stream and the terminal value were then discounted back using discount rates ranging from 9.0% to 15.0%, which range Sandler O'Neill viewed as appropriate for a company with LCNB's risk characteristics. In addition, the net present value of LCNB's common stock at December 31, 2010 was calculated using the same range of price to last twelve months earnings multiples (10.0x - 20.0x) applied to a range of discounts and premiums to budget.

projections. The range applied to the budgeted net income was 25% under budget to 25% over budget, using a discount rate of 11.50% to the analysis.

This analysis resulted in the following reference ranges of indicated per share values for LCNB common stock:

(x) *Present Value Per Share Based on Price / Earnings; Net Present Value for Period Ending 12/31/2010*

Terminal Earnings Multiple

<b>Discount</b>						
<b>Rate</b>	<b>10x</b>	<b>12x</b>	<b>14x</b>	<b>16x</b>	<b>18x</b>	<b>20x</b>
9.0%	\$10.21	\$11.85	\$13.49	\$15.13	\$16.77	\$18.40
10.0%	\$9.87	\$11.45	\$13.03	\$14.61	\$16.19	\$17.77
11.0%	\$9.55	\$11.07	\$12.60	\$14.12	\$15.64	\$17.17
12.0%	\$9.24	\$10.71	\$12.18	\$13.65	\$15.12	\$16.59
13.0%	\$8.94	\$10.36	\$11.78	\$13.20	\$14.61	\$16.03
14.0%	\$8.66	\$10.03	\$11.40	\$12.76	\$14.13	\$15.50
15.0%	\$8.38	\$9.71	\$11.03	\$12.35	\$13.67	\$15.00

(xi) *Present Value Per Share Based on Tangible Book Value; Net Present Value for Period Ending 12/31/2010*

Terminal Tangible Book Multiple

<b>Discount</b>	100%	125%	150%	175%	200%	225%
<b>Rate</b>						
9.0%	\$8.76	\$10.44	\$12.13	\$13.81	\$15.50	\$17.18
10.0%	\$8.47	\$10.10	\$11.72	\$13.35	\$14.97	\$16.60
11.0%	\$8.20	\$9.77	\$11.33	\$12.90	\$14.47	\$16.03
12.0%	\$7.94	\$9.45	\$10.96	\$12.47	\$13.98	\$15.49
13.0%	\$7.68	\$9.14	\$10.60	\$12.06	\$13.52	\$14.98
14.0%	\$7.44	\$8.85	\$10.26	\$11.67	\$13.08	\$14.48
15.0%	\$7.21	\$8.57	\$9.93	\$11.29	\$12.65	\$14.01

(xii) *Present Value Per Share Based on Price / Earnings; Net Present Value for Period Ending 12/31/2010*

Terminal Earnings Multiple

<b>EPS Projection</b>	<b>10x</b>	<b>12x</b>	<b>14x</b>	<b>16x</b>	<b>18x</b>	<b>20x</b>
<b>Change from</b>						

**Base Case**

(25.0%)	\$7.52	\$8.64	\$9.77	\$10.89	\$12.01	\$13.13
(20.0%)	\$7.90	\$9.09	\$10.29	\$11.49	\$12.68	\$13.88
(15.0%)	\$8.27	\$9.54	\$10.81	\$12.09	\$13.36	\$14.63
(10.0%)	\$8.64	\$9.99	\$11.34	\$12.68	\$14.03	\$15.38
(5.0%)	\$9.02	\$10.44	\$11.86	\$13.28	\$14.70	\$16.13
0.0%	\$9.39	\$10.89	\$12.38	\$13.88	\$15.38	\$16.87
5.0%	\$9.77	\$11.34	\$12.91	\$14.48	\$16.05	\$17.62
10.0%	\$10.14	\$11.79	\$13.43	\$15.08	\$16.72	\$18.37
15.0%	\$10.51	\$12.23	\$13.96	\$15.68	\$17.40	\$19.12
20.0%	\$10.89	\$12.68	\$14.48	\$16.27	\$18.07	\$19.87
25.0%	\$11.26	\$13.13	\$15.00	\$16.87	\$18.74	\$20.61

In connection with their analyses, Sandler O'Neill considered and discussed with the LCNB board how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income. Sandler O'Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

**Pro Forma Merger Analysis.** Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming:

- the merger closes during the 4<sup>th</sup> quarter of 2007,
- an exchange ratio of 2.444x,
- unexercised stock options to purchase shares of Sycamore common stock are stocked out
- earnings per share projection in 2008 and 2009 for Sycamore confirmed with Sycamore management
- earnings per share projections in 2008 and 2009 for LCNB confirmed with LCNB management,
- certain purchase accounting adjustments (including amortizable identifiable intangibles created in the merger), charges and transaction costs associated with the merger,
- cost savings and other synergies are consistent with the estimates of the senior managements of Sycamore and LCNB,
- various financing costs associated with financing the cash consideration paid to Sycamore shareholders;

For each of the years 2008 through 2012, Sandler O'Neill compared the estimated earnings per share of LCNB common stock to the estimated earnings per share on a pro forma GAAP basis, along with the estimated tangible book value per share of LCNB common stock to the estimated tangible book value per share on a pro forma basis.

Based on the assumptions listed above, the analyses indicated that the merger would be accretive to LCNB's projected 2008 through 2012 GAAP EPS and dilutive to LCNB's projected 2008 through 2012 tangible book value per share.

The actual results achieved by the combined company may vary from projected results and the variations may be material.

**Miscellaneous.** Sycamore has agreed to pay Sandler O Neill a transaction fee in connection with the merger of \$150,000, which is contingent, and payable, upon closing of the merger. Sandler O Neill will also receive a fee for rendering its respective opinion. Sycamore has also agreed to reimburse certain of Sandler O Neill's reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under the securities laws.

In the ordinary course of their respective broker and dealer businesses, Sandler O Neill may purchase securities from and sell securities to Sycamore and LCNB and their affiliates. Sandler O Neill may also actively trade the debt and/or equity securities of Sycamore or LCNB or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

### **Summary of Proposed Merger**

#### **Merger consideration**

Subject to certain adjustments set forth in the amended and restated affiliation agreement and described below, at the effective time of the merger each Sycamore share will be converted into the right to receive either \$33.75 in cash or 2.444 LCNB shares. Shareholders of Sycamore, other than shareholders who have properly exercised dissenters rights, will have the option to receive all cash, all LCNB shares, or a combination of cash and LCNB shares.

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Under the amended and restated affiliation agreement, one-half of the total number of Sycamore shares outstanding immediately prior to the effective time of the merger must be exchanged for cash. If the aggregate number of shares for which cash elections are made is not equal to one-half of the outstanding Sycamore shares, then the form of payment you receive may be different than what you request.

On \_\_\_\_\_, 2007, the last trading date before we printed this proxy statement/prospectus, LCNB shares closed at \$\_\_\_\_\_ on OTCBB. Based on that \_\_\_\_\_, 2007 market price, 2.444 LCNB shares would be valued at \$\_\_\_\_\_.

Based on the 279,733 Sycamore shares issued and outstanding on \_\_\_\_\_, 2007, and assuming no adjustments are made to the exchange ratio, the total number of LCNB common shares to be issued to Sycamore shareholders would be approximately 341,834; if the 8,180 Sycamore options are exercised at the effective time, the total number of LCNB common shares would be 361,826. Based on the 6,345,486 LCNB common shares issued and outstanding on June 30, 2007 (and assuming the exercise of such options), the total number of LCNB common shares outstanding after the merger would be 6,707,312, of which approximately 5.4% would be held by former Sycamore shareholders.

LCNB will not issue fractional shares in the merger. Each Sycamore shareholder who otherwise would be entitled to receive a fraction of a LCNB share will receive cash in an amount equal to the fractional LCNB share interest, multiplied by \$13.81.

The amended and restated affiliation agreement provides that the per share merger consideration (*i.e.*, the \$33.75 cash amount and/or the exchange ratio of 2.444 LCNB shares for each Sycamore share) may be adjusted under the following circumstances:

**Decrease in market price of LCNB shares.** If the average market price of a LCNB share, at a specified date prior to the closing date is less than \$11.05 and the decline in the market price of a LCNB share is more than 20% greater than the decline, if any, in the SNL Bank Index during the period between August 3, 2007 and the date set forth above, then the Board of Directors of Sycamore may elect to terminate the amended and restated affiliation agreement and abandon the merger. If the Board of Directors of Sycamore elects to terminate the amended and restated affiliation agreement, LCNB will have five days in which to elect to increase the exchange ratio so that the exchange ratio multiplied by the average market price of a LCNB share during the measuring period equals 80% of the per share cash amount. If LCNB elects to increase the exchange ratio, then the election by the Board of Directors to terminate the amended and restated affiliation agreement will be of no further force and effect and the amended and restated affiliation agreement will remain in effect.

### **Election procedure**

Registrar and Transfer Company, the exchange agent has mailed to you on the same date that this proxy statement/prospectus was mailed to you, an election form. Each election form will permit you to:

- elect to receive cash in exchange for your Sycamore shares,
- elect to receive LCNB shares in exchange for your Sycamore shares,
- elect to receive a combination of cash and LCNB shares in exchange for your Sycamore shares, or
- indicate that you make no election.

Your election form must be properly completed and actually received by the exchange agent by 5:00 p.m., Eastern Time, on the day designated on the election form, which will be no later than three days prior to the anticipated effective date of the merger, which is set forth on the election form.

Registrar and Transfer Company will provide to you a transmittal form and instructions for the surrender of your certificates evidencing Sycamore shares in exchange for the merger consideration within five days after the effective time of the merger. Until you surrender your certificates, LCNB will not pay you any cash consideration or any dividends or other distributions and your rights as a shareholder of LCNB will be



suspended. No interest will be paid or accrued on any cash constituting merger consideration or unpaid dividends and distributions, if any, payable to Sycamore shareholders.

If you have lost or misplaced your Sycamore stock certificate(s), you should immediately call \_\_\_\_\_ at (513) \_\_\_\_\_-\_\_\_\_\_. Mr. \_\_\_\_\_ will mail to you instructions for replacing the lost certificate(s).

### **Allocation of LCNB shares and cash among Sycamore shareholders**

Under the amended and restated affiliation agreement, one-half of the total number of Sycamore shares outstanding at the effective time of the merger will be exchanged for cash. If the number of Sycamore shares designated by Sycamore shareholders in the election forms to be exchanged for cash consideration is less than one-half, then each Sycamore shareholder electing cash will receive cash. The Sycamore shares of those Sycamore shareholders who did not make an election and, if necessary, those Sycamore shareholders electing to receive LCNB shares as consideration, will then be exchanged for cash, on a pro rata basis, so that one-half of the outstanding Sycamore shares are exchanged for cash. The remainder of the Sycamore shares will be exchanged for LCNB shares.

If the number of Sycamore shares designated by Sycamore shareholders in the election forms to be exchanged for cash consideration, which includes all dissenting shares, is greater than one-half, then the cash consideration will be allocated among those Sycamore shareholders electing to receive cash on a pro rata basis so that the total number of Sycamore shares exchanged for cash equals one-half of the number of outstanding Sycamore shares immediately prior to the effective time of the merger. The remainder of the Sycamore shares will be exchanged for LCNB shares.

### **The Amended and Restated Affiliation Agreement**

The following is a description of the material terms of the amended and restated affiliation agreement. A complete copy of the amended and restated affiliation agreement is attached as Annex A to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference. *We encourage you to read the amended and restated affiliation agreement carefully, as it is the legal document that governs the merger.*

*The amended and restated affiliation agreement contains representations and warranties of LCNB and Sycamore. The assertions embodied in those representations and warranties are qualified by information in the confidential disclosures schedules that the parties delivered in connection with the execution of the amended and restated affiliation agreement. In addition, certain representations and warranties were made as of a specific date, may be subject to a contractual standard of materiality different from those generally applicable to shareholders, or may have been used for purposes of allocating risk between the respective parties rather than establishing matters as facts. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, or for any other purpose at the time they were made or otherwise.*

## **The Merger**

Pursuant to the terms and subject to the conditions of the amended and restated affiliation agreement, Sycamore will merge with and into the Bank, with the Bank surviving the merger and continuing as a national bank.

## **Effective Time**

Following the satisfaction or waiver of all conditions in the amended and restated affiliation agreement, LCNB will request from the Office of the Comptroller of the Currency a certificate of merger in order to complete the merger. We anticipate that we will complete the merger in fourth quarter of 2007.

## **Conversion of Sycamore common shares**

Subsequent to the signing of the affiliation agreement, Sycamore determined that it had 2,100 more issued and outstanding common shares than it had disclosed in the affiliation agreement. In order to keep the aggregate merger consideration level the same as it was prior to the discovery of the additional outstanding Sycamore common shares, Sycamore and LCNB amended and restated the affiliation agreement to lower the price per common share from \$34.00 to \$33.75, and the exchange ratio of LCNB common shares for Sycamore common shares from 2.462 to 2.444.

At the effective time of the merger, each outstanding share of Sycamore common stock will be converted into the right to receive either (a) 2.444 shares of LCNB common stock, or (b) \$33.75, or some combination of cash and shares of LCNB common stock.

LCNB will not issue fractional shares of LCNB common stock. Instead, LCNB will pay to any shareholder who would otherwise be entitled to a fractional share of LCNB common stock an amount in cash, without interest, equal to the product of the fractional LCNB common share multiplied by \$13.81.

At the effective time of the merger, the Sycamore common shares will no longer be outstanding and will automatically be deemed to be cancelled and cease to exist, and the holders of Sycamore common shares will cease to be, and will have no rights as shareholders of Sycamore, other than the right to receive the merger consideration pursuant to the amended and restated affiliation agreement (and dissenters' rights pursuant to 12 U.S.C. Section 215a of the National Bank Act, as more fully described on page 16). If you receive LCNB common shares in the merger, you will, upon proper surrender of your Sycamore common share certificates, have the rights of a holder of LCNB shares.

## **Election procedures**

On the same date on which this proxy statement/prospectus was mailed to you, Registrar and Transfer Company sent to you an election form which will allow you to elect how you would like to receive the merger compensation. You will be allowed to elect to receive the compensation which you are due (a) all in cash, (b) all in LCNB common shares, (c) in a combination of cash and LCNB common shares, or (d) make no election.

If you elect to receive all cash, you will receive all cash for your Sycamore common shares, in an amount equal to \$33.75 per share, subject to the allocation procedures described below.

If you elect to receive all LCNB common shares, you will receive LCNB common shares at the exchange rate of 2.444 shares of LCNB for every Sycamore common share you own, subject to the allocation procedures described below and subject to the payment of cash in lieu of fractional LCNB common shares.

If you elect to receive a mix of cash and stock, you will receive cash in an amount equal to \$33.75 per share for each share elected to be converted into cash and 2.444 LCNB common shares for each share elected to be converted into LCNB common shares. These amounts are also subject to the allocation procedures described below and subject to the payment of cash in lieu of the issuance of fractional LCNB common shares.

If you select the non-election box or otherwise do not make an election as to the form of consideration you wish to receive, a presumptive election will be made on your behalf, such that you will receive 50% of the merger consideration due to you in cash and 50% of the merger consideration due to you in LCNB common shares, subject to the allocation procedures described below and subject to the payment of cash in lieu of the issuance of fractional LCNB common shares.

The deadline for submitting an election form will be the third trading day prior to the effective time of the merger. An election will be considered to have been validly made by a holder of Sycamore common shares only if Registrar and Transfer Company receives, prior to the deadline, an election form properly completed and executed by the holder.

### **Allocation**

Registrar and Transfer Company will allocate the merger consideration elected to be received by Sycamore common shareholders in accordance with the elections made on the election forms properly completed and returned to Registrar and Transfer Company by the deadline stated above. However, Registrar and Transfer Company will adjust the number of LCNB common shares to be given to Sycamore shareholders so that 50% of the Sycamore common shares are exchanged for LCNB common shares and 50% of the Sycamore common shares are exchanged for cash. In order to ensure this allocation, Registrar and Transfer Company will first alter the allocations of cash and shares to be given to those who either checked the non-election box or did not properly complete and return their election form prior to the deadline. In the event that additional alterations to the elections need to be made in order to achieve the necessary allocations, Registrar and Transfer Company will alter the elections of those who elected to receive stock (or stock and cash) and then those who elected to receive cash, until the allocation is set so that 50% of the Sycamore common shares are exchanged for cash and 50% of the Sycamore common shares are exchanged for LCNB common shares.

### **Surrender of certificates**

No later than five business days after the effective time of the merger, Registrar and Transfer Company will send to each Sycamore shareholder a notice and transmittal form which will provide instructions and procedures for surrendering the Sycamore common share certificates to Registrar and Transfer Company.

Upon the surrender of a shareholder's certificates representing Sycamore common shares, together with a notice of transmittal, such shareholder shall be entitled to receive, and Registrar and Transfer Company shall send to such shareholder, a check in the appropriate amount of cash and/or certificates for LCNB common shares in accordance with the allocation elected by the shareholder, as adjusted pursuant to the Allocation section set forth above.

You will not be entitled to payment of any dividends or other distributions with respect to LCNB common shares until you have followed the procedures described above for surrendering your certificates for Sycamore common shares. After properly surrendering your Sycamore common certificates, you will be entitled to receive any dividends or other distributions with respect to LCNB common shares with a record date occurring on or after the effective time of the merger.

If any certificate representing Sycamore common shares has been lost, stolen or destroyed, Registrar and Transfer Company will deliver the merger consideration properly payable under the amended and restated affiliation agreement with respect to such shares represented by the certificate upon receipt of an appropriate affidavit by the person claiming that the certificate has been lost, stolen or destroyed.

### **Sycamore stock options**

Each option for a right to purchase or acquire Sycamore common shares which are outstanding and vested as of the effective time of the merger, will be assumed by LCNB and will become options to purchase a number of LCNB common shares. Each option will be exercisable for a number of LCNB shares equal to the number of Sycamore common shares for which the option was exercisable, multiplied by 2.444, and the exercise price per share for each option will be divided by 2.444. The exercise date for the options will be the later of the effective date or January 15, 2008. Any options that are not outstanding, vested or exercisable as of the effective time will be cancelled.

**Representations and warranties**

LCNB and Sycamore have each made representations and warranties in the amended and restated affiliation agreement, which include:

- 

good standing and capitalization;

- 

corporate power and authority to execute, deliver and perform the amended and restated affiliation agreement;

- 

accuracy of financial statements;

- 

absence of material changes;

- 

litigation;

- 

taxes;

- 

loan losses;

- 

absence of fees of brokers or finders;

- 

legal compliance;

- 

regulatory filings and regulatory actions;

- 

employee benefit plans;

- labor matters;
- interest rate risk management;
- investment portfolios;
- performance of obligations;
- receipt of fairness opinion; and
- financial resources and regulatory ratings.

In addition, Sycamore has made representations and warranties relating to:

- accuracy of corporate documents;
- marketable title to properties and assets;
- extraordinary transactions;
- material contracts;
- environmental matters; and
-



insurance.

The representations and warranties in the amended and restated affiliation agreement will not survive the closing of the merger.

### **Covenants and other agreements**

In order to facilitate the merger and the conduct of the business after the merger, LCNB and Sycamore have agreed that:

- Sycamore will take all necessary actions to call and hold a special meeting of its shareholders;

- Sycamore will operate generally in the ordinary course of business up to the effective time of the merger;

- LCNB will prepare and file all necessary regulatory applications in order to complete the merger;

- LCNB and Sycamore will cooperate in order to consummate the contemplated transactions;

- Sycamore will grant LCNB reasonable access during normal business hours to Sycamore's books, records and properties;

- Sycamore and LCNB will cooperate to convert Sycamore's systems into or to conform with LCNB's systems, and shall apportion the costs of such conversion in the event of a termination of the amended and restated affiliation agreement;

- the Bank shall become the sponsor of the Sycamore Employee's Savings & Profit Sharing Plan and Trust following the merger and LCNB may terminate or freeze such plans so long as the Bank



maintains similar plans for its employees and the Bank makes Sycamore employees eligible under those plans;

•

LCNB will inform Sycamore of those employees it wishes to retain, and any employees who remain with LCNB will be eligible to participate in employee benefit plans substantially similar to those provided to other Bank employees;

•

LCNB will pay severance to those employees of Sycamore who are not offered employment by LCNB or the Bank, who are not otherwise covered by a severance package, and who sign and deliver a termination and release agreement;

•

the Bank shall enter into employment agreements with Mr. John Calhoun and Mr. John Rost;

•

Sycamore shall redeem all of its outstanding preferred shares prior to the effective time of the merger;

•

Sycamore shall grant LCNB access to the meetings of its board of directors;

•

Sycamore, LCNB and the Bank shall not take any actions that would adversely affect the ability of Sycamore to characterize the merger as a tax free reorganization;

•

Sycamore shall not pay any dividends until the earlier of the effective time or the termination of the amended and restated affiliation agreement;

•

the confidentiality agreement between LCNB and Sycamore shall continue in full force and effect;

•

LCNB and Sycamore shall indemnify and hold each other harmless for any misstatement or omission made by the other party in any regulatory filing;

•

LCNB and Sycamore shall agree as to the form and substance of any press release related to the amended and restated affiliation agreement;

•

LCNB and Sycamore shall bear all of their own expenses in connection with the amended and restated affiliation agreement;

- 

both parties shall notify the other of any material changes or failures to satisfy a condition of the amended and restated affiliation agreement occurring before the closing date of the transaction; and

- 

LCNB will honor the rights to indemnification of the directors, officers, employees, or agents of Sycamore after the closing.

### **Conditions to completion of merger**

The respective obligations of Sycamore and LCNB to complete the merger are subject to the satisfaction of the following conditions:

- 

the approval of the amended and restated affiliation agreement must have received the required vote of the Sycamore shareholders;

- 

shareholders holding enough shares to jeopardize the tax-free nature of the merger must not have exercised their dissenters rights;

- 

Sycamore and LCNB must have received all necessary governmental and regulatory consents, clearances and approvals;

- 

there must not be any threatened or instituted governmental action that could enjoin or prohibit the transactions contemplated by the amended and restated affiliation agreement;

- 

all waiting periods necessary to close the merger must have been terminated or have expired;

- 

no statute or rule making the merger illegal shall have been passed;

- 

Sycamore's counsel must have delivered an opinion to LCNB and Sycamore as to the tax free nature of the merger; and

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the Continuity of Interest Test must be met (i.e. the total value of the LCNB common shares to be issued in the merger must be at least 45% of the total merger consideration to be issued, as of the day immediately preceding the effective time).

In addition, Sycamore will not be required to complete the merger unless the following conditions are satisfied:

- 

all of LCNB's representations and warranties must be true and correct in all material respects as of the date of the amended and restated affiliation agreement and as of the closing date of the merger,

- 

and LCNB must have delivered a certificate executed by the chief executive and chief financial officers of LCNB certifying the truth of such representations and warranties;

- 

LCNB must have performed all of the obligations required of it under the amended and restated affiliation agreement and delivered a certificate executed by the chief executive and chief financial officers, certifying the performance of all such obligations;

- 

Sycamore must have received a written fairness opinion from Sandler O'Neill;

- 

LCNB must have registered the LCNB common shares to be delivered to the Sycamore shareholders receiving stock as merger consideration; and

- 

LCNB's business must not have experienced any material adverse changes since December 31, 2006.

LCNB will not be required to complete the merger unless the following conditions are also satisfied:

- 

all of Sycamore's representations and warranties must be true and correct in all material respects as of the date of the amended and restated affiliation agreement and as of the closing date of the merger, and Sycamore must have delivered a certificate executed by the chief executive and chief financial officers of Sycamore certifying the truth of such representations and warranties;

- 

Sycamore must have performed all of the obligations required of it under the amended and restated affiliation agreement and delivered a certificate executed by the chief executive and chief financial officers, certifying the performance of all such obligations;

- 

LCNB must have received a written fairness opinion from Stifel Nicolaus;

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the issued and outstanding Sycamore common shares must not be greater than 289,088 (including all shares issuable pursuant to the exercise of eligible options) and the Sycamore preferred shares must have been redeemed; and

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Sycamore's business must not have experienced any material adverse changes since December 31, 2006.

### **Termination and amendment**

LCNB and Sycamore may agree to terminate the merger at any time before it is completed, even if the Sycamore shareholders have voted to approve the merger. The amended and restated affiliation agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger:

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By either party if:

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the other party has made a material misrepresentation, a material breach of a warranty, or a material failure to comply with any covenant prior to the closing date and such misrepresentation, breach or failure is not cured within 30 days;

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the continuity of interest test referenced on page 37 is not met;

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the other party's business, assets or financial condition has experienced a material adverse change after December 31, 2006; or

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the merger has not been consummated by March 31, 2008.

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By Sycamore if:

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an event happens that makes it impossible for LCNB to fulfill its obligations to close the transaction;

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Sycamore enters into a definitive agreement with a third party for the acquisition of Sycamore on terms that are likely to result in a materially more favorable transaction than the merger to LCNB and its shareholders and other relevant constituencies; or

○

if the average market price of a LCNB share, at a specified date prior to the closing date is less than \$11.05 and the decline in the market price of a LCNB share is more than 20% greater than the decline, if any, in the SNL Bank Index during the period between August 3, 2007 and the specified date described above, then the Board of Directors of Sycamore may elect to terminate the amended and restated affiliation agreement and abandon the merger, provided that if Sycamore elects to terminate the amended and restated affiliation agreement, LCNB will have



the option of increasing the exchange ratio, in which case the amended and restated affiliation agreement will remain in effect.

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By LCNB if:

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an event happens that makes it impossible for Sycamore to fulfill its obligations to close the transaction; or

- 

the board of directors of Sycamore does not unanimously recommend, or at any time withdraws its recommendation, that Sycamore's shareholders approve and adopt the merger and the amended and restated affiliation agreement.

The amended and restated affiliation agreement shall be deemed automatically terminated if (i) the Sycamore shareholders do not approve the agreement in the manner required by law, or (ii) a regulatory application necessary for the consummation of the transaction is finally denied or disapproved.

If the amended and restated affiliation agreement is terminated due to a misrepresentation, breach, or failure of a covenant, the breaching party is responsible for paying the reasonable expenses of the non-breaching party up to an amount of \$200,000 (unless the breach was a willful breach, in which case the expenses will not be limited to \$200,000).

If Sycamore terminates the amended and restated affiliation agreement due to a third party offer, or if Sycamore consummates a transaction with a third party within 12 months after LCNB terminates the agreement pursuant to Sycamore's willful breach of the agreement, Sycamore shall pay LCNB a termination fee in an amount equal to \$300,000.

If the amended and restated affiliation agreement is terminated, the amended and restated affiliation agreement will become void and have no effect, except that the provisions of the amended and restated affiliation agreement relating to confidentiality of information, payment of expenses and the payment of the termination fee by Sycamore or LCNB, as the case may be, will survive the termination, and no party to the amended and restated affiliation agreement will be released from any liabilities or damages arising out of its breach of any provision of the amended and restated affiliation agreement.

The amended and restated affiliation agreement may be amended in writing at any time before or after the Sycamore shareholders adopt the amended and restated affiliation agreement. If the Sycamore shareholders have already

adopted the amended and restated affiliation agreement, however, we will not amend the amended and restated affiliation agreement without their approval if the amendment would materially adversely affect the shareholders. If necessary, Sycamore will seek approval of any such amendment at a subsequent meeting of shareholders.

### **Expenses of the merger**

Each of LCNB and Sycamore shall pay their own expenses incurred in connection with the amended and restated affiliation agreement and the transactions contemplated by the amended and restated affiliation agreement, except that Sycamore shall be responsible for all of the costs in soliciting proxies from its shareholders and LCNB shall be responsible for all of the costs in making the regulatory filings.

### **Interests of directors and officers**

Directors and officers of Sycamore have interests in the merger in addition to their interests solely as Sycamore shareholders.

### **Employment Agreements**

LCNB has entered into Employment Agreements with Mr. John Rost and Mr. John Calhoun, both dated August 13, 2007, the terms of which begin upon completion of the merger. Pursuant to these agreements, Mr. Calhoun will become an Executive Vice President of the Bank, and Mr. Rost will become a Vice President of

the Bank. The term of both agreements ends on December 31, 2009, unless the agreements are terminated earlier in accordance with their terms. Under the terms of the agreements, Mr. Rost and Mr. Calhoun will earn salaries approximately equivalent to their respective salaries with Sycamore immediately prior to the merger. In addition, both will be entitled to participate in the LCNB benefit plans. In the event that LCNB terminates either Mr. Rost or Mr. Calhoun other than for cause, or Mr. Rost or Mr. Calhoun terminates his agreement for good reason (as defined in the employment agreements) Mr. Rost or Mr. Calhoun, as the case may be, will be entitled to receive severance payments equal to the amount of base salary that would have been payable to him had he remained in the employ of the Bank for the entire term of his employment agreement. In the event of termination of Mr. Rost or Mr. Calhoun for cause or the occurrence of certain other events, Mr. Rost or Mr. Calhoun, as the case may be, will be entitled to receive no additional compensation.

### **Release Agreements**

LCNB will enter into release agreements with those Sycamore employees that are not offered positions with LCNB or the Bank, including Chairman of the Board, William Huddleson. These release agreements will provide for severance pay equal to two weeks of the employees' salaries (at their rate of pay in effect at the time of termination) for each full year of continuous service with Sycamore with a minimum of four weeks and a maximum of 26 weeks paid. These payments will be paid in a lump sum through the Bank's regular payroll process within 20 days after the later of the termination date or the signing of the release agreements.

### **Security Ownership of Certain Beneficial Owners of Sycamore**

The following table sets forth certain information as to those persons that Sycamore believes are beneficial owners of more than 5% of Sycamore's outstanding common stock as of June 30, 2007. For purposes of the table below and the tables set forth under Beneficial Stock Ownership of Management, a person is deemed to be the beneficial owner of any common shares (i) over which the person has or shares, directly or indirectly, voting or investment power, or (ii) of which the person has a right to acquire beneficial ownership at any time within 60 d