

November 9, 2010



# MGP Ingredients, Inc. Announces FY 2011 First Quarter Results

## Highlights

Company reports Q1 diluted earnings of \$0.28 per share vs. year-ago earnings of \$0.23

Total sales increase of 13 percent driven mainly by food grade alcohol

Company strengthens sales, product innovation and customer-facing teams

ATCHISON, Kan., Nov. 9, 2010 (GLOBE NEWSWIRE) -- MGP Ingredients, Inc. (Nasdaq:MGPI) today reported net income of \$5,002,000, or \$0.28 in diluted earnings per share, for the first quarter of fiscal 2011, which ended September 30, 2010. This compares with net income of \$3,738,000, or \$0.23 in diluted earnings per share, for the first quarter of fiscal 2010. Total sales in the first quarter were \$56,978,000, a 13 percent increase from sales of \$50,249,000 for the same period one year ago. The increase was principally due to higher sales of food grade alcohol, with positive contributions from the Company's joint venture distillery operations.

"We are pleased to report another quarter of solid profitability in both of our key segments, including a strong performance from our Illinois Corn Processing, LLC (ICP), joint venture in Pekin, Illinois," said Tim Newkirk, president and chief executive officer. "On the distillery side, we are seeing better demand for high quality food grade industrial alcohol. At the same time, ICP is approaching normalized volumes following start-up last fiscal year. Our focus in this segment is on maintaining gross margin in the face of rising input costs. While we can expect some quarterly variation in distillery sales due to demand cycles and other factors, the general trend is positive and gross margin remains above target."

Newkirk continued, "The ingredients segment continues to make very good progress despite plant interruptions to effect capital investments to support growth. We are especially encouraged by growing demand for our unique fiber and textured wheat protein platforms. I also want to point out that our first quarter SG&A expenses included costs related to our incentive plans, as well as the added expense of rolling out our new business information system. Costs were also affected by the use of outside resources to design and implement supply chain and operating efficiency improvements. While our investments in generating future revenues have a short-term impact on profits, these are critical moves to help capture our full market opportunity."

Distillery Products Segment

Total distillery products sales revenue for the first quarter was \$42.5 million, and Distillery products pre-tax profits of \$8.1 million were up 22 percent from pre-tax

### Ingredient Solutions Segment

Total ingredient segment sales revenue for the first quarter was \$14.1 million, and Ingredient solutions pre-tax income declined to \$1.4 million compared with \$2.3 mil

### Other Segment

Sales in the other segment for the first quarter were approximately \$0.4 million, and The other segment reported a slight pre-tax loss of \$20,000 compared to net income

### Outlook

Newkirk said, "We are seeing compelling evidence that our new business model is operating as planned. We now can be totally focused on generating higher sales of the right products. Our integrated production profile continues to provide a steady source of profits and cash flows from distillery products, allowing us to maintain a relatively high level of reinvestment in supporting specialty ingredient sales to our branded packaged goods customers.

"There is a strong focus at MGPI to enhance our service levels on the ingredients side with regard to product innovation and commercialization. This is based on heightened new product activity across several of our key customer categories. We've said before that our job is to help our customers grow their businesses. To support this mission, we are strengthening our product innovation and applications capabilities and have recently added a new national sales director to lead our sales initiatives in the ingredients segment."

Newkirk concluded, "The coming year will be all about execution. The early evidence of improved profitability is encouraging, but MGPI is still a work in progress."

### About MGP Ingredients

In business since 1941, MGP Ingredients, Inc. is a recognized pioneer in the development and production of value-added, grain-based starches, proteins and food grade alcohol products for the branded packaged goods industry. The company has facilities in Atchison, Kan., and Onaga, Kan. that are equipped with the latest technologies to assure high quality products and to maintain efficient production and service capabilities.

### Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements as well as historical information. Forward-looking statements are usually identified by or are associated with such words as "intend," "plan", "believe," "estimate," "expect," "anticipate," "hopeful," "should," "may," "will", "could", "encouraged", "opportunities", "potential" and/or the negatives of these terms or variations of them or similar terminology. They reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance and financial results and are not guarantees of future performance. All such

forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) disruptions in operations at our Atchison facility, (ii) the availability and cost of grain and fluctuations in energy costs, (iii) the effectiveness of our hedging strategy, (iv) the competitive environment and related market conditions, (v) our ability to maintain compliance with all applicable loan agreement covenants (vi), the ability to effectively operate the Illinois Corn Processing, LLC ("ICP"), joint venture, (vii) our ability to realize operating efficiencies, (viii) and actions of governments. For further information on these and other risks and uncertainties that may affect the company's business, see Item 1A. Risk Factors in the company's Annual Report on Form 10-K for the fiscal year ended June 30, 2010.

		MGP INGREDIENTS, CONSOLIDATED STATEMENTS OF INCOME	
(unaudited) (Dollars in thousands, except per share)		Sept. 30, 2010	Quarter ended Sept. 30, 2010
Net Sales		56,978	\$ 5
Cost of Sales		46,624	40
Gross Profit		\$ 10,354	\$
Selling, General and Administrative Expenses		6,227	
Other operating costs		273	
Gain/(Loss) on sale/disposal of assets		289	(
Income from Operations		\$ 3,565	\$ 4,
Other Income, Net		3	
Interest Expense		(125)	(
Equity in earnings/(loss) of joint venture		1,589	
Income Before Income Taxes		\$ 5,032	\$
Provision for Income Taxes		30	
Net Income		\$ 5,002	\$ 3
Other Comprehensive Income, net of tax		28	
Comprehensive Income		\$ 5,030	\$ 3
Basic Earnings Per Common Share		\$ 0.28	\$
Diluted Earnings Per Common Share		\$ 0.28	\$
Weighted average shares outstanding - Basic		16,675,744	16,602,
Weighted average shares outstanding - Diluted		16,696,246	16,603,

(Dollars in thousands)	Sept. 30, 2010	June 30, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 157	\$ 6,369
Restricted cash	--	971
Receivables	22,249	17,674
Inventory	18,121	14,524
Prepaid expenses	1,802	1,517
Deposits	1,120	733
Deferred income tax assets	4,330	6,267
Refundable income taxes	600	578

Total Current Assets	\$ 48,379	\$ 48,633	Ac
Property and Equipment, At Cost	165,614	164,559	
Less accumulated depreciation	(108,388)	(107,196)	
Net property, plant and equipment	\$ 57,226	\$ 57,363	
Investment in unconsolidated subsidiary	15,883	14,266	
Other assets	781	875	
TOTAL ASSETS	\$ 122,269	\$ 121,137	
Capital Structure			
Net Investment in:			
Working capital	\$ 25,919	\$ 25,142	
Property, plant and equipment	57,226	57,363	
Other non-current assets	16,664	15,141	
Total	\$ 99,809	\$ 97,646	
	*Excludes short-term portion. Short		

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