



*2011 ANNUAL REPORT & 10-K*

## BUSINESS SNAPSHOT

Founded in 1941, MGP Ingredients, Inc. produces distillery products and certain ingredients which are derived from corn and wheat flour, respectively, primarily to serve the branded consumer packaged goods industry. The Company has three reportable operating segments: **Distillery Products**, **Ingredient Solutions** and **Other**. Our Distillery Products segment consists of food grade alcohol, along with distillers feed and fuel grade alcohol, which are co-products of our distillery operations. The Ingredient Solutions segment primarily consists of specialty starches, specialty proteins, commodity starches and commodity vital wheat gluten. Our Other segment is comprised of plant-based biopolymers and composite resins produced and sold for use in the manufacture of eco-friendly products.

## CONTENTS

- 1 — FINANCIAL HIGHLIGHTS
- 2 — CHAIRMAN'S LETTER to STOCKHOLDERS
- 5 — CORPORATE GOVERNANCE at MGP INGREDIENTS
- 6 — PRESIDENT'S LETTER to STOCKHOLDERS
- 10 — OPERATING SEGMENTS AT A GLANCE
- 12 — BOARD of DIRECTORS and OFFICERS

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FORM 10-K

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STOCKHOLDER INFORMATION — Inside Back Cover

## FINANCIAL HIGHLIGHTS

Dollars and shares in thousands, except per share, performance and current ratio data.

	2011	2010	
	FY ended	FY ended	
Operations	June 30	June 30	% Change
Net Sales	<b>\$247,915</b>	\$201,971	22.7%
Income from Operations	<b>\$ 645</b>	\$ 7,255	(91.1%)
Pre-tax Income (Loss)	<b>\$ (1,245)</b>	\$ 3,970	(131.4%)
Net Income (Loss)	<b>\$ (1,313)</b>	\$ 8,738	(115.0%)

### Per Share

Net Income (Loss) – Diluted	<b>\$ (0.07)</b>	\$ 0.51	(113.7%)
Dividends Paid	<b>\$ 0.05</b>	—	—
Book Value*	<b>\$ 4.20</b>	\$ 4.37	(4.0%)

### Performance

Operating Income Margin	<b>0.3%</b>	3.6%
Return on Net Sales	<b>(0.5%)</b>	4.3%
Return on Average Assets	<b>(1.0%)</b>	6.6%
Return on Average Stockholders' Equity	<b>(1.8%)</b>	12.8%

### Financial Position

Total Assets	<b>\$ 133,631</b>	\$121,137	10.3%
Current Ratio	<b>1.6</b>	2.1	
Stockholders' Equity	<b>\$ 75,198</b>	\$ 72,784	3.3%
Long-term Debt to Total Capital	<b>11.1%</b>	3.7%	
Average Shares Outstanding – Diluted**	<b>16,726</b>	17,082	(2.1%)

### Other Information

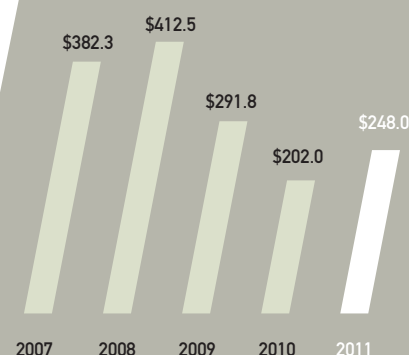
Net Cash Provided by Operating Activities	<b>\$ 3,139</b>	\$ 32,667	(90.4%)
Property, Plant and Equipment – Net	<b>\$ 63,250</b>	\$ 57,605	9.8%
Capital Expenditures	<b>\$ 12,775</b>	\$ 2,062	519.5%
Depreciation and Amortization	<b>\$ 8,843</b>	\$ 8,631	2.5%

\*See Note 8 of the Selected Financial data table in Item 6 of the Form 10-K

\*\*See Note 7 of the Selected Financial data table in Item 6 of the Form 10-K

### NET SALES

IN MILLIONS of DOLLARS



### NET INCOME (LOSS)

IN MILLIONS of DOLLARS



### CASH FLOWS from OPERATING ACTIVITIES

IN MILLIONS of DOLLARS



# CHAIRMAN'S LETTER TO STOCKHOLDERS



JOHN R. SPEIRS,  
Chairman  
of the Board

Dear STOCKHOLDERS:

As Chairman of the Board of Directors of MGP Ingredients, Inc., I am pleased to provide my comments and observations regarding the Company's performance in fiscal 2011. We had many successes in terms of higher revenues, innovative products, new customer collaborations and business process improvements. We also had our share of setbacks and disappointments, including events beyond our control that caused our results to deviate from our plans.

Looking beyond those events, there were many positive developments that occurred this past year, enabling the Company to continue its forward

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progress in becoming a stronger, more effective contender in the markets it serves. This type of progress isn't always immediately apparent on financial statements, but shows more gradually and more long-term as strategic initiatives evolve and ultimately become firmly rooted in an organization's culture and day-to-day business practices. Such is the case at MGPI.

As an example to help illustrate my point, the Company's earnings performance was greatly altered by the accounting treatment that was used for our hedged grain positions. The wild swings in corn prices, particularly during the last week of

the 2011 fiscal year, created a huge challenge as MGPI's fourth quarter and total yearly earnings were significantly impacted by \$5.5 million in unrealized non-cash hedging losses. Although MGPI's profitability was negatively affected, it did not halt the Company's pursuit of excellence in terms of becoming a more disciplined and robust business. In fact, management and employees worked more diligently than ever to strengthen processes and methodologies for building an even more solid base to support future growth initiatives. Furthermore, as previously noted, sales revenue in fiscal 2011 increased significantly above the prior year due largely to higher volume sales of value-added products.

Reducing net income volatility from commodity price swings has been at the forefront of our risk management strategy. Your Board of Directors made the decision to adopt hedge accounting early in calendar 2011, at which time we began the long and complex process of making the change. With the start of our new fiscal year, MGPI has begun employing hedge accounting. As a result, the unrealized gains and losses in our income statement are expected to diminish over the course of the new fiscal period.

Despite the earnings setback we experienced in fiscal 2011, the progress we have made in many other ways is moving us closer to realizing opportunities to achieve consistent and profitable growth. In his letter, CEO Tim Newkirk provides highlights of the forward momentum achieved by MGPI over the past year, as well as an update on our strategic business objectives.

I want to reassure you that we haven't changed our focus. Our strategy emphasizes unique, high value products for a core group of customers in the branded consumer packaged goods industry. If anything has changed over the past year, it would be that our aspirational goals have risen to a higher level.

Our future opportunities are clearer today than they ever have been: to capture a greater share of business with our existing customers, and to explore additional avenues of growth from new product innovations, new markets, acquisitions and joint ventures. Our greatest priority is to strengthen our business foundation. For MGPI to take a more strategic "seat at the table" we must play a critical supporting role for our customers as they battle for market share.

Although we invested heavily this past year in new talent and capital improvements, our balance sheet remains strong, with long-term debt to total capital of approximately 11 percent at year-end. Our financial stability provides us with a solid foundation for not only executing continued enhancements to existing programs and processes, but also for exploring and then acting on new growth opportunities beyond our current business make-up.

As previously reported, to better align MGPI's fiscal year with those of our joint venture partners and to strengthen our ability to gauge growing and harvesting conditions of seasonal grain crops, namely corn and wheat, more effectively, the Board has approved a change in the Company's fiscal year-end from June 30 to December 31.

## STRATEGIC ACTIONS

Your Board of Directors approved the following strategic actions in fiscal 2011:

**Reducing our Environmental Footprint** with the installation of a new, state-of-the-art process water cooling system at MGPI's Atchison, Kansas distillery to replace older equipment used to supply water for multiple components of the distillation process. The project began in the summer of fiscal 2010 and was completed during July of 2011 at an estimated cost of \$9.4 million.

**Improving Quality Standards** through upgrades to the Company's protein and starch plant infrastructure, consisting of interior and exterior renovations to the facility, as well as the redesign of certain protein and starch processing equipment, at a cost of \$2.5 million. The upgrades are designed to increase high quality standards and production efficiency.

**Improving our Reporting Systems** with the implementation of an SAP information technology system for accounting, sales, supply chain and manufacturing. SAP was implemented to improve our business processes and deliver enhanced operational and financial information. Our investment was approximately \$1.3 million.

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This change becomes effective with the start of the 2012 calendar year, and will also enable the Company’s strategic planning process to stay more in step with many of our key customers’ product development initiatives and introductions.

I’m excited about the pace at which MGPI continues to evolve, where the ‘status quo’ just won’t do. While there will always be challenges to face, there is also much opportunity to consistently and profitably move forward. I want to commend management and all of the dedicated employees for their teamwork and tireless efforts to achieve our Company’s goals.

On behalf of the Board of Directors of MGP Ingredients, Inc., we thank you, our valued stockholders, for your continued interest and support.

Sincerely,



John R. Speirs  
Chairman of the Board  
September 2, 2011

## CORPORATE GOVERNANCE AT MGP INGREDIENTS

The Board continues to be made up of nine highly experienced individuals who have dedicated themselves to the success of MGP Ingredients. Our average director tenure with the Company is more than 12 years. The Board is responsible for providing oversight of the Company's business management and affairs. Directors are required to act in the best interests of the Company and its stockholders. The Board has been and remains actively engaged in fulfilling these duties.

Good corporate governance practices are essential to performing a board's responsibilities. In MGPI's case, your Chairman is a non-management, independent Board member. Each Director, as well as all officers and employees, must comply with the Company's Code of Conduct, which is posted on MGPI's website ([www.mgpingredients.com](http://www.mgpingredients.com)). Directors regularly attend meetings of the Board and the committees of which they are members. These committees regularly conduct executive sessions without management present.

All members of the Board have complete access to management and the employees of the Company. The attendance of managers other than executive officers is encouraged at meetings when matters within their areas of responsibility are reviewed.

Directors also have complete access to the Company's outside advisors and, if appropriate, the Board or any committee may retain independent legal, financial or other advisors.

On an annual basis, the Board's Human Resources and Compensation Committee reviews succession planning. The review includes discussion of the principles for determining the succession of the Chief Executive Officer and other members of the Company's senior executive team. Furthermore, the performance of the Board and skills of each Director are assessed annually. In addition, each committee annually evaluates its charter, responsibilities and performance in light of regulatory requirements and best practices.

MGP Ingredients and its stockholders have continued to benefit from an active and experienced Audit Committee, which provides oversight for the Company's financial reporting, internal controls and the external audit. The Nominating and Governance Committee ensures the qualifications for new director nominees, candidates for nomination, policies concerning Directors' compensation and length of service, as well as compliance with Board guidelines and responsibilities.

# PRESIDENT'S LETTER TO STOCKHOLDERS



TIMOTHY W. NEWKIRK,  
President and  
Chief Executive Officer

## Dear STOCKHOLDERS:

It has been said that success in business doesn't necessarily result from how well you execute "Plan A," but how well you adapt to "Plan B." This clearly applies to fiscal 2011. While responding to a variety of unanticipated challenges led by extreme grain price volatility, we simultaneously acted on several fronts to build our pipeline of growth opportunities and improve our competitive position. This is the forward progress that our Board Chairman, John Speirs, referred to earlier.

One of our top priorities has been to "fix the mix" of what we sell, transitioning away from commodity-based pricing and into value-added ingredients and high quality alcohols. In fiscal 2011, we continued to focus our efforts on the development, production and commercialization of value-added ingredient solutions, consisting of specialty, value-added wheat starches and proteins, and high quality beverage and food grade industrial alcohol. We also made enhancements to our production facilities and took steps to make the reduction of excess inventories a greater priority.

As a result, we generated net sales of \$247,915,000, representing a \$45.9 million, or 23 percent, increase above fiscal 2010 net sales of \$201,971,000. However, our profit margins declined and we ended the year with a net loss of \$1,313,000 compared to net income of \$8,738,000 in the prior fiscal year. Our operating results were impacted by significant increases in raw material costs for corn and, to a lesser degree, wheat flour and natural gas. As previously reported, in the fourth quarter we experienced a \$5.5 million mark-to-market non-cash loss on corn hedges associated with forward alcohol sales contracts. Our results for the year were also adversely affected by temporary plant shutdowns

for major equipment maintenance and repair projects at our distillery joint venture, Illinois Corn Processing, LLC (ICP), in Pekin, Illinois, as well as by the completion of a capital project for environmental enhancements at the Atchison distillery.

Subsequently, to address margin issues, we have taken actions to offset higher commodity costs with better aligned pricing. In fiscal 2011, however, there was a lag in the upward adjustment of our alcohol selling prices in relation to corn prices, pressuring our gross margins. The 9 percent gross margin we reported for the fiscal year is well below our long-term target of 13–15 percent. As our new pricing becomes effective and production levels at both our Atchison plant and our ICP joint venture revert to their rated capacities, we expect our results to improve in the new fiscal period.

## MOVING CLOSER to OUR GOALS

The transformation at MGPI is an evolving process. Our strategic vision is focused on gaining a greater share of value-added sales in the markets where we compete. Our financial goals include sales growth, rising profitability and strong cash flows, giving us the resources and flexibility to invest for future growth.

We're in the business of serving large, multi-national companies that manufacture and market branded consumer packaged goods. Through our core customers, MGPI's products extend across a wide variety of product categories, including bakery goods, breakfast cereals, desserts, tortillas, enhanced meat products, soups, sauces, pasta, alcoholic beverages, anti-bacterial hand sanitizers, pharmaceuticals, household cleaners and eco-friendly products.



We have a proven track record of being a reliable supplier of high quality alcohols and specialty ingredients, but that's not enough. The battle for the supermarket shelf is a high-stakes game. Food safety is also front and center, so companies and their suppliers must be in strict compliance. Our customers demand not only product innovation, but they also expect a high level of service and problem-solving skills. Our customers also want to do business with a financially strong partner.

We're on a mission to shore up Foundational Excellence. At MGPI we define this as the ability to drive performance by establishing consistency in predictability of performance and being a truly world-class organization in every respect. This is our game plan for building and sustaining a competitive advantage that results in growth and rising profitability. There are four cornerstones to the foundation we are putting in place: 1) Manufacturing Excellence; 2) Best-in-Class Customer Service; 3) Capacity Optimization; and 4) M&A Integration. Since actions speak louder than words, let me provide a checklist of our accomplishments in each of these areas over the past year.

#### √ Manufacturing Excellence

Our principal efforts in regard to achieving manufacturing excellence are focused on productivity, quality, cost efficiencies and delivery. Key accountabilities for our manufacturing activities include plant performance and safety, meeting and/or exceeding customer product specifications and environmental compliance.

So what does forward progress look like in this case? It takes plant maintenance far beyond extending machinery life. It directly tackles

problems underlying lost capacity, late deliveries and unnecessary downtime. As we gear up for higher production volumes of specialty ingredients, we are targeting higher yields through what we call "first pass quality." It means just that – the finished product is on spec, on time and on budget. Current measurements put us at around 90 percent first pass quality for our starches and proteins. That's a starting point to get better. Every percentage of yield we add drops directly to our gross margin.

Another example of forward progress is represented by the recent upgrades to our protein and starch facilities, which helped to secure our BRC certification. BRC stands for British Retail

### **“WE’RE ON A MISSION TO SHORE UP FOUNDATIONAL EXCELLENCE.”**

Consortium, a leading global product safety and quality certification program used by suppliers in over 100 countries. While in the past we had third parties conduct food safety inspections, they were not for certification. MGPI is now food safety certified after this successful BRC audit process, a step that greatly increases our ability to compete in the global arena of packaged and processed foods.

#### √ Best-In-Class Customer Service

We make a commitment to our customers to deliver what is promised. The challenge is to perform consistently in a way that makes the most effective use of our time and capital. Under strengthened executive leadership, our

entire supply chain process – from raw material sourcing, to manufacturing, to deliveries – has been retooled over the past 18 months. The early results are encouraging. We're into the second year of a successful flour sourcing agreement. We outsource the manufacture of our Wheatex® textured proteins. We contract out critical engineering skills for making process improvements and for due diligence in reviewing potential acquisitions.

We sought a long-term solution to manage our transportation costs. This past year we entered into contracts with third parties to provide logistics support in managing all the truck and rail carriers that serve our North American customers. These are just a few of the many examples of how we ramped up measures to enhance service and performance capabilities while also improving cost efficiencies to generate savings across our supply chain activities.

#### √ Capacity Optimization

The goal here is to make sure that we have the right type of capacity in the right location. This takes capital. Our flagship plant in Atchison received a major upgrade with a new distillery water cooling system that is more advanced, both environmentally and technologically. We also made many enhancements to our starch and protein production facility with interior and exterior renovations. In total we invested approximately \$12 million in projects designed to enhance environmental health and safety, increase our distillery up-time and provide for continued growth of our specialty food ingredients.

Thanks to our ICP joint venture operation, we saw a significant increase in food grade alcohol volume in fiscal 2011 despite the temporary

production interruptions that were required for the maintenance and repair projects at that facility. I am pleased to report that production rates at ICP have continued to reach higher levels since the completion of those projects in the fourth quarter.

#### √ M&A Integration

At MGPI we're building the capabilities to become a larger company. Organic growth will take us part of the way. However, as we look across the landscape of specialty ingredients and beverage alcohol, we see opportunities for MGPI to bolster our customer and supplier relationships and, at the same time, build scale to further improve our cost position.

We assembled a new team devoted to future acquisition activities, including financial and engineering reviews, integration planning and supply chain dynamics. This effort is being led by seasoned industry executives who have successfully "been there and done that." I want to emphasize that we are not interested in growth for growth's sake. We are stewards of our stockholders' capital. Our goal is to invest in growth opportunities that advance our strategic position and increase our long-term cash flows, but only when the risk-adjusted returns exceed our own cost of capital.

#### DRIVING FORWARD

MGP Ingredients has come a long way in a few short years. On top of our rich legacy of providing high quality products, we are building both the physical infrastructure and corporate culture that qualify us to perform a more prominent role in meeting the needs of leading branded consumer packaged goods companies. The new processes being put in place are

geared to produce consistency of results, as well as better measurements of throughput and costs.

Not everything we do is a success, of course. We know that risk-taking involves a degree of failure. It's what we learn in the process that moves us forward. We're continuing to gain ground in achieving our current and long-term growth initiatives. We remain focused on continuous improvement and relentless execution of our strategic priorities to deliver greater value to our customers, employees, business partners and, ultimately, our stockholders.

Sincerely,



Timothy W. Newkirk  
President and CEO  
September 2, 2011

“ON TOP OF OUR  
RICH LEGACY  
OF PROVIDING  
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AND CORPORATE  
CULTURE THAT  
QUALIFY US TO  
PERFORM A  
MORE PROMINENT  
ROLE IN MEETING  
THE NEEDS  
OF LEADING  
BRANDED  
CONSUMER  
PACKAGED  
GOODS  
COMPANIES.”

## OPERATING SEGMENTS AT A GLANCE

While our profit performance in fiscal 2011 experienced a setback, due in large part to the impact of extreme volatility in grain costs and, to a lesser extent, energy costs, our net sales for the year improved substantially over the prior fiscal year. Increased momentum in our distillery products segment was the main strategic driver for growth in total sales revenue in fiscal 2011. We consider this a function of two factors. The first is that MGP Ingredients, Inc. enjoys an industry reputation as a long-established and reliable supplier of high quality food grade alcohol. The second is that our production volumes increased above the previous year's level as the result of greater output from our joint venture operation, Illinois Corn Processing, LLC (ICP), in Pekin, Illinois versus a year ago. In our ingredient solutions segment, year-over-year sales were down slightly compared to fiscal 2010. This decrease resulted primarily from our planned reduction of low or negative margin commodity starch and protein ingredients, with increased emphasis on continuing to strengthen our mix and volume of specialty value-added ingredients that uniquely provide nutritional, functional and sensory benefits to our customers' consumer packaged foods. Our strategic focus is bearing fruit as demonstrated by the successes we are achieving in this area. A decline in sales in our other segment, consisting of plant-based biopolymers and composite resins, had minimal impact on fiscal 2011 results. This component of our business remains small in comparison to our distillery and ingredient solutions segments, but, we believe, has the potential to become a more substantial contributor to MGPI's strategic growth initiatives long-term.

Note: For additional segment details, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7 and Note 12, Operating Segments, set forth in Item 8 in the Form 10-K.

### DISTILLERY PRODUCTS SEGMENT:

MGPI has been supplying superb alcohol products to the market since its founding in 1941. The Company has extensive expertise in this area and is accustomed to meeting the stringent standards of beverage and food grade industrial alcohol customers who depend on high quality products that consistently deliver precise results.

Because MGPI produces all of its alcohol from natural grains, the Company can offer customers the additional advantage of completely natural products. This, combined with advances in distillery production technologies, has enabled MGPI to effectively meet changing customer requirements

### INGREDIENT SOLUTIONS SEGMENT:

MGPI continues to develop its specialty ingredient technology platforms to provide solutions that enhance nutrition delivery as well as total product quality.

Our Fibersym® and FiberRite® resistant starches, for example, increase dietary fiber levels while reducing the caloric content of bakery and prepared foods. In addition to their nutritional contributions, these highly effective ingredients deliver on flavor, textural qualities and appearance and can be incorporated into a wide array of formulations with exceptional ease.

The Company's Midsol™ and Pregel™ lines are examples of specialty starches that are valued for their multi-functional capabilities. These superb ingredients possess creamy thickening properties and deliver a clean, brilliant look to product formulations. They include starches that produce tender, clear

### OTHER SEGMENT:

The MGPI Terratek® lines of plant-based biopolymers and resins have been developed to meet growing interest in products that support a more eco-friendly environment.

MGPI's Terratek® SC consists of starch-based biopolymers for use in the production of partially and fully degradable products. Because these unique polymers can be formed into a variety of shapes and sizes, they have virtually unlimited applications in the production of both pliable and plastic-like products, including utensils, golf tees, chopsticks, etc. Along with environmental concerns, increased costs of petroleum-based plastics have generated increased excitement about the potential for renewable resources to replace synthetic

and maintain a solid leadership position in world-class alcohol production.

The Company's high purity beverage alcohol is the source of some of the finest vodka, gin and cordials in the world. These exceptional products benefit from our state-of-the-art processes and include many proprietary formulas tailored to our customers' exact specifications.

MGPI's food grade industrial alcohol can best be described in two words, "remarkable versatility." Applications are as diverse as vinegar, perfumes and household cleaning solutions. In the pharmaceutical industry, this type of alcohol acts as a carrier for a wide spectrum of medicinal products, such as cough

preparations, decongestants and iodine solutions. Industrial alcohol also plays a role in the manufacture of hand sanitizers, food flavorings and extracts, food dyes, candy glazes, hair and skin care systems, mouthwashes and oral antiseptics. Acting as a solvent, industrial alcohol is useful for processing antibiotics, vaccines and vitamin tablets and pills. In addition, it can function as a primary ingredient in the production of biocides, insecticides and fungicides.

MGPI also produces distillers feed, a protein-rich supplement used to satisfy the nutritional requirements of livestock and poultry, and a certain amount of fuel grade alcohol as co-products of the Company's distillery process.

gels with good sheen, and provide exceptional freeze-thaw stability for frozen and refrigerated foods. Many of our starches have remarkable water binding characteristics that improve the moistness of bakery products such as cakes and muffins, while others provide outstanding adhesion for fried batters and breadings to maintain a uniform and crispy coating. Additionally, certain starches in our MidSol™ line can be used to reduce sodium content because their neutral flavor requires less salt to mask distinct tastes commonly associated with other types of starches.

In bakery applications, MGPI's Arise® line of wheat protein isolates improves the quality, appearance and shelf life of breads and other bakery goods. The unique film-forming properties of these specialty proteins increase the moisture retention capabilities of batters and coatings to create a variety

of delicious entrées and appetizers. For pasta and noodle applications, MGPI provides specialty proteins that increase textural firmness and improve tolerance to over-cooking.

The Company's versatile series of Wheatex® textured wheat proteins can enhance processed meat, poultry and seafood products, as well as create tasty meat analogs for vegetarian diets. Produced in a wide range of sizes, shapes and colors, Wheatex® has a number of advantages over competitive products, including a meat-like fibrous structure and a more pleasing flavor profile. Additionally, the use of these unique ingredients can result in improved nutritional benefits, including higher protein and lower fat levels.

Through ongoing development of new products and applications, MGPI is continually adding more goodness to food.

materials. The development and commercialization of MGPI's Terratek® SC addresses this topic by providing viable, renewable alternatives to petroleum-based polymers.

The MGPI Terratek® WC line of wood-based composite resins combines the pleasing look of wood with the functionality and ease of manufacturing plastics. These resins blend fine wood particles with recycled plastic materials to create firm, smooth pellets. The wood particles are obtained from waste materials generated by lumber manufacturers, which are then processed to create a consistent filler/reinforcing material. The use of

these particles promotes the reclamation of wood waste that would otherwise be sent to landfills and ensures that no new trees are cut down to make the product. Terratek® WC can be used in such applications as decking, furniture parts, structural components and indoor and outdoor decorative items. MGPI's flexibility in developing polymer formulations enables the Company to meet many specific needs and applications based on customer requirements.

## BOARD of DIRECTORS

### JOHN R. SPEIRS

Chairman of the Board,  
MGP Ingredients, Inc.

Chairman and Co-Founder,  
Stellus Consulting  
(strategy consulting)  
Arroyo Seco, New Mexico

### MICHAEL BRAUDE

- ▶ *Nominating and Governance Committee (Chairman)*
- ▶ *Audit Committee*
- ▶ *Human Resources and Compensation Committee*

Retired President,  
Board of Trade Kansas City,  
Missouri, Inc.  
Mission Woods, Kansas

### J. GARY GRADINGER

- ▶ *Audit Committee*
- ▶ *Human Resources and Compensation Committee*

Chairman and  
Chief Executive Officer,  
Golden Star, Inc.  
(textile cleaning, communication  
and safety products)  
Kansas City, Missouri

### KAREN SEABERG

Executive Travel Agent and  
Business Entrepreneur  
Atchison, Kansas

### TIMOTHY W. NEWKIRK

President and  
Chief Executive Officer,  
MGP Ingredients, Inc.

### JOHN E. BYOM

- ▶ *Audit Committee (Chairman)*
- ▶ *Human Resources and Compensation Committee*
- ▶ *Nominating and Governance Committee*

Co-owner and CEO,  
Classic Provisions, Inc.  
(specialty foods distribution)  
Plymouth, Minnesota

### LINDA E. MILLER

- ▶ *Audit Committee*
- ▶ *Human Resources and Compensation Committee*
- ▶ *Nominating and Governance Committee*

Marketing Consultant and Faculty  
Member, University of Kansas  
Lawrence, Kansas

### DARYL SCHALLER, Ph.D.

- ▶ *Human Resources and Compensation Committee (Chairman)*
- ▶ *Audit Committee*

President, Schaller Consulting  
(food industry consulting)  
Homosassa, Florida

### CLOUD L. "BUD" CRAY

Former Chairman  
of the Board and  
Executive Officer,  
MGP Ingredients, Inc.

## OFFICERS

### TIMOTHY W. NEWKIRK

President and  
Chief Executive Officer

### DON TRACY

Vice President of Finance  
and Chief Financial Officer

### MARTA L. MYERS

Corporate Secretary and  
Executive Assistant to the  
Chairman and President

### DONALD G. COFFEY, Ph.D.

Executive Vice President,  
Research, Development and Innovation

### CLODUALDO "ODY" MANINGAT, Ph.D.

Vice President, Applications Technology  
and Technical Services

### DAVID E. RINDOM

Vice President, Human Resources

### RANDALL M. SCHRICK

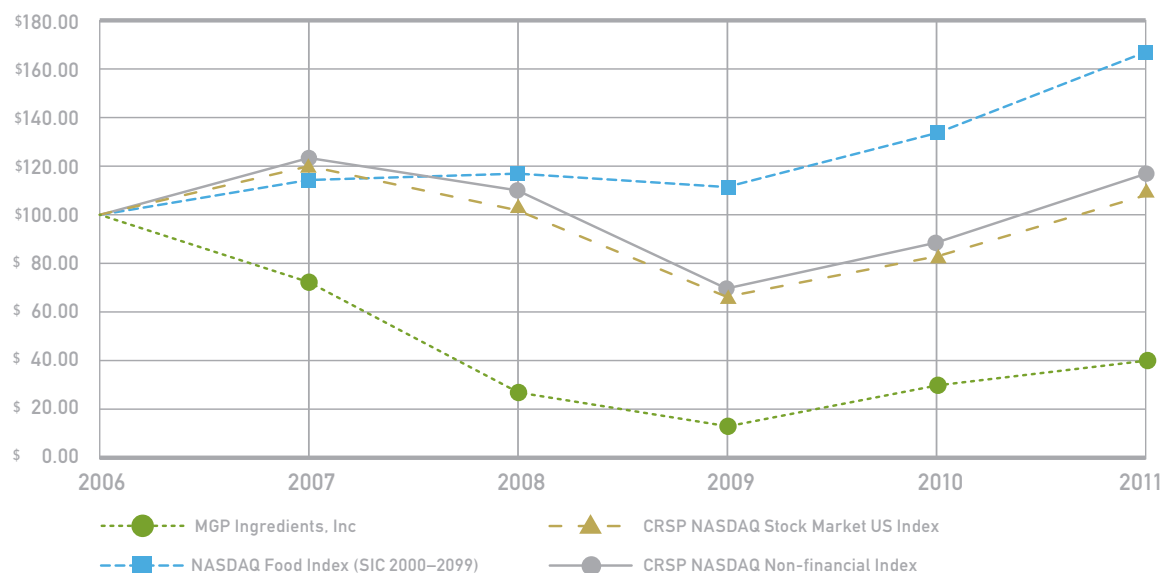
Vice President, Engineering,  
MGP Ingredients, Inc., and  
President, Illinois Corn Processing, LLC

## Performance of the Company's Common Stock

The following performance graph compares the performance of the Company's Common Stock during the period beginning June 30, 2006 and ending June 30, 2011 to the CRSP NASDAQ Stock Market Index (US) and a peer group index, the CRSP NASDAQ Food Index, consisting of companies selected from CRSP NASDAQ Stock Market US Index for the same period. These companies include US processors of food and kindred products having SIC codes: 2000-2099, and vary in number from period to period but consisted of 38 companies at the end of June 2011. The graph assumes a \$100 investment in the Company's Common Stock and in each of the indexes at the beginning of the period, and a reinvestment of dividends paid on such investments throughout the period. There has been no change in indices used from the prior year.

### Value of \$100 Investments

Assuming reinvestment of dividends at June 30, 2006 and at the end of each subsequent June.



	2006	2007	2008	2009	2010	2011
MGP Ingredients, Inc.	\$100.0	\$ 73.83	\$ 26.07	\$ 12.86	\$ 29.81	\$ 39.40
NASDAQ Food Index (SIC 2000-2099)	\$100.0	\$ 115.93	\$ 117.35	\$ 111.32	\$132.64	\$ 164.52
CRSP NASDAQ Stock Market US Index	\$100.0	\$ 119.19	\$104.26	\$ 67.21	\$ 83.29	\$ 111.04
CRSP NASDAQ Non-financial Index	\$100.0	\$ 122.32	\$ 110.83	\$ 69.77	\$ 86.96	\$116.90

NOTE: Data complete through last fiscal year. Corporate Performance Graph with peer group uses peer group only performance (excludes only company). Peer group indices use beginning of period market capitalization weighting. Prepared by Zacks Investment Research, Inc. Used with permission. All rights reserved. Copyright © 1980-2011. Index Data: Calculated (or Derived) based from CRSP NASDAQ Stock Market (US Companies) and CRSP NASDAQ Non-Financial, Center for Research in Security Prices (CRSP®), Graduate School of Business, The University of Chicago. Copyright © 2011. Used with permission. All rights reserved.

### Corporate Headquarters

MGP Ingredients, Inc.  
Cray Business Plaza  
100 Commercial Street, P.O. Box 130  
Atchison, Kansas 66002-0130  
913.367.1480  
www.mgpingredients.com

### Common Stock

The Common Stock of MGP Ingredients, Inc. is listed on the NASDAQ Global Select Market and trades under the symbol MGPI. Stock price quotations can be found in major daily newspapers and the *Wall Street Journal*, and on the Internet at [www.nasdaq.com](http://www.nasdaq.com).

As of June 30, 2011, there were 663 stockholders of record of MGP Ingredients, Inc. Common Stock. The Company believes that the Common Stock is held by 4,531 beneficial owners.

### Independent Public Accountants

KPMG, LLP  
Kansas City, Missouri

### Transfer Agent

Wells Fargo Bank, n.a., Shareowner Services, 161 North Concord Exchange, South St. Paul, MN 55075. Telephone: 800.468.9716. For change of address, lost dividends or lost stock certificates, write or call the above and address you inquiry to: Shareowner Services.

### Annual Meeting

The annual meeting of stockholders will be held at 10:00 A.M. (Central Time), October 20, 2011 at the Presbyterian Community Center, 401 Santa Fe Street, Atchison, Kansas.

### Additional Information

MGP Ingredients, Inc.'s Annual Report on Form 10-K and other Company SEC filings can be accessed on the Company's website, [www.mgpingredients.com](http://www.mgpingredients.com), in the "For Investors" section.  
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