SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For Quarter Ended September 30, 2000

MIDWEST GRAIN PRODUCTS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Commission File No. 0-17196

KANSAS	48-0531200
(State or Other Jurisdiction of Incorporation or Organization)	IRS Employer Identification No.

1300 Main Street, Atchison, Kansas 66002
(Address of Principal Executive Offices and Zip Code)

(913) 367-1480
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to the filing requirements for at least the past 90 days.

X YES ----- NO -----

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, no par value
8,526,697 shares outstanding
as of November 1, 2000

INDEX

Exhibit 23

[LOGO]

City Center Square
1100 Main Street, Suite 2700
Kansas City, Missouri 64105-2112
Baird, Kurtz & Dobson 816 221-6300 FAX 816 221-6380

bkd.com

Independent Accountants' Review Report

Board of Directors and Stockholders
Midwest Grain Products, Inc.
Atchison, Kansas 66002

We have reviewed the accompanying condensed consolidated balance sheet of MIDWEST GRAIN PRODUCTS, INC. and subsidiaries as of September 30, 2000, and the related condensed consolidated statements of operations for the three month periods ended September 30, 2000 and 1999, and the related condensed consolidated statements of cash flows for the three-month periods ended September 30, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of June 30, 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and, in our report dated August 1, 2000, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of June 30, 2000, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

s/BAIRD, KURTZ & DOBSON
BAIRD, KURTZ & DOBSON

Kansas City, Missouri
October 27, 2000

accounting firms throughout the world

MIDWEST GRAIN PRODUCTS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands)

ASSETS

	September 30, 2000 (Unaudited)	June 30, 2000
CURRENT ASSETS		
Cash and cash equivalents	$ 5,954	$ 7,728
Receivables	27,662	30,272
Inventories	17,854	19,246
Prepaid expenses	2,380	1,617
Deferred income taxes	4,058	4,058
Income taxes receivable	906	
Total Current Assets	58,814	62,921
PROPERTY AND EQUIPMENT, At cost	234,086	232,508
Less accumulated depreciation	142,830	139,737
	91,256	92,771
OTHER ASSETS	87	87
	$ 150,157	$ 155,779

See Accompanying Notes to Condensed Consolidated Financial Statements and Independent Accountants' Review Report

MIDWEST GRAIN PRODUCTS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

(In Thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2000 (Unaudited)	June 30, 2000
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 2,273	$ 2,273
Accounts payable	11,352	10,563
Accrued expenses	2,571	4,044
Income taxes payable		952
Total Current Liabilities	16,196	17,832
LONG-TERM DEBT	15,908	18,181

POST-RETIREMENT BENEFITS	6,161	6,170
DEFERRED INCOME TAXES	11,218	11,218
STOCKHOLDERS' EQUITY		
Capital stock		
Preferred, 5% noncumulative, $10 par value; authorized 1,000 shares; issued and outstanding 437 shares	4	4
Common, no par; authorized 20,000,000 shares; issued 9,765,172 shares	6,715	6,715
Additional paid-in capital	2,485	2,485
Retained earnings	102,823	104,073
Accumulated other comprehensive income (loss) -		
Cash flow hedges	(131)	
	111,896	113,277
Treasury stock, at cost		
Common;		
September 30, 2000 - 1,218,675 shares		
June 30, 2000 - 1,181,775 shares	(11,222)	(10,899)
	100,674	102,378
Total liabilities and stockholders' equity	$ 150,157	$ 155,779

See Accompanying Notes to Condensed Consolidated Financial Statements and Independent Accountants' Review Report

MIDWEST GRAIN PRODUCTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999

(Unaudited)

	2000	1999
	(in thousands)	
NET SALES	$ 58,297	$ 54,975
COST OF SALES	55,532	50,750
GROSS PROFIT	2,765	4,225
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,201	2,680
	(436)	1,545
OTHER OPERATING INCOME (EXPENSE)	(1)	20
INCOME (LOSS) FROM OPERATIONS	(437)	1,565
OTHER INCOME (EXPENSE), NET		
Interest	(344)	(389)
Other	128	65
INCOME (LOSS) BEFORE INCOME TAXES	(653)	1,241
PROVISION (CREDIT) FOR INCOME TAXES	(258)	490
NET INCOME (LOSS)	$ (395)	$ 751
EARNINGS (LOSS) PER COMMON SHARE	$(0.05)	$ 0.08

See Accompanying Notes to Condensed Consolidated Financial Statements and Independent Accountants? Review Report

MIDWEST GRAIN PRODUCTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999

(Unaudited)

	2000	1999
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (395)	$ 751
Items not requiring cash:		
Depreciation	3,276	3,379
Loss on sale of equipment	10	
Changes in:		
Accounts receivable	2,610	(1,507)
Inventories	1,261	(148)
Prepaid expenses	(763)	(552)
Accounts payable	1,003	1,118
Accrued expenses	(2,328)	(2,344)
Income taxes receivable	(1,858)	490
Other	(9)	(61)
Net cash provided by operating activities	2,807	1,126
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,985)	(1,259)
Net cash used in investing activities	(1,985)	(1,259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock	(323)	(1,048)
Net payments on long-term debt	(2,273)	(2,291)
Net proceeds from issuance of long-term debt	1,000	
Net cash used in financing activities	(2,596)	(2,339)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,774)	(2,472)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,728	4,054
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 5,954	$ 1,582

See Accompanying Notes to Condensed Consolidated Financial Statements and Independent Accountants? Review Report

MIDWEST GRAIN PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED SEPTEMBER 30, 2000

(Unaudited)

NOTE 1: GENERAL

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the Company's condensed consolidated financial position as of September 30, 2000, and the condensed consolidated results of its operations and its cash flows for the periods ended September 30, 2000 and 1999, and are of a normal recurring nature.

NOTE 2: NEW ACCOUNTING PRONOUNCEMENT

During the first quarter of fiscal 2001, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities. The adoption of this pronouncement did not have a material impact on the financial statements at September 30, 2000.

See Independent Accountants Review Report

MIDWEST GRAIN PRODUCTS, INC.
MANAGEMENTS DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2000

RESULTS OF OPERATIONS

General

The Company had a net loss of $395,000 in the first quarter of fiscal 2001 compared to the prior year's first quarter net income of $751,000. The decline was principally due to a significant rise in energy costs combined with non-recurring expenses related to the start-up of new distillery equipment at the Company's Atchison, Kansas plant in late August.

The higher energy costs were caused by a dramatic hike in natural gas prices, which practically doubled compared to price levels experienced during the same period the prior year. Since the end of the quarter, natural gas prices have fallen modestly. Additionally, the Company has been able to switch over to less expensive fuel oil to satisfy the majority of its energy requirements at the Atchison facility.

The new distillery equipment in Atchison consisted principally of new distillation columns to replace older equipment used for the production of food grade beverage and industrial alcohol. However, the equipment start- up necessitated a ten-day temporary shutdown of all plant operations in Atchison, adversely affecting production efficiencies for the quarter. Efficiencies plant-wide have since returned to their prior levels, with noticeable improvements being experienced in the distillery operation. With the new distillation columns, the Company now has the capability to meet market demand for higher purity, high quality food grade alcohol, which increased in the first quarter, and is expected to rise even more in the second quarter. Demand for the Company's fuel grade alcohol, which rose well into the first quarter, also is expected to climb during the current three-month period. This partially has been due to a proposal by the Environmental Protection Agency (EPA) to phase out MTBE, a synthetically derived fuel oxygenate, which has been shown to be a groundwater contaminant and potential health hazard. Grain-based fuel alcohol, or ethanol as it is commonly known, is considered the most reasonable and likely replacement for MTBE.

Demand for the Company's vital wheat gluten dropped in the first quarter due largely to a softening in the marketplace. The decline could have been more severe but for President Clinton's decision to allocate imports of foreign gluten on a quarterly rather than an annual basis with the start of the third year of a three-year annual quota on June 1. In the first quarter of the prior fiscal year, the U.S. was suddenly and rapidly inundated with gluten imports, due mainly to the European Union's (E.U.) entire annual allocation entering the market within just two weeks after the second year of the quota opened on June 1, 1999. Additionally, the U.S. saw a substantial increase in gluten imports from other parts of the world, particularly Poland. In response, President Clinton issued his decision to place imports of foreign wheat gluten on quarterly allocations. He additionally added Poland to the list of countries that are subject to the quota after determining that dramatically increased shipments from Poland had impaired the quota's effectiveness.

In a related matter, a dispute panel of the World Trade Organization (WTO) on July 28, 2000 challenged the

safeguards decision under which the wheat gluten quota was implemented. The WTO challenge is being appealed by the U.S. Trade Representative in a process that could extend through December 2000. In the interim, the WTO ruling is not expected to have an impact on the quota.

Demand for the Company's specialty wheat proteins continued a gradual rise in the first quarter, principally due to increased customer interest and the effects of intensified marketing programs. Produced for a variety of food and

non-food applications, these value-added products include dough conditioners, meat extenders and replacers, ingredients for hair care and skin care systems, and biopolymers for producing degradable, plastic-like items.
Total wheat starch demand was essentially unchanged compared to demand experienced in the first quarter of fiscal 2001. However, demand has strengthened in the current quarter and the Company expects that starch sales for the first half of fiscal 2001, especially sales of value-added specialty and modified starches, may surpass levels reached in the first half of fiscal 2000. Additionally, raw material costs for grain on a per bushel basis have continued to remain relatively low, a situation which should benefit production cost efficiencies throughout the Company's entire operation.

Sales

Net sales in the first quarter of fiscal 2001 increased by approximately $3.0 million above net sales in the first quarter of fiscal 2000. The increase resulted principally from higher sales of all alcohol products. Sales of food grade alcohol for beverage and industrial applications climbed as the result of higher unit sales, which helped to offset slightly lower selling prices. The rise in fuel alcohol sales, on the other hand, was due to an improved selling price, while unit sales in this category were essentially even with unit sales realized in the first quarter of the prior year.

Sales of wheat gluten products decreased, principally as the result of lower unit sales and lower prices for vital wheat gluten. This decline was partially offset by increased unit sales of the Company's value-added specialty wheat proteins. Wheat starch sales, meanwhile, were approximately even with sales experienced in the first quarter of fiscal 2000.

Cost of Sales

The cost of sales in the first quarter of fiscal 2001 rose by approximately $4.8 million above the cost of sales for the same period in the prior year. This principally was due to higher energy costs resulting from a substantial increase in natural gas prices, and nonrecurring costs related to the final installation of new distillation equipment at the Company's Atchison, Kansas plant. Lower raw material costs for grain partially offset the higher costs resulting from the above.

In connection with the purchase of raw materials, principally corn and wheat, for anticipated operating requirements, the Company enters into commodity contracts to reduce or hedge the risk of future grain price increases. Additionally, the Company uses gasoline futures to hedge fuel-grade alcohol sales contractually sold at prices fluctuating with gasoline futures. For the first quarter of fiscal 2001, raw material costs included a net loss of $96,000 on contracts compared to a net hedging loss of $674,000 on contracts for the first quarter of fiscal 2000.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in the first quarter of fiscal 2001 rose by approximately $222,000 compared to selling, general and administrative expenses in the first quarter of fiscal 2000. The increase was due largely to increased marketing activities, industry-related fees and higher technology costs.

The consolidated effective income tax rate is consistent for all periods. The general effects of inflation were minimal.

Net Income

As the result of the foregoing factors, the Company experienced a net loss of $395,000 in the first quarter of fiscal 2001 compared to a net income of $751,000 in the first quarter of fiscal 2000.

LIQUIDITY AND CAPITAL RESOURCES

The following table is presented as a measure of the Company's liquidity and financial condition:

	September 30, 2000	June 30, 2000
Cash and cash equivalents	$ 5,954	$ 7,728
Working capital	42,618	45,089
Amounts available under lines of credit	23,000	23,000
Notes payable and long-term debt	18,181	20,454
Stockholders? equity	100,674	102,378

The Company continued to decrease inventory levels as the previously high levels of alcohol were reduced due to increased food grade alcohol sales. Additionally, the scheduled plant shutdown in Atchison lowered production levels.

Short-term liquidity was also impacted by open market purchases of 36,900 shares of the Company's common stock. These purchases were made to fund the Company's stock option plans and for other corporate purposes. As of September 30, 2000, the Board has authorized the purchase of an additional 781,325 shares of the Company's common stock.

At September 30, 2000, the Company had $12.7 million committed to improvements and replacements of existing equipment. Included in this amount is the construction of a new facility designed to increase production capacity for the Company's Wheatex series of specialty wheat proteins.

The Company continues to maintain a strong working capital position and a low debt-to-equity ratio while generating strong earnings before interest, taxes and depreciation. Management believes this strong financial position and available lines of credit will allow the Company to complete capital improvements and to effectively supply customer needs for all products.

FORWARD-LOOKING INFORMATION

This report contains forward-looking statements as well as historical information. Forward-looking statements are identified by or are associated with such words as "intend," "believe," "estimate," "expect," "anticipate," "hopeful" and similar expressions. 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. The forward-looking statements are based on many assumptions and factors including those relating to grain prices, energy costs, product pricing, competitive environment and related market conditions, operating efficiencies, access to capital and actions of governments. Any changes in the assumptions or factors could produce materially different results than those predicted and could impact stock values.

Item 3. Quantitative And Qualitative Disclosures About Market Risk

The Company produces its products from wheat, corn and milo and, as such, is sensitive to changes in commodity prices. Grain futures and/or options are used as a hedge to protect against fluctuations in the market. The information regarding inventories and futures contracts at June 30, 2000, as presented in the annual report, is not significantly different from September 30, 2000.

MIDWEST GRAIN PRODUCTS, INC.

PART II

OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders of the Company was held on September 15, 2000. The following actions were taken at the meeting:

1.Linda E. Miller was elected to the office of Group A Director for a term expiring in 2003 with 7,545,056 common share votes for her election and 83,107 votes withheld.

2. Daryl R. Schaller, Ph.D. was elected to the office of Group A Director for a term expiring in 2003 with 7,545,056 common share votes for his election and 87,739 votes withheld.

3. Michael Braude was elected to the office of Group B Director for a term expiring in 2003 with 410 preferred share votes for his election and no votes withheld.

In addition, the term of Michael R. Haverty as a Group A Director continued after the annual meeting and the terms of Cloud L. Cray, Jr., Robert J. Reintjes, Randall M. Schrick and Laidacker M. Seaberg as Group B Directors continued after the annual meeting.

Item 6. Exhibits and Reports on Form 8-K

Exhibits

15.1 Letter from independent public accountants pursuant to paragraph (d) of Rule 10-01 of Regulation S-X (incorporated by reference to Independent Accountants' Review Report at page 2 hereof).

15.2 Letter from independent public accountants concerning the use of its Review Report in the Company's Registration Statement No. 333-51849.

27. Financial Data schedule for the quarter ending September 30, 2000.

99. Press Release dated November 2, 2000 (w/o financial statements).

Reports on Form 8-K

The Company has filed no reports on Form 8-K during the quarter ended September 30, 2000.

SIGNATURES

Pursuant to the requirements on the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MIDWEST GRAIN PRODUCTS, INC.

Date: November 13, 2000 By s/Ladd M. Seaberg
Ladd M. Seaberg, President
and Chief Executive Officer

Date: November 13, 2000 By s/Robert G. Booe
Robert G. Booe, Vice President
and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
15.1	Letter from independent public accountants pursuant to paragraph (d) of Rule 10-01 of Regulation S-X (incorporated by reference to Independent Accountants' Review Report at page 2 hereof).
15.2	Letter from independent public accountants concerning the use of its Review Report in the Company's Registration Statement No. 333-51849.
27.	Financial Data schedule for the quarter ending September 30, 2000.
99.	Press Release dated November 2, 2000 (w/o financial statements).

Exhibit 15.2

[LOGO]

City Center Square
1100 Main Street, Suite 2700
Kansas City, Missouri 64105-2112
Baird, Kurtz & Dobson 816 221-6300 FAX 816 221-6380

bkd.com

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

We are aware that our report dated October 27, 2000 on our review of the interim financial information of Midwest Grain Products, Inc. for the periods ended September 30, 2000 and 1999 is incorporated by reference in this registration statement. Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered part of the registration statement prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

s/BAIRD, KURTZ & DOBSON
BAIRD, KURTZ & DOBSON

Kansas City, Missouri
October 27, 2000

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GRAIN PRODUCTS, INC. CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2000 AND CONSOLIDATED  BALANCE SHEET AS AT SEPTEMBER 30, 2000, AND
IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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Exhibit 99

FOR IMMEDIATE RELEASE: MIDWEST GRAIN REPORTS FIRST QUARTER RESULTS

ATCHISON, Kan., November 2, 2000--Midwest Grain Products, Inc. (MWGP) reported today that higher energy costs combined with non-recurring expenses related to the start-up of new distillery equipment at the company's Atchison, Kan., plant had a negative impact on earnings in the first quarter of fiscal 2001. However, the company expects profitability to return in the second quarter, according to Ladd Seaberg, president and chief executive officer.

For this year's first quarter, which ended Sept. 30, the company incurred a net loss of $395,000, or 5 cents per share, on sales of $58,297,000. For the same period the prior year, the company had net income of $751,000, or 8 cents per share, on sales of $54,975,000. The company's earnings before interest, taxes, depreciation and amortization in the current year's first quarter was $2,967,000 compared to $5,009,000 in the first quarter of fiscal 2000.

"Despite the disappointing start in fiscal 2001, I remain highly optimistic about our ability to show positive earnings as the year progresses," Seaberg said. "Furthermore," he added, "I maintain great confidence in our long-term growth strategies, which focus on strengthening our position as the leading producer and marketer of value-added proteins and starches derived from wheat."

Seaberg noted that the recent addition of Mike Trautschold as executive vice president of marketing and sales is already proving to be "a sound move" toward reaching the company's goals. Trautschold, who was hired by Midwest Grain in September, previously held key marketing positions at Schwan's Sales Enterprises, ConAgra, Inc., and Oscar Mayer, a division of Kraft General Foods. "Mike brings a vast amount of experience to this newly created position at Midwest Grain," Seaberg said. "His astute awareness and understanding of market dynamics, his outstanding managerial and analytical skills, and his ability to develop solid action plans are all qualities that will help move our sales and marketing programs to higher levels of success."

The increased energy costs, which the company experienced in the first quarter, were caused by a dramatic rise in natural gas prices. Since then, natural gas prices have declined modestly. In addition, the company presently is using less expensive fuel oil to satisfy a major portion of its total energy needs at its Atchison plant. The installation of new distillery equipment at the Atchison plant consisted principally of new distillation columns to replace older units. "While the entire plant was temporarily shut down during the final installation of this new equipment in late August, our operational efficiencies have since returned to their more desired levels," Seaberg said. "In fact," he went on, "our alcohol production efficiencies have improved rather noticeably as planned, and we are now able to provide the food grade beverage and industrial alcohol markets with an even higher purity, high quality product."

Seaberg said the distillery equipment came on line just as the company began to experience heightened demand in the beverage sector. "The timing of this project could not have been better," he said. "Because we took the necessary steps when we did, we are now in a great position to meet the increased needs of the market." Additionally, he said, demand for the company's fuel grade alcohol has risen even more sharply, raising production levels and selling prices in the current quarter. The heightened demand for fuel grade alcohol, or ethanol as it is commonly known, has resulted partially from the Environmental Protection Agency's (EPA) proposal to phase out MTBE, a synthetically-derived fuel oxygenate that has shown to be harmful to groundwater.

Demand for the company's specialty wheat proteins continues to show gradual improvement. However, first quarter sales of the company's vital wheat gluten decreased compared to the same period a year ago due to a lull in demand and resulting pricing pressures in that market. According to Seaberg, those pressures could have been more drastic in the quarter had President Clinton not decided to allocate imports of foreign wheat gluten on a quarterly rather than an annual basis with the start of the third year of a three-year-long quota on June 1. The President additionally added Poland to the list of countries which are subject to the quota after determining that dramatically increased gluten imports from that nation "have impaired the effectiveness" of the quota. In the 12-month period prior to June 1, 1998, when the quota was implemented, less than 500,000 pounds of wheat gluten entered the U.S. from Poland. In the second year of the quota, which ended May 31, 2000, that amount rose to 13.1 million pounds, or nearly 8 percent of all imports.

As previously announced, a dispute panel of the World Trade Organization (WTO) has challenged the U.S. safeguards decision under which the quota was implemented. The WTO challenge is being appealed by the U.S. Trade Representative in a process that could extend through December, 2000. "Meanwhile, the ruling has no impact on the quota," Seaberg noted. "Therefore, we expect conditions in the wheat gluten market to remain unchanged at this time."

Seaberg reiterated that conditions continue to "look highly positive and encouraging" for the company's value-added wheat proteins and starches. "These exciting products remain on a good upward growth spiral, among them our unique series of dough enhancement and conditioning systems for frozen and baked breads," he said. "Our value-added, wheat-based ingredients represent the cornerstone of our future, a future which currently looks very bright, thanks as well to the improvements we are experiencing in our alcohol markets, our improved efficiencies, strengthened marketing efforts and relatively low raw material costs for grain."

Seaberg also announced that a new three-year labor agreement with the company has been ratified at the company's Pekin, Ill., plant by Local 4D of the United Food and Commercial Workers International Union. The new agreement is in effect through Oct. 31, 2003. A three-year contract with the union's local at the company's Atchison plant was ratified in September, 1999.

This news release contains forward-looking statements as well as historical information. Forward-looking statements are identified by or are associated with such words as "intend," "believe," "estimate," "expect," "anticipate," "hopeful," "should," "may" and similar expressions. 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. The forward- looking statements are based on many assumptions and factors, including those relating to grain prices, gasoline prices, energy costs, product pricing, competitive environment and related marketing conditions, operating efficiencies, access to capital and actions of governments. Any changes in the assumptions or factors could produce materially different results than those predicted and could impact stock values.