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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM 10-K

Annual Report Pursuant to Section 13
of the Securities Exchange Act of 1934

For the Fiscal Year Ended June 30, 1994

## MIDWEST GRAIN PRODUCTS, INC.

1300 Main Street
Box 130
Atchison, Kansas 66002
Telephone: (913) 367-1480

Incorporated in the State of Kansas

COMMISSION FILE NO. 0-17196

IRS No. 44-0531200

The Company has no securities registered pursuant to Section 12(b) of the Act. The only class of common stock outstanding consists of Common Stock having no par value, 9,765,172 shares of which were outstanding at June 30, 1994. The Common Stock is registered pursuant to Section 12(g) of the Act.

The aggregate market value of the Common Stock of the Company held by non-affiliates, based upon the last sales price of such stock on July 26, 1994, was $269,937,144.

The Company 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, and has been subject to such filing requirements for the past 90 days.

As indicated by the following check mark, disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K: [X].

The following documents are incorporated herein by reference:

(1) Midwest Grain Products, Inc. 1994 Annual Report to Stockholders, pages 17 through 36, and the inside back cover [incorporated into Part II and contained in Exhibit 10(c)].

(2) Midwest Grain Products, Inc. Proxy Statement for the Annual Meeting of Stockholders to be held on October 6, 1994, dated September 12, 1994 [incorporated into Part III) and contained in Exhibit 10(c)].

MIDWEST GRAIN PRODUCTS, INC.

FORM 10-K

For the Fiscal Year Ended June 30, 1994

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The calculation of the aggregate market value of the Common Stock of the Company held by non-affiliates is based on the assumption that non-affiliates do not include directors. Such assumption does not constitute an admission by the Company or any director that any director is an affiliate of the Company.



# PART I

## Item 1. Business.

### General Information

Midwest Grain Products, Inc. (the Company) is a Kansas corporation headquartered in Atchison, Kansas. It is the successor to a business founded in 1941 by Cloud L. Cray, Sr.

The Company is a fully integrated producer of vital wheat gluten, premium wheat starch, and alcohol products. These grain products are processed at plants located in Atchison, Kansas, and Pekin, Illinois. Wheat is purchased directly from local and regional farms and grain elevators and milled into flour. The flour is processed with water to extract vital wheat gluten which is dried into a tan powder and sold in packaged or bulk form. The resulting starch slurry is further processed to extract premium wheat starch which is also dried into a powder and sold in packaged or bulk form. The remaining slurry is mixed with corn or milo and water and then cooked, fermented and distilled into alcohol. The residue of the distilling operations is dried and sold as a high protein additive for animal feed. Carbon dioxide which is produced during the fermentation process is trapped and sold. As a result of these processing operations, the Company sells approximately 95% (by weight) of grain processed.

To complement its integrated production facilities, the Company also provides transportation services to its customers through a fleet of truck-tractors, trailers and rail cars and barge loading facilities on the Missouri and Illinois Rivers.

The table below shows the Company's sales from continuing operations by product group for each of the five years ended June 30, 1994, as well as such sales as a percent of total sales. The table does not reflect the sales of McCormick Distilling Company, a business that was sold as of December 31, 1992.

PRODUCT GROUP SALES

<TABLE>
<CAPTION>

Year Ended June 30, (thousands of dollars)

| | 1994 | | 1993 | | 1992 | | 1991 | | 1990 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Vital Wheat Gluten | $70,966 | 38.2 | $ 54,156 | 33.1 | $ 46,941 | 30.1 | $ 27,833 | 20.9 | $ 31,375 | 23.9 |
| Premium wheat starch | 21,110 | 11.3 | 18,423 | 11.3 | 17,578 | 11.3 | 16,068 | 12.1 | 14,907 | 11.3 |
| Alcohol Products: | | | | | | | | | | |
| Beverage Alcohol | 29,536 | 15.9 | 27,142 | 16.6 | 26,437 | 17.0 | 25,994 | 19.5 | 26,600 | 20.2 |
| Industrial and Fuel Grade Alcohol | 41,858 | 22.5 | 41,591 | 25.5 | 39,043 | 25.1 | 35,088 | 26.3 | 26,447 | 20.1 |
| Alcohol by-products | 18,146 | 9.8 | 19,288 | 11.8 | 17,791 | 11.4 | 17,010 | 12.8 | 16,602 | 12.6 |
| Total alcohol products | 89,540 | 48.2 | 88,021 | 53.9 | 83,271 | 53.5 | 78,092 | 58.6 | 69,649 | 52.9 |
| Flour and other mill products (1) | 4,352 | 2.3 | 2,826 | 1.7 | 8,004 | 5.1 | 11,127 | 8.4 | 15,668 | 11.9 |
| Net sales(1) | $185,968 | 100.0 | $163,426 | 100.0 | $155,794 | 100.0 | $133,128 | 100.0 | $131,559 | 100.0 |

(1) Sales of flour and other mill products, as well as all other sales in the table, refer only to sales to third parties and do not reflect intra-company transactions.
</TABLE>

The Company's $22.5 million increase in net sales for the year ended June 30, 1994, resulted primarily from increased demand for vital wheat gluten and increased production of all three of the Company's principal products due to increased capacities. The $2.7 million increase in pre-tax income from continuing operations was due primarily to increased volumes and demand for vital wheat gluten offset by reduced prices for food grade industrial and fuel grade alcohol and increased grain costs. For a more detailed discussion of the results of the

Company's operations for 1994 and the two prior years see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

The bulk of the Company's sales are made under informal arrangements direct to large institutional food and beverage processors or distributors with respect to which the Company has longstanding relationships. Under these arrangements products are usually ordered, produced, sold and shipped within 30 days. As a consequence, the Company's backlog of orders at any time is usually less than ten percent of annual sales.

Generally, the Company's sales are not seasonal except for minor variations affecting beverage alcohol and gluten sales. Beverage alcohol sales tend to peak in the fall as distributors order stocks for the holiday season, while gluten sales tend to increase during the second half of the fiscal year as demand increases for hot dog buns, hamburger buns, and similar bakery products. Seasonal demand for the Company's fuel grade alcohol may also be affected in the future by EPA regulations mandating the use of ethanol in certain reformulated gasoline which is expected to be strongest during October through March of each year. See "Alcohol Products-Industrial and Fuel Grade Alcohol."

During fiscal 1994 the Company commenced the construction of the largest expansion program in its history at its Pekin plant. The new facilities are expected to be completed in the second half of fiscal 1995, to be more efficient than the existing plant and to double total alcohol production capacity; increase by 40% total vital wheat gluten capacity; increase by 70% total premium wheat starch production capacity; more than double total distillers' feeds production capacity; and provide the Pekin plant with a new and more efficient steam and electricity generating plant. The $62 million project is being financed from operations, the proceeds of the sale of McCormick and the proceeds of a $25 million, fifteen year 6.68% term loan. The Company expects that it may take several years to develop markets for all of the added capacity.

During fiscal 1994, the Company also completed the bulk of the expansion of its flour mill in Atchison, the construction and renovation of new and existing quality control laboratory at the Pekin plant, and the installation of new wastewater treatment equipment at the Atchison plant.

For further information, see the Consolidated Financial Statements of the Company and Management's Discussion and Analysis of the Company's Financial Condition and Results of Operations which appear at pages 18 through 36 of the Annual Report.

Vital Wheat Gluten

Vital wheat gluten is a light tan powder which contains approximately 75% to 80% protein. It is the only commercially available high protein food additive which possesses vitality. The vitality of the Company's vital wheat gluten results from its elastic and cohesive characteristics when added to dough or otherwise reconstituted with water.

Vital wheat gluten is added by bakeries and food processors to baked goods such as wheat breads, and to pet foods, cereals, processed meats, fish, and poultry to improve the nutritional content, texture, strength, shape, and volume of the product. The neutral flavor and color of wheat gluten also enhances, but does not change, the flavor and color of food. It has been increasingly used in breads and pet foods. The cohesiveness and elasticity of the gluten enables the dough in wheat and other high protein breads to rise and to support added ingredients such as whole cracked grains, raisins and fibers. This allows the baker to make an array of different breads by varying the gluten content of the dough. Vital wheat gluten is also added to white breads, and hot dog and hamburger buns to improve the hinge strength and cohesiveness of the product.

The Company ships its vital wheat gluten throughout the continental United States in bulk and in 50 to 100 pound bags. Approximately 37% of fiscal 1994 gluten sales were made to a distributor for the bakery industry, the Ben C. Williams Bakery Services Company, which in turn distributes vital wheat gluten to independent bakeries. The remainder is sold directly to major food processors and bakeries such as Kellogg Co., Continental

Baking Company, Inc. and H. J. Heinz Co.



The vital wheat gluten market is occupied primarily by the Company, two other domestic producers and a number of foreign importers. Foreign importers provide significant competition from time to time due to low U.S. tariffs and export incentives provided by foreign countries to their wheat starch producers. Based on industry data, the Company believes that in terms of fiscal 1994 sales it is the largest producer of vital wheat gluten in the United States.

Competition in the vital wheat gluten industry is based primarily upon price, quality, and service. Historically, gluten prices have been affected by grain prices, grain quality, excess foreign capacity and by subsidies provided to certain European exporters by their host governments.

The Company's vital wheat gluten processing operations are believed to produce a quality of vital wheat gluten that is equal to or better than that of any other wheat gluten on the market. The Company's location in the center of the United States grain belt, together with its production capacity, fleet of transportation equipment and years of operating experience, enable it to provide a consistently high level of cost effective service to customers.

The Company's sales of vital wheat gluten increased by $16.8 million during fiscal 1994, due primarily to increased demand during the second half of the year and increased production capacity. The increased demand resulted partially from increased market needs, principally in the baking industry where more gluten was required to fortify flour due to the poor quality of available wheat following the extremely wet weather in the spring and summer of 1993. Due to increased competition from foreign imports and reduced needs in the baking industry the demand for the Company's vital wheat gluten began to return to more normal levels during the end of fiscal 1994.

During the last half of fiscal 1992 the Company completed capital improvements projects at the Atchison and Pekin facilities which increased the productive capacity of the Company's vital wheat gluten operations by 50% over 1991 levels of production. In the last half of 1994 the Company commenced an expansion of the vital wheat gluten production facilities at its Pekin Plant. The expansion is expected to be completed during the second half of fiscal 1995 and increase by 40% the Company's total vital wheat gluten production capacity over that capacity at June 30, 1994. The combination of these expansion programs will more than double the capacity that existed at June 30, 1991.

Premium Wheat Starch

Wheat starch constitutes the carbohydrate-bearing portion of wheat flour. The Company produces a pure white premium wheat starch powder by extracting the starch from the starch slurry substantially free of all impurities and fibers and then by spray, flash or drum drying the starch. Premium wheat starch differs from low grade or B wheat starches which are extracted along with impurities and fibers and are used primarily as a binding agent for industrial applications such as the manufacture of charcoal briquettes. The Company does not produce low grade or B starches since its integrated processing facilities are able to process the remaining slurry after the extraction of premium wheat starch into alcohol, animal feed and carbon dioxide. Premium wheat starch differs from corn starch in its granular structure, color, granular size and name identification.

An increasing portion of the Company's premium wheat starch is also chemically altered during processing to produce certain unique modified wheat starches designed for special applications.

The Company's premium wheat starches are used primarily as an additive in a variety of food products to affect their appearance, texture, tenderness, taste, palatability, cooking temperature, stability, viscosity, binding and freeze-thaw characteristics. For example, the Company's starches are used to improve the taste and mouth feel of cream puffs, eclairs, puddings, pie fillings, breadings and batters; to improve the size, symmetry and taste of angel food cakes; to alter the viscosity of soups, sauces and gravies; to improve the freeze-thaw stability and shelf life of fruit pies and other frozen foods; to improve moisture retention in microwavable foods; and to add stability and to improve spreadability in frostings, mixes, glazes and sugar coatings. The Company's specialty starches are also sold for a number of industrial and non-food uses, such as an ink bearing coating in carbonless paper.



The Company's premium wheat starch is sold nationwide to food processors, such as International Multi-Foods Corp., Pillsbury Company and Keebler Company, to distributors, and for export to countries, such as Japan, Mexico and Malaysia which do not have wheat-based economies.

The Company believes that it is the largest producer of premium wheat starch in the United States. Although wheat starch enjoys a relatively small portion of the total United States starch market, the market is one which is continuing to grow. Growth in the wheat starch market reflects a growing appreciation for the unique characteristics of wheat starch which provide it with a number of advantages over corn and other starches for certain baking and other end uses. The Company has developed a number of different modified wheat starches and continues to explore the development of additional starch products with the view to increasing sales of higher margin modified starches.

Premium wheat starch competes primarily with corn starch, which dominates the United States market. Competition is based upon price, name, color and differing granular and chemical characteristics which affect the food product in which it is used. Premium wheat starch prices usually enjoy a price premium over corn starches and low grade wheat starches. Wheat starch price fluctuations generally track the fluctuations in the corn starch market, except in the case of modified wheat starches. The wheat starch market also usually permits pricing consistent with costs which affect the industry in general, including increased grain costs. The Company's strategy is to market its premium wheat starches in special market niches where the unique characteristics of premium wheat starch or one of the Company's modified wheat starches are better suited to a customers requirements for a specific use.

Starch sales increased during fiscal 1994 by approximately $2.7 million due primarily to higher volumes and increased sales of modified wheat starches. The volume increases reflect added starch production capacity installed in fiscal 1992 and 1993. During the fourth quarter of fiscal 1994, the Company commenced the addition of starch production facilities at the Pekin plant in order to satisfy customers' needs from two locations and to capitalize on the expansion of the gluten and alcohol production facilities at that location. The new starch facility is expected to be operational in the second half of fiscal 1995 and is planned to increase the Company's total June 30, 1994, starch production capacity by 70%.

Alcohol Products

The Company's Atchison and Pekin plants process corn and milo, mixed with the starch slurry from gluten and starch processing operations, into beverage, industrial and fuel grade alcohol, animal feed and carbon dioxide.

Beverage Alcohol

Beverage alcohol consists primarily of grain neutral spirits. Grain neutral spirits is alcohol made from grain that has been further refined to remove all impurities. Grain neutral spirits is sold in bulk or processed into vodka and gin and sold in bulk quantities at various proof concentrations to bottlers and rectifiers, such as Heublein, Inc. and James B. Beam Distilling Co., which further process the alcohol for sale to consumers under numerous labels.

The Company believes that in terms of fiscal 1994 net sales, it is one of the two largest bulk sellers of grain neutral spirits, vodka and gin in the United States. The Company's principal competitors in the beverage alcohol market are Grain Processing Company of Muscatine, Iowa and Archer Daniels Midland of Decatur, Illinois. Competition is based primarily upon price and service, and in the case of gin, formulation. The Company believes that the centralized location of its Illinois and Kansas distilleries, the capacity of its dual production facilities and the versatility and availability of its transportation fleet and barge facilities combine to provide the Company with a customer service advantage that is unique within the industry.

Beverage alcohol sales increased by approximately $2.4 million during fiscal 1994 due primarily to an increase in price.

Industrial and Fuel Grade Alcohol

Grain alcohol which is not sold as beverage alcohol is marketed as food grade industrial alcohol or processed into fuel grade alcohol ("Industrial Alcohol"). Fuel grade alcohol, which is commonly referred to as "ethanol" is added to gasoline to increase octane ratings and as an oxygenate to reduce carbon dioxide emissions to satisfy EPA and Clean Air Act requirements. Food grade industrial alcohol is sold as an ingredient in foods (e.g., vinegar and food flavorings), personal care products (e.g., hair sprays and deodorants), cleaning solutions, biocides, insecticides, fungicides, pharmaceuticals, and a variety of other products. Although grain alcohol is chemically the same as petroleum-based or synthetic alcohol, certain customers prefer a natural grain-based alcohol. In addition, gasoline refiners and marketers who blend grain alcohol with gasoline in qualifying proportions are charged lower excise taxes on the blend compared to unblended gasoline. This lower tax rate is not available for synthetic alcohol. Food grade Industrial alcohol is sold in tank truck or rail car quantities direct to a number of industrial processors, such as Integrated Ingredients, a division of Burns Philp Foods, Inc., 7-Up Company, and Lehn & Fink, a producer of Lysol based household cleaners, from both the Atchison and Pekin plants. The Company is a minor competitor in the total United States market for food grade industrial and fuel grade alcohol. The Fuel grade market is dominated by Archer Daniels Midland and the food grade industrial market is dominated by petroleum-based alcohol. Fuel alcohol prices traditionally follow the movement of gasoline prices, and food grade industrial alcohol prices are normally consistent with prices for synthetic industrial alcohol.

Effective September 1, 1994, the Environmental Protection Agency ("EPA") adopted a final rule ("Rule") which generally requires that reformulated gasoline ("RFG") mandated by the Clean Air Act contain an amount of "renewable oxygenate" that, on average, is equal to or greater than 15% of the required oxygen content from December 1, 1994 through December 31, 1995, and 30% for each calendar year thereafter. Under the RFG program, RFG is required to be sold in nine of the smoggiest metropolitan areas in the United States, which are San Diego, Los Angeles-Anaheim-Riverside, Houston-Galveston-Brazoria, Chicago-Gary, Milwaukee-Racine, Philadelphia-Wilminton-Trenton, New York-Northern New Jersey-Long Island, Greater Connecticut and Baltimore, as well as in other metropolitan areas that elect to be covered by the program. The regulation defines a renewable oxygenate as an oxygenate that is derived from non-fossil fuel feedstocks such as petroleum, coal or gas or an ether that is derived from non fossil fuel feedstocks. Although the definition of renewable oxygenate covers a variety of renewable biomass and waste product sources the EPA release ("Release") announcing the Rule indicates that Ethanol and ethyl tertiary butyl ether ("ETBE") are expected to be the primary renewable oxygenates with ethanol being the dominant oxygenate during the winter months in the initial years since it is the "only renewable oxygenate currently produced in large quantities." According to the Release, ethanol's volatility is expected to make it difficult for refiners to satisfy the RFG requirements in the summer months (May 1 through September 15) with a blend of gas and pure ethanol. Hence, the Release indicates that the use of ethanol in the RFG program is expected to be concentrated during the winter months, except to the extent that ETBE is used as the renewable oxygenate. ETBE is an ether derived from ethanol and isobutylene that has a lower volatility than pure ethanol that is expected to enable its use during the summer months to satisfy the renewable oxygenate requirement.

On July 13, 1994, two groups representing the petroleum industry filed suit against the EPA seeking to have the Rule set aside on the grounds that the EPA lacked the legal authority necessary to issue the Rule. On September 13, 1994, the U.S. Court of Appeals for the District of Columbia Circuit issued an order staying implementation of the Rule in order to permit the parties and other interested parties time to brief and orally argue the issues raised in the suit. Although the Court set an expedited schedule that requires that final briefs be submitted by January 12, 1995, it is uncertain as to when or if the stay will be lifted.

If the Rule is ultimately implemented, a matter which is presently uncertain due to the pending litigation, the Company expects that the effect of the regulation will be to increase the demand for the Company's fuel grade



alcohol. However, the Company's total ethanol production is expected to be a relatively small part of a very competitive ethanol market.

During fiscal 1994 sales of food grade industrial and fuel grade alcohol remained relatively constant with the same results for fiscal 1993 in spite of significantly increased volumes due primarily to reduced gasoline prices.

Alcohol By-Products

The bulk of fiscal 1994 sales of alcohol by-products consist of distillers feeds. Distillers feeds are the residue of corn, milo and wheat from alcohol processing operations. The residue is dried and sold primarily to processors of animal feeds as a high protein additive. The Company competes with a number of producers of animal food additives in the sale of distillers feeds and mill feeds.

The balance of alcohol by-products consists primarily of carbon dioxide. During the production of alcohol, the Company traps carbon dioxide gas that is emitted in the fermentation process. The gas is purchased and liquified on site by two principal customers, one at the Atchison Plant and one at the Pekin Plant, who own and operate the carbon dioxide processing and storage equipment under long term contracts with the Company. The liquified gas is resold by these processors to a variety of industrial customers and producers of carbonated beverages.

Alcohol Products Capital Improvements

During the last half of fiscal 1993 the Company commenced the construction of an expansion of its alcohol production facilities at its Pekin plant. The expansion, which is planned for completion in the second half of fiscal 1995, is expected to double the Company's entire alcohol production capacity and more than double the Company's capacity to produce distillers feeds as such capacities existed at June 30, 1994.

On December 31, 1992, the Company sold the operations of McCormick Distilling Company for an after-tax gain of approximately $1.0 million. McCormick was primarily engaged in the business of bottling alcohol beverages at a plant in Weston, Missouri. The business was sold to increase the Company's concentration on the marketing of alcohol in bulk and to generate cash for the expansion of the Pekin Plant.

Flour and Other Mill Products

At the Atchison plant, the Company owns and operates a flour mill which was purchased from Pillsbury in 1986. All of the mill's output of flour is used internally for the production of vital wheat gluten and premium wheat starch. In 1993 the Company completed the first of a two-phase expansion of the flour milling facilities. The second phase of the expansion is expected to be substantially complete during the first quarter of fiscal 1995. The entire project is expected to increase the mill's total production by approximately 80%. All of the additional output of the mill is expected to be used internally to satisfy existing requirements for the production of gluten and starch and the additional requirements of the gluten and starch facilities that are being added to the Pekin plant.

In addition to flour, the wheat milling process also generates mill feeds or midds and a small quantity of wheat germ. Midds are sold to processors of animal feeds as a feed additive. Wheat germ is sold primarily for use in vitamin E production.

Sales of flour and other mill products declined since 1990 due to the increased usage of the flour mill's output for the production of other grain products.

Transportation

To provide its customers with timely delivery and service, the Company maintains its own fleet of 32 tank and van trailers and 12 truck-tractors. The Company leases 126 rail cars which may be dispatched on short notice. Shipment by barge is also offered to customers through barge loading facilities on the Missouri and Illinois Rivers. The barge facility on the Illinois River is adjacent to the Pekin plant and owned by the Company. The facility on the Missouri River, which is not company-owned, is approximately one mile from the Atchison plant. Quick response enables customers to reduce inventory costs and still satisfy unanticipated production requirements and is an important marketing tool for the Company. The Company also has a contract for backhauls under certificate No. NC 148479.

Income from trucking operations is included in Other Operating Income shown in the Statements of Income. See in particular Note 8 in the Notes to Consolidated Financial Statements in the Annual Report.

Raw Materials

The Company's principal raw material is grain, consisting of wheat which is processed into all of the Company's products and corn and milo which are processed into alcohol, animal feed and carbon dioxide. Grain is purchased directly from surrounding farms, primarily at harvest time, and throughout the year from grain elevators. Historically, the cost of grain is subject to substantial fluctuations depending upon a number of factors which affect commodity prices in general, including crop conditions, weather, government programs, and purchases by foreign governments. Although significant variations in grain prices may temporarily affect positively or negatively the results of the Company's operations, the Company has usually, but not always, been able to compensate for such variations through adjustments in prices charged for the Company's grain products.

Historically the Company has not engaged in the purchase of commodity futures to hedge economic risks associated with fluctuating grain and grain products prices. However, due to the significantly increased volumes of grain and grain products that are expected as a result of the expansion of the Company's production facilities, the Company expects to make limited investments in commodity futures, including wheat, corn and gasoline futures.

Energy

Because energy comprises a major cost of operations, the Company seeks to assure the availability of fuels for the Pekin and Atchison plants at competitive prices.

At present a substantial portion of the natural gas demand for the Atchison plant is transported by a wholly-owned subsidiary which owns a gas pipeline. The subsidiary procures the gas in the open market from various suppliers and from gas reservoirs in an adjoining county. The Atchison boilers may also be oil fired.

In the past, the Company's Pekin plant generated the bulk of its energy needs from coal and gas fired boilers. However, due to the expansion of the Pekin plant, the Company has entered into a long-term arrangement with an Illinois utility to satisfy the energy needs of the entire plant with a new gas fired plant. Under the arrangement, the utility will construct on Pekin plant ground leased from the Company a gas powered electric and steam generating facility and sell to the Company steam and electricity, generally at fixed rates, using gas procured by the Company. At such time as the new power plant becomes operational, Pekin's existing plant will be kept as an emergency standby.

Employees

As of June 30, 1994, the Company had 460 employees, 317 of whom are covered by three collective bargaining agreements with two labor unions. The collective bargaining agreements expire on various dates from June 30, 1995, through August 30, 1996. In September 1993, the Company successfully renegotiated a major labor



agreement covering 199 employees at the Atchison Plant. The

Company considers its relations with its personnel to be good and has not experienced a work stoppage since 1978.

Regulation

The Company's beverage and industrial alcohol business is subject to regulation by the Bureau of Alcohol, Tobacco and Firearms ("BATF") and the alcoholic beverage agencies in the States of Kansas and Illinois. Such regulation covers virtually every aspect of the Company's alcohol operations, including production facilities, marketing, pricing, labeling, packaging, and advertising. Food products are also subject to regulation by the Food and Drug Administration. BATF regulation includes periodic BATF audits of all production reports, shipping documents, and licenses to assure that proper records are maintained. The Company is also required to file and maintain monthly reports with the BATF of alcohol inventories and shipments.

Item 2. Properties.

The Company maintains the following principal plants, warehouses and office facilities:

| Location | Purpose | Plant Area (in sq. ft.) | Tract Area (in acres) |
|---|---|---|---|
| Atchison, Kansas | Principal Executive offices, grain processing, warehousing, and research and quality control laboratories. | 494,640 | 25 |
| Pekin, Illinois | Grain processing, warehousing, and quality control laboratories | 452,395 | 49 |

Except as otherwise reflected under Item 1. the facilities mentioned above are generally in good operating condition, are currently in normal operation are generally suitable and adequate for the business activity conducted therein, and have productive capacities sufficient to maintain prior levels of production. Except as otherwise reflected under Item 1, all of the plants, warehouses and office facilities are owned. None are subject to any major encumbrance. The Company also owns transportation equipment and a gas pipeline described under Transportation and Energy.

Item 3. Legal Proceedings.

There are no material legal proceedings pending as of June 30, 1994. Legal proceedings which are pending consist of matters normally incident to the business conducted by the Company and taken together do not appear material.

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

No matters have been submitted to a vote of stockholders since the last annual meeting of stockholders on October 8, 1993.



PART II

Item 5. Market for Registrants Common Equity and Related

Stockholders Matters.

The Common Stock of the Company has been traded on the NASDAQ National Market System under the symbol MWGP since November 1988. The Company has paid regular cash dividends on its Common Stock in each year since its inception in 1957.

The following table reflects the cash dividends paid and the high and low closing prices of the Common Stock for each quarter of fiscal 1994 and 1993:

| | Quarterly Cash Dividends | Sales Prices High | Sales Prices Low |
|---|---|---|---|
| 1993: | | | |
| First Quarter | $ .125 | $ 25.25 | $ 21.50 |
| Second Quarter | .125 | 25.25 | 21.25 |
| Third Quarter | .125 | 30.50 | 22.50 |
| Fourth Quarter | .125 | 29.75 | 24.75 |
| | $ .50 | | |
| 1994: | | | |
| First Quarter | $ .125 | $ 27.00 | $ 22.25 |
| Second Quarter | .125 | 29.75 | 22.75 |
| Third Quarter | .125 | 32.75 | 26.25 |
| Fourth Quarter | .125 | 36.00 | 29.25 |
| | $ .50 | | |

At June 30, 1994, there were approximately 1,000 holders of record of the Company's Common Stock. It is believed that the Common Stock is held by more than 2,000 beneficial owners.

Item 6. Selected Financial Data.

Incorporated by reference to the information under Selected Financial Information on page 17 of the Annual Report, a copy of which page is included in Exhibit 10(c) to this Report.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Incorporated by reference to the information under Managements Discussion and Analysis of Financial Condition and Results of Operations on pages 18 through 24 of the Annual Report, copies of which pages are included in Exhibit 10(c) to this Report.

Item 8. Financial Statements and Supplementary Data.

Incorporated by reference to the consolidated financial statements and related notes on pages 25 through 36 of the Annual Report, copies of which pages are included in Exhibit 10(c) to this Report.



Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The directors and executive officers of the Company are as follows:

| Name | Age | Position |
|---|---|---|
| Cloud L. Cray, Jr. | 71 | Chairman of the Board and Director |
| Laidacker M. Seaberg | 48 | President, Chief Executive Officer and Director |

| | | |
|---|---|---|
| Sukh Bassi, Ph.D. | 53 | Vice President - Vital Wheat Gluten Marketing, Research and Development and Corporate Technical Director |
| Robert G. Booe | 57 | Vice President - Administration, Controller, Treasurer and Chief Financial Officer |
| Norma C. Ewbank | 60 | Secretary |
| Tom V. Herriage, Jr. | 49 | Vice President - Beverage Alcohol Sales |
| Howard W. Hinton | 48 | Vice President - Distillery Marketing |
| Gerald Lasater | 56 | Vice President - Wheat Starch Marketing |
| Raymond Miller | 60 | Vice President - Purchasing and Energy and President of Midwest Grain Pipeline, Inc. |
| Anthony J. Petricola | 58 | Vice President - Engineering |
| Randy M. Schrick | 44 | Vice President - Operations and Director |
| Kenneth Smith | 57 | Vice President - Transportation |
| Michael Braude | 58 | Director |
| Richard J. Bruggen | 68 | Director |
| Tom MacLeod, Jr. | 46 | Director |
| Robert J. Reintjes | 62 | Director |
| Eleanor B. Schwartz, D.B.A. | 57 | Director |



Mr. Cray, Jr. has been a Director since 1957, and has served as Chairman of the Board since 1980. He served as Chief Executive Officer from 1980 to September, 1988, and has been an officer of the Company and its affiliates for more than thirty years.

Mr. Seaberg, a Director since 1979, joined the Company in 1969 and has served as the President of the Company since 1980 and as Chief Executive Officer since September, 1988. He is the son-in-law of Mr. Cray, Jr.

Dr. Bassi has served as Vice President of Research and Development since 1985, Technical Director since 1989 and Vice President - Vital Wheat Gluten Marketing since 1992. From 1981 to 1992 he was Manager of the Vital Wheat Gluten Strategic Business Unit. He was previously a professor of biology at Benedictine College for ten years.

Mr. Booe has served as Vice President, Treasurer and Chief Financial Officer of the Company since 1988. He joined the Company in 1966 as its Treasurer and became the Controller and Treasurer in 1980. In 1992 he was assigned the additional task of Vice President - Administration.

Mrs. Ewbank has served as corporate secretary since 1987. She joined the Company in 1981.

Mr. Herriage, Jr. joined the Company in 1980. He has served as Vice President in charge of beverage alcohol sales since 1986, and was responsible for the Whiskey Strategic Business Unit from 1986 to 1989. Prior to that time he was responsible for personnel and public relations.

Mr. Hinton joined the Company in 1976. He has served as Vice President - Distillery Marketing since 1992. Between 1982 and 1992 he served as Vice President in charge of the Distilling

Strategic Business Unit.

Mr. Lasater joined the Company in 1962. He has served as Vice President - Starch Marketing since 1992. Previously he served as Vice President in charge of the Wheat Starch Strategic Business Unit.

Mr. Miller joined the Company in 1956. He has served as Vice President - Purchasing and Energy since 1992, President of Midwest Grain Pipeline, Inc. since 1987, and as Vice President of the Company since 1967.

Mr. Petricola joined the Company in 1985. He has served as Vice President - Engineering since 1992. Previously he served as Corporate Director of Engineering.

Mr. Schrick, a Director since 1987, joined the Company in 1973. He has served as Vice President - Operations since 1992. From 1984 to 1992 he served as Vice President and General Manager of the Pekin plant. From 1982 to 1984 he was the Plant Manager of the Pekin Plant. Prior to 1982, he was Production Manager at the Atchison plant.

Mr. Smith has served as Vice President - Transportation since 1987. Prior to that time he was manager of truck services.

Mr. Bruggen has been a Director since 1976 and is a member of the Audit and Nominating Committees. He was Senior Vice President of Atchison Casting Corporation from 1991 until his retirement in 1992. Previously he was the General Manager of Rockwell International Plants at Atchison, Kansas and St. Joseph, Missouri.

Mr. Braude has been a Director since 1991 and is a member of the Audit and Human Resources Committees. He has been the President and Chief Executive Officer of the Kansas City Board of Trade, a commodity futures exchange , since 1984. Previously he was Executive Vice President of American Bank & Trust Company of Kansas City.



Mr. MacLeod, Jr. has been a Director since 1986 and is a member of the Audit and Human Resources Committees. He has been the President and Chief Operating Officer of Iams Company, a manufacturer of premium pet foods, since 1989. Previously, he was President and Chief Executive Officer of Kitchens of Sara Lee, a division of Sara Lee Corporation, a food products company.

Mr. Reintjes has been a Director since 1986, and is a member of the Audit and Nominating Resources Committees. He has served as President of Geo. P. Reintjes Co., Inc., of Kansas City, Missouri, for the past 23 years. The Geo. P. Reintjes Co., Inc. is engaged in the business of refractory construction.

Dr. Schwartz has been a director since June 3, 1993. She is also a member of the Audit and Human Resources Committees. She has been the Chancellor of the University of Missouri-Kansas City since May 1992, and was previously the Vice Chancellor for Academic Affairs.

The Board of Directors is divided into two groups (Groups A and B) and three classes. Group A directors are elected by the holders of Common Stock and Group B directors are elected by the holders of Preferred Stock. One class of directors is elected at each annual meeting of stockholders for three-year terms. The present directors' terms of office expire as follows:

| Group A Directors | Term Expires | Group B Directors | Term Expires |
|---|---|---|---|
| Mr. Bruggen | 1994 | Mr. Cray, Jr. | 1995 |
| Mr. MacLeod | 1995 | Mr. Reintjes | 1995 |
| Dr. Schwartz | 1996 | Mr. Braude | 1994 |
| | | Mr. Schrick | 1996 |
| | | Mr. Seaberg | 1996 |

Item 11. Executive Compensation.

Incorporated by reference to the information under "Executive Compensation" on pages 5 through 9 of the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and

Management.

Incorporated by reference to the information under "Principal Stockholders" beginning on page 9 of the Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

None.



PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

The following documents are filed as part of this report:

(a) Financial Statements:

Auditors Report on Financial Statements.
Consolidated Balance Sheets at June 30, 1994 and 1993.
Consolidated Statements of Income - for the Three Years Ended June 30, 1994, 1993 and 1992.
Consolidated Statements of Stockholders Equity for the Three Years Ended June 30, 1994, 1993 and 1992.
Consolidated Statements of Cash Flow - for the Three Years Ended June 30, 1994, 1993 and 1992.
Notes to Consolidated Financial Statements.

The foregoing have been incorporated by reference to the Annual Report as indicated under Item 8.

(b) Financial Statement Schedules:

Auditors Report on Financial Statement Schedules:
I. Marketable Securities - Other Investments
V - Property, Plant and Equipment
VI - Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment
VIII - Valuation and Qualifying Accounts
IX - Short Term Borrowings
X - Supplementary Income Statement Information

All other schedules are omitted because they are not applicable or the information is contained in the Consolidated Financial Statements or notes thereto.

(c) Exhibits:

| Exhibit No. | Description |
|---|---|
| 3(a) | Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3(a) of the Company's Registration Statement No. 33-24398 on Form S-1). |
| 3(b) | Bylaws of the Company (Incorporated by reference to Exhibit 3(b) of the Company's Registration Statement No. 33-24398 on Form S-1). |
| 4(a) | Copy of Note Agreement dated as of August 1, 1993, providing for the issuance and sale of $25 million of 6.68% term notes ("Term Notes", incorporated by reference to Exhibit 4.1 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993). |
| 4(b) | Copy of Term Notes dated August 27, 1993 (incorporated by reference to Exhibit 4.2 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993). |
| 9(a) | Copy of Cray Family Trust (Incorporated by reference to Exhibit 9(a) of the Company's Registration Statement No. 33-22600 on Form S-4). |



| | |
|---|---|
| 10(a) | Summary of informal cash bonus plan (incorporated by reference to the summary contained in the Company's Proxy Statement dated September 12, 1994, which is incorporated by reference into Part III of |

this Form 10-K).

10(b) Executive Stock Bonus Plan as amended June 15, 1992 (incorporated by reference to Exhibit 10(b) to the Company's Form 10-K for the year ended June 30, 1992).

10(c) Information contained in the Midwest Grain Products, Inc. 1994 Annual Report to Stockholders that is incorporated herein by reference.

22 Subsidiaries of the Company other than insignificant subsidiaries:

| Subsidiary | State of Incorporation or Organization |
|---|---|
| Midwest Solvents Company of Illinois, Inc. | Illinois |
| Midwest Grain Pipeline, Inc. | Kansas |
| Midwest Grain Products of Illinois, Inc. | Illinois |
| Midwest Purchasing Company, Inc. | Illinois |

25 Powers of Attorney executed by all officers and directors of the Company who have signed this report on Form 10-K (incorporated by reference to the signature pages of this report).

27 Midwest Grain Products Financial Data Schedule as at June 30, 1994 and for the year then ended.

No reports on Form 8-K have been filed during the quarter ended June 30, 1994.



SIGNATURES

Pursuant to requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Atchison, State of Kansas, on this 19th day of September, 1994.

MIDWEST GRAIN PRODUCTS, INC.

By /s/ Laidacker M. Seaberg
Laidacker M. Seaberg, President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Cloud L. Cray, Jr., Laidacker M. Seaberg and Robert G. Booe and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all reports of the Registrant on Form 10-K and to sign any and all amendments to such reports and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities & Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities indicated on the dates indicated.

| Name | Title | Date |
|---|---|---|
| /s/ Laidacker M. Seaberg<br>Laidacker M. Seaberg | President (Principal Executive Officer) and Director | September 19, 1994 |
| /s/ Robert G. Booe<br>Robert G. Booe | Vice President, Treasurer and Controller (Principal Financial and | |

| | | |
|---|---|---|
| | Accounting Officer) | September 19, 1994 |
| /s/ Michael Braude<br>Michael Braude | Director | September 19, 1994 |
| /s/ Richard J. Bruggen<br>Richard J. Bruggen | Director | September 19, 1994 |
| /s/ Cloud L. Cray, Jr.<br>Cloud L. Cray, Jr. | Director | September 19, 1994 |
| /s/ Eleanor B. Schwartz<br>Eleanor B. Schwartz | Director | September 19, 1994 |
| /s/ Tom MacLeod, Jr.<br>Tom MacLeod, Jr. | Director | September 19, 1994 |
| /s/ Robert J. Reintjes<br>Robert J. Reintjes | Director | September 19, 1994 |
| /s/ Randy M. Schrick<br>Randy M. Schrick | Director | September 19, 1994 |



MIDWEST GRAIN PRODUCTS, INC.

Consolidated Financial Statement Schedules
(Form 10-K)

June 30, 1994, 1993 and 1992

(With Auditors' Report Thereon)



Report of Independent Accountants

On Financial Statement Schedules

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

In connection with our audit of the financial statements of MIDWEST GRAIN PRODUCTS, INC. for each of the three years in the period ended June 30, 1994, we have also audited the following financial statement schedules. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits of the basic financial statements. The schedules are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and are not a required part of the consolidated financial statements.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/ Baird, Kurtz & Dobson
BAIRD, KURTZ & DOBSON

Kansas City, Missouri
August 11, 1994



MIDWEST GRAIN PRODUCTS, INC.

I. MARKETABLE SECURITIES - OTHER INVESTMENTS

(In Thousands)

| Name of Issuer and Title of Each Issue | Number of Shares | Cost | Market Value at Balance Sheet Date | Balance at end of Period |
|---|---|---|---|---|
| YEAR ENDED JUNE 30, 1994 | | | | |
| Tax-Free Obligations Fund (an investment portfolio of Money Market Obligations Trust) | 14,504 | $14,504 | $14,504 | $14,504 |
| | ======= | ======= | ======= | ======= |



MIDWEST GRAIN PRODUCTS, INC.

V. PROPERTY, PLANT AND EQUIPMENT

<TABLE>

<CAPTION>

| | Balance at Beginning of Year | Additions at Cost | Retire- ments | Transfers of Completed Projects | Balance at End of Year |
|---|---|---|---|---|---|
| | | | (In Thousands) | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| YEAR ENDED JUNE 30, 1994 | | | | | |
| Land, buildings and improvements | $ 18,262 | $ 2,290 | $3,662 | | $ 16,890 |
| Transportation equipment | 3,354 | 5,212 | 1,327 | | 7,239 |
| Machinery, equipment, etc. | 102,263 | 6,739 | 3,198 | | 105,804 |
| Construction in progress | 11,882 | 49,660 | | $ 9,028 | 52,513 |
| | $135,761 | $63,901 | $8,187 | $ 9,028 | $182,446 |
| | ======== | ======= | ====== | ====== | ======== |
| YEAR ENDED JUNE 30, 1993 | | | | | |
| Land, buildings and improvements | $ 19,584 | $ 437 | $1,759 | | $ 18,262 |
| Transportation equipment | 3,732 | 89 | 467 | | 3,354 |
| Machinery, equipment, etc. | 97,287 | 8,851 | 3,875 | | 102,263 |
| Construction in progress | 6,708 | 14,542 | | $ 9,368 | 11,882 |
| | $127,311 | $ 23,919 | $6,101 | $ 9,368 | $135,761 |
| | ======== | ======== | ====== | ======= | ======== |

| | | | | | |
|---|---|---|---|---|---|
| YEAR ENDED JUNE 30, 1992 | | | | | |
| Land, buildings and improvements | $ 19,352 | $ 1,122 | $ 890 | | $ 19,584 |
| Transportation equipment | 3,541 | 278 | 87 | | 3,732 |
| Machinery, equipment, etc. | 89,788 | 9,698 | 2,199 | | 97,287 |
| Construction in progress | 3,275 | 13,608 | | $10,175 | 6,708 |
| | $115,956 | $24,706 | $3,176 | $10,175 | $127,311 |

</TABLE>



VI. ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

<TABLE>
<CAPTION>

| | Balance at Beginning of Year | Additions Charged to Expenses | Retirements | Balance at End of Year |
|---|---|---|---|---|
| | | (In Thousands) | | |
| <S> | <C> | <C> | <C> | <C> |
| YEAR ENDED JUNE 30, 1994 | | | | |
| Land, buildings and improvements | $ 6,239 | $ 966 | $ 481 | $ 6,724 |
| Transportation equipment | 2,631 | 289 | 1,249 | 1,671 |
| Machinery, equipment, etc. | 56,796 | 5,905 | 1,208 | 61,493 |
| | $ 65,666 | $ 7,160 | $ 2,983 | $ 69,888 |
| YEAR ENDED JUNE 30, 1993 | | | | |
| Land, buildings and improvements | $ 4,715 | $ 2,324 | $ 800 | $ 6,239 |
| Transportation equipment | 2,610 | 360 | 339 | 2,631 |
| Machinery, equipment, etc. | 55,373 | 3,517 | 2,094 | 56,796 |
| | $ 62,698 | $ 6,201 | $ 3,233 | $ 65,666 |
| YEAR ENDED JUNE 30, 1992 | | | | |
| Land, buildings and improvements | $ 4,900 | $ 672 | $ 857 | $ 4,715 |
| Transportation equipment | 2,238 | 438 | 66 | 2,610 |
| Machinery, equipment, etc. | 51,297 | 6,126 | 2,050 | 55,373 |
| | $ 58,435 | $ 7,236 | $ 2,973 | $ 62,698 |

</TABLE>



MIDWEST GRAIN PRODUCTS, INC.

VII. VALUATION AND QUALIFYING ACCOUNTS

<TABLE>
<CAPTION>

| | Balance, Beginning of Period | Additions: Charged to Costs and Expenses | Additions: Charged to Other Accounts | Deductions Write-Offs | Balance, End of Period |
|---|---|---|---|---|---|
| | (In Thousands) | | | | |
| <S> | <C> | <C> | | <C> | <C> |
| YEAR ENDED JUNE 30, 1994 | | | | | |
| Allowance for doubtful accounts | $ 25 | $ 59 | | $ 59 | $ 25 |
| YEAR ENDED JUNE 30, 1993 | | | | | |
| Allowance for doubtful accounts | $ 200 | $375 | | $550 | $ 25 |
| YEAR ENDED JUNE 30, 1992 | | | | | |
| Allowance for doubtful accounts | $175 | $197 | | $197 | $175 |

</TABLE>



MIDWEST GRAIN PRODUCTS, INC.
IX. SHORT-TERM BORROWINGS
(In Thousands)

<TABLE>
<CAPTION>

| Category of Aggregate Short-Term Borrowings | Balance at End of Period | Weighted Average Interest Rate | Amount Outstanding During Period: Maximum | Amount Outstanding During Period: Average | Weighted Average Interest Rate During Period |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Notes payable - Banks, unsecured | $-0- | N/A | $-0- | $-0- | .00% |
| June 30, 1994 | -0- | N/A | -0- | -0- | .00 |
| June 30, 1993 | -0- | N/A | -0- | -0- | .00 |
| June 30, 1992 | -0- | N/A | -0- | -0- | .00 |

</TABLE>

MIDWEST GRAIN PRODUCTS, INC.
X. SUPPLEMENTARY INCOME STATEMENT INFORMATION

YEARS ENDED JUNE 30, 1994, 1993 AND 1992

| | 1994 | 1993 | 1992 |
|---|---|---|---|
| | | (In Thousands) | |
| Excise taxes | $ 0 | $26,133 | $52,542 |
| Other taxes | 940 | 1,935 | 813 |
| Maintenance and repairs | 9,191 | 9,900 | 8,667 |

Exhibit 10-C

Annual report Financial information

MIDWEST GRAIN PRODUCTS, INC.
SELECTED FINANCIAL INFORMATION

<TABLE>
<CAPTION>

(in thousands except per share amounts)
Years ended June 30.

| | 1994 | 1993 | 1992 | 1991 | 1990 |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Income Statement Data | | | | | |
| Net Sales | $185,968 | $163,426 | $155,794 | $133,120 | $131,599 |
| Cost of Sales | 148,320 | 130,551 | 127,883 | 108,963 | 112,701 |
| Gross Profit | 37,648 | 32,875 | 27,911 | 24,157 | 18,898 |
| Selling, general and administrative expenses | 12,212 | 10,677 | 9,794 | 8,083 | 7,209 |
| Other operating income (expense) | (669) | (264) | 17 | 135 | 161 |
| Income from operations | 24,767 | 21,934 | 18,134 | 16,209 | 11,850 |
| Other income, net | 924 | 1,045 | 1,191 | 501 | 985 |
| Interest expense | 127 | 71 | 93 | 123 | 490 |
| Income from operations before income taxes | 25,564 | 22,908 | 19,232 | 16,587 | 12,345 |
| Provision for income taxes | 9,713 | 8,278 | 7,020 | 5,977 | 4,461 |
| Income from continuing operations | 15,851 | 14,630 | 12,212 | 10,610 | 7,884 |
| Discontinued operations | | 1,665 | 1,294 | 530 | 468 |
| Cumulative effect of change in accounting principles--post-retirement benefits | | (2,241) | | | |
| Cumulative effect of change in accounting principles--income taxes | | 2,182 | | | |
| Net Income | $15,851 | $16,236 | $13,506 | $11,140 | $ 8,352 |
| Earnings per common share | | | | | |
| Continuing operations | $1.62 | $1.50 | $1.25 | $1.09 | $ .81 |
| Discontinued operations | | .17 | .13 | .05 | .05 |
| Cumulative effect of accounting changes | | (.01) | | | |
| | $1.62 | $1.66 | $1.38 | $1.14 | $ .86 |
| Cash dividends per common share | $.50 | $.50 | $.48 | $.47 | $.45 |
| Weighted average common shares outstanding | 9,765 | 9,765 | 9,765 | 9,765 | 9,765 |
| Balance Sheet Data: | | | | | |
| Working capital | $22,151 | $41,580 | $37,021 | $36,928 | $30,943 |
| Total Assets | $168,146 | $126,671 | $115,626 | $109,690 | $102,271 |
| Long-term debt, less current maturities | $ 25,000 | | $ 50 | $ 1,093 | $ 1,341 |
| Stockholders' equity | $114,173 | $103,206 | $ 91,853 | $ 82,986 | $76,403 |

</TABLE>



MIDWEST GRAIN PRODUCTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth items in the Company's consolidated statements of income expressed as percentages of net sales for the years indicated and the percentage change in the dollar amount of such items compared to the prior period.

<TABLE>
<CAPTION>

| | Percentage of Net Sales Years Ended June 30 | Percentage Increase (Decrease) | |
|---|---|---|---|
| | | Fiscal 1994 | Fiscal 1993 |

| | 1994 | 1993 | 1992 | Over 1993 | Over 1992 |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net Sales | 100.0% | 100.0% | 100.0% | 13.8% | 5.0% |
| Cost of sales | 79.8 | 79.9 | 82.1 | 13.6 | 2.1 |
| Gross profit | 20.2 | 20.1 | 17.9 | 14.5 | 17.8 |
| Selling, general and administrative expenses | 6.6 | 6.5 | 6.3 | 14.4 | 9.0 |
| Other operating income (loss) | (.3) | (.2) | | (153.4) | (165.3) |
| Income from operations | 13.3 | 13.4 | 11.6 | 12.9 | 21.0 |
| Other income (expense) | .4 | .6 | .7 | (18.2) | (11.3) |
| Income from continuing operations before income taxes | 13.7 | 14.0 | 12.3 | 11.6 | 19.1 |
| Provision for income taxes | 5.2 | 5.1 | 4.5 | 17.3 | 17.9 |
| Income from continuing operations | 8.5% | 8.9% | 7.8% | 8.3% | 19.8% |

</TABLE>

FISCAL 1994 COMPARED TO FISCAL 1993

Results of operations in fiscal 1994 surpassed the prior year's results, placing sales and income from continuing operations at record levels. Growth in sales was spurred by strengthened demand for the Company's vital wheat gluten, mostly in the second half of fiscal 1994, and increased production capacities. This resulted in increased volumes and greater production efficiencies, substantially improving the cost effectiveness of Midwest Grain's fully integrated production processes. The improved efficiencies helped to offset higher raw material costs for grain resulting mainly from the adverse effects of last summer's unusually wet weather and floods in the Midwest. Costs for wheat, which the Company mills into flour and then processes into vital wheat gluten and premium wheat starch for food and some non-food applications, were significantly higher in fiscal 1994 compared to costs experienced in fiscal 1993. Because of the wheat's poor milling and protein yield, the Company had to pay substantially higher prices for moderate to high protein wheats, while using more wheat than normally would be necessary to satisfy production requirements. Additionally, costs for corn and milo, which the Company uses for alcohol production, rose considerably in the third and fourth quarters while prices for food grade industrial and fuel alcohol declined. The negative impact of these raw material cost increases was somewhat reduced by improved alcohol production efficiencies resulting from higher alcohol volumes in the food grade industrial category. The higher raw material costs for wheat, corn and milo have subsided since the end of fiscal 1994 due to improved crop conditions





throughout the Midwest generally. Also, gasoline prices are returning to higher levels. However, because the current year's higher quality wheat requires that less gluten be used to fortify flour, demand for gluten has decreased somewhat. Additionally, the Company is seeing strong indications of growing competition from European wheat gluten producers, who are able to take advantage of inequitably low tariff rates to ship their excess product into the United States market. The threat and frequent materialization of this situation has been ongoing, but has ranged in severity depending on the size and quality of European wheat crops and associated factors. To withstand increased competitive pressures, the Company will continue to strengthen its position as a highly reliable, cost-effective domestic supplier.

Greater operational efficiencies for Midwest Grain's entire corporate complex are expected to result from the major distillery expansion which currently is under construction at the Company's Pekin, Illinois plant. The expansion will prepare the way for future growth objectives in all alcohol product areas by doubling the Company's total alcohol production capacity by early 1995. Significant growth opportunities for fuel alcohol are expected to result from the Environmental Protection Agency's recent ruling that 30% of the motor fuel oxygenates sold in the nation's smoggiest cities be made from renewable sources such as grain-based ethanol. The distillery expansion also is allowing the Company to proceed with additional construction at the Pekin facility which is expected to result in a 70% increase in total wheat starch production capacity and a 40% increase in total wheat gluten production capacity by the spring of 1995.

The increase in net sales for the 12-month period of fiscal 1994, amounting to approximately $22.5 million, was largely experienced in the third and fourth quarters. The remainder of the increase was experienced in the second quarter. This was mainly due to substantially increased demand for vital wheat gluten and increased production of all three of the Company's principal products, significantly improving operational efficiency. Sales in the first quarter were more severely affected by conditions resulting from last summer's excessive moisture and flooding. In addition to experiencing higher grain costs, the Company was forced to use more expensive methods for routing shipments of raw and finished goods due to damaged rail lines and highways across the country's midsection. More abnormal first quarter costs resulted from a four-day shutdown of the Atchison plant, which occurred when nearby pumping stations which supply water for the plant's distillery process were flooded by the rain-swollen Missouri River. Sales of wheat gluten in fiscal 1994 rose by approximately 31% as the result of increased demand, increased grain costs, and higher volumes. The increased demand resulted partially from increased market needs, principally in the baking industry where more gluten was required to fortify flour due to the poor quality of available wheat during most of the year. Premium wheat starch sales increased by 15%, mainly as the result of higher volumes and increased sales of modified starch varieties in special market niches. Sales of alcohol products climbed 4% in spite of reduced demand, with a substantial increase in food grade industrial alcohol volume and a slight increase in beverage alcohol volume. These increases more than offset a decrease in fuel alcohol volume and added




substantially to improvements in the Company's total operational efficiencies. Sales of distillers feed, a by-product of the alcohol production process, were approximately even with the prior year's sales, while all of the Company's flour was used internally as a raw material for the gluten production process. Sales of flour mill by-products, namely mill feeds, rose significantly due to higher volumes resulting from increased flour production to satisfy heightened gluten processing needs. Fluctuations in selling prices of the Company's vital wheat gluten generally are due to fluctuations in grain costs and competition. Wheat starch prices traditionally track corn starch prices, with the exception of the Company's specialty modified starches. Fuel alcohol prices traditionally follow the movement of gasoline prices, and food grade industrial alcohol prices are normally consistent with prices for industrial alcohol derived from synthetic products such as petroleum. During fiscal 1994, the Company's results were negatively affected by low gasoline prices coupled with increased grain costs.

Raw material cost increases in fiscal 1994 accounted for slightly more than $16 million of the approximately $17.8 million increase in cost of sales compared to fiscal 1993. This was principally due to higher wheat costs and lower protein yields, and increased costs for corn and mil. The lower protein yields caused more wheat to be used than normally would have been required to produce enough flour for wheat gluten processing. A rise in employee insurance costs of approximately $1.6 million also contributed to the increase in total cost of sales in fiscal 1994. This was partially offset by a decrease of $709,150 in maintenance and repair costs compared to fiscal 1993. Other manufacturing cost increases were due to increased production volumes.

Selling, general and administrative expenses in fiscal 1994 increased by approximately $1.5 million compared to fiscal 1993. The majority of the increase, approximately $1.1 million, resulted from contributions to the Company's management bonus program, which is designed to recognize the accomplishment of specific, pre-established Company goals. Goals in fiscal 1994 were made exceptionally challenging by conditions related to the adverse effects of last summer's unusually wet weather and record floods in the Midwest. The Company achieved a high level of performance for the year and there was a significant rise in the number of bonus recipients. The remainder of the increase was experienced generally throughout the expense categories.

Pre-tax income for fiscal 1994 increased by approximately 11.5% due primarily to increased volumes and demand for vital wheat gluten offset by reduced prices for food grade industrial and fuel grade alcohol and increased grain costs.

The consolidated effective income tax rate is consistent for the two fiscal years.

The general effects of inflation were minimal.

As a result of the foregoing factors, the Company realized income from continuing operations of $15,851,000 in fiscal 1994 compared to $14,630,000 in fiscal 1993.

FISCAL 1993 COMPARED TO FISCAL 1992

Sales and income from continuing operations in fiscal 1993 outdistanced the record results achieved in fiscal 1992. The higher results were reached through





increased volume sales of all major products, with alcohol products accounting for the largest surge. Higher yields on grain helped reduce overall raw material costs, which in turn contributed to the increase in profitability. The growth in alcohol volume occurred in the Company's beverage and fuel grade alcohol markets. In January, 1993, the Company announced plans for doubling its total alcohol production capacity by early 1995 with a major expansion at its Pekin, Illinois plant. While the Company will continue to focus on increasing its presence in the beverage and high quality industrial alcohol markets, a sizeable portion of the new capacity is scheduled for fuel alcohol production. The expanded gluten production capacities that went into operation at the Pekin and Atchison, Kansas plants in the latter half of fiscal 1992 allowed the Company to supply increased customer needs and realize higher volume sales in fiscal 1993. Opportunities to produce even greater quantities of gluten were eroded somewhat by a steady stream of gluten imports from the European Community, which grew substantially in the second quarter and had carry-over effects on sales in the third and fourth quarters. The increase in wheat starch volume sales resulted mainly from greater development and penetration of special market niches which utilize the Company's modified starch varieties. To keep up with increasing demand for its wheat starch, the Company initiated the expansion of its modified starch production capacity at the Atchison plant. Expansion of the Company's flour mill in Atchison was also begun in fiscal 1993 to keep pace with increased needs for flour to supply the wheat gluten process.

The Company's strong financial position has allowed it to adopt an aggressive plant expansion program so that it can remain highly competitive in the years to come. While the Company believes long-term prospects are strong, the excessively wet spring and summer flooding in much of the Midwest is expected to adversely impact fiscal 1994. In addition to causing lower quality wheat harvests, severe damage to rail lines and major highways has caused difficulties with shipments of raw materials and finished goods.

On December 31, 1992, the Company sold the operations of McCormick Distilling Company, a wholly-owned subsidiary, for an after-tax gain of approximately $1.0 million. McCormick was primarily engaged in the business of bottling alcohol beverages at the Weston, Missouri plant and selling same throughout the United States through distributors. The following discussion relates to the results of continuing operations exclusive of McCormick.

The increase in sales for the 12-month period of fiscal 1993, amounting to approximately $7.6 million, was evenly experienced through the first three quarters of the year as a result of the higher volumes of all major products. Sales in the fourth quarter were approximately $2.1 million lower than in the final quarter of fiscal 1992 due principally to a curtailment in alcohol and gluten production while necessary repairs and improvements were made to distillery equipment in Atchison. Sales of all alcohol products for the year increased by approximately 6% over fiscal 1992. An 11% increase in beverage alcohol volume, together with an 11% increase in fuel alcohol volume outweighed a nearly 15% decrease in volume sales of food grade industrial alcohol. Increased prices for fuel and high quality industrial alcohol offset a slight price decrease in the beverage category to





contribute to the gain in total alcohol sales. A 7% increase in volume sales of distillers feed, an alcohol by-product, also contributed to the gain. Sales of vital wheat gluten increased by 15% over fiscal 1992 as a result of increased volume coupled with a modest price increase. The price increase only partially offset successive increases in raw material costs for wheat, which the Company experienced in the second and third quarters of fiscal 1993. For the year, wheat costs averaged slightly higher per bushel than in fiscal 1992, and, because more wheat was required to supply increased production needs, the total cost for this raw material rose accordingly. Sales of flour and other mill products decreased by approximately $5.2 million. This decline resulted almost entirely from a significant reduction in outside sales of flour in order to satisfy internal requirements for its use as a raw material in the gluten process. Sales of premium wheat starch rose by 5% as the result of increased volumes in the second, third and fourth quarters. Wheat starch prices for the year were approximately level with those realized during fiscal 1992.

The cost of sales for fiscal 1993 increased by approximately $2.7 million over the prior year. Higher costs for repairs and maintenance, utilities and post-retirement benefits were offset by lower raw material costs and insurance expenses. Volume-related increases of natural gas and electricity usage combined with higher natural gas prices to cause an increase of $2.4 million in utility costs. Increased repairs and maintenance costs approximating $1.3 million resulted from a plant shutdown for maintenance, ongoing expenditures to continually improve clean operations and modifications to distillery equipment. Also, fiscal 1993 employee benefit costs increased by almost $350,000 due to the accrual of higher post-retirement costs in accordance with the newly adopted accounting pronouncement. The reduction of raw material costs ($1.6 million), in spite of volume increases, was caused by lower prices for corn and milo combined with higher yields. Lower wheat prices were more than offset by decreased yields due to lower quality of the wheat crops. Insurance costs declined substantially as a result of more favorable experience in workers' compensation and general liability claims.

Selling, general and administrative expenses increased over fiscal 1992 by $883,000. Commissions increased by approximately $540,000 due to higher volumes of sales subject to commissions. The provision for bad debts was $356,000 higher than the preceding year primarily relating to the write-off of one customer. Salaries and other employee benefits decreased by $260,000.

Income from continuing operations increased by $2,418,000 to $14,630,000 in fiscal 1993. The improved profitability was largely due to higher volume sales of alcohol products combined with increased price realizations, primarily of fuel alcohol sales. While volume and price increases in vital wheat gluten and premium wheat starch occurred, increased raw material costs for wheat caused profitability of these products to decline. Higher volumes in all products resulted in greater overall operational efficiency which improved profitability.

The consolidated effective income tax rate is consistent for the two fiscal years.

The general effects of inflation for fiscal 1993 were minimal.

The Company adopted two new accounting





pronouncements in fiscal 1993. Statement of Financial Accounting Standards (SFAS) No. 106, "Employer's Accounting for Post-Retirement Benefits Other Than Pensions," requires the cost of these benefits to be charged to expense during the years that employees render service rather than on the cash basis previously used. In addition to the initial recording of the cumulative effect of this accounting change as of July 1, 1992, the ongoing expense will also be higher than that charged in prior years under the previous method. SFAS No. 109, "Accounting for Income Taxes," establishes financial accounting and reporting standards for the effects of income taxes. The cumulative effect at July 1, 1992 results from the recomputation of the deferred income tax liability at current rates for temporary differences between tax and financial reporting which were originated in periods of higher tax rates.

The effects of the activities of the discontinued operations and cumulative effects of the accounting changes combined with the Company's income from continuing operations to produce a net income of $16,236,000 for fiscal 1993, compared to $13,506,000 for the preceding year.

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QUARTERLY FINANCIAL INFORMATION

Generally the Company's sales are not seasonal except for minor variations affecting beverage alcohol and gluten sales. Beverage alcohol sales tend to peak in the fall as distributors order stocks for the holiday season, while gluten sales tend to increase during the second half on the fiscal year as demand increases for hot dog buns, and similar bakery products. The following table shows quarterly information for each of the years ended June 30, 1994 and 1993.

<TABLE>
<CAPTION>

| | Quarter Ending | | | | |
|---|---|---|---|---|---|
| | Sept. 30 | Dec. 31 | March 31 | June 30 | Total |
| | (in thousands except per share amounts) | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Fiscal 1994 | | | | | |
| Sales | $39,162 | $45,286 | $50,652 | $50,868 | $185,968 |
| Gross Profit | 4,577 | 8,085 | 12,641 | 12,345 | 37,648 |
| Net Income | 1,093 | 3,187 | 6,084 | 5,487 | 15,851 |
| Earnings per share | .11 | .33 | .62 | .56 | 1.62 |
| Fiscal 1993 | | | | | |
| Sales | $40,117 | $41,993 | $40,784 | $40,532 | $163,426 |
| Gross Profit | 7,717 | 8,861 | 8,232 | 8,065 | 32,875 |
| Income from continuing operations | 3,253 | 3,993 | 3,503 | 3,881 | 14,630 |
| Income before cumulative change in accounting principle | 3,543 | 5,368 | 3,503 | 3,881 | 16,295 |
| Net Income | 3,484 | 5,368 | 3,503 | 3,881 | 16,236 |
| Earnings per share | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Continuing operations | .33 | .41 | .36 | .40 | 1.50 |
| Before cumulative change in accounting principle | .36 | .55 | .36 | .40 | 1.67 |
| Net Income | .35 | .55 | .36 | .40 | 1.66 |

</TABLE>



MIDWEST GRAIN PRODUCTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

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

<TABLE>
<CAPTION>

| | At June 30, | |
|---|---|---|
| | 1994 | 1993 |
| | (In Thousands) | |
| <S> | <C> | <C> |
| Cash, cash equivalents and short-term investments | $ 4,171 | $23,539 |
| Long-term liquid investments | 14,504 | |
| Long-term debt (including current maturities) | 25,000 | 50 |
| Working capital | 22,151 | 41,580 |

</TABLE>

LIQUIDITY AND CAPITAL RESOURCES

Strong operations and the liquidation of net operating assets of McCormick caused the Company's cash and working capital positions to be higher than normal at June 30, 1993. These amounts have since been reduced as expenditures for the distillery expansion in Pekin, as well as other capital improvement projects, have exceeded cash generated from operating activities. Additionally, the Company has used $10.5 million of the $25 million borrowed to fund its expansion program. Increased receivable and inventory levels due to volume increases have also reduced short-term liquidity. In spite of these high cash requirements to fund growth, the Company continued paying dividends to stockholders at a consistent pace.

At June 30, 1994, the Company has amounts remaining to spend under capital improvements projects totaling approximately $22.3 million. As previously discussed, the distillery project at Pekin is proceeding on schedule toward a January, 1995 completion. Additionally, the gluten expansion and new wheat starch facilities at Pekin are expected to come on line in March, 1995, which will increase gluten and starch capacities by 40% and 70%, respectively. Capital improvement projects in Atchison include expansions of the flour mill, wheat starch capacity and wastewater treatment plant.

In August, 1993, the Company borrowed $25 million through the issuance of unsecured fifteen-year senior notes bearing interest at 6.68%. The proceeds from this borrowing have been invested in short-term investments and are fully available to finance the ongoing expenditures. Additionally, the Company obtained an additional $20.0 million line of credit to go along with two already existing lines of credit totaling $5.0 million. There were no borrowings on either line of credit at June 30, 1994.

Midwest Grain Products believes the above borrowings, existing working capital and working capital generated from future operations will allow it to accomplish its plant expansion and expanded working capital needs.

MIDWEST GRAIN PRODUCTS, INC.

Independent Accountants' Report

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

We have audited the accompanying consolidated balance sheets of MIDWEST GRAIN PRODUCTS, INC. as of June 30, 1994 and 1993, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MIDWEST GRAIN PRODUCTS, INC. as of June 30, 1994 and 1993 and the results of its operation and its cash flows for each of the three years in the period ended June 30, 1994, in conformity with generally accepted accounting principles.

As discussed in Notes 6 and 9 to the consolidated financial statements, the Company changed its methods of accounting for income taxes and post-retirement benefits other than pensions, respectively, during fiscal 1993.

/s/ Baird, Kurtz & Dobson
BAIRD, KURTZ & DOBSON

Kansas City, Missouri
August 11, 1994





<TABLE>
<CAPTION> Consolidated Statements of Income
Years Ended June 30, 1994, 1993, and 1992

| | 1994 | 1993 | 1992 |
|---|---|---|---|
| | (In Thousands, Except Per Share Amounts) | | |
| <S> | <C> | <C> | <C> |
| NET SALES (Note 14) | $185,968 | $163,426 | $155,794 |
| COST OF SALES | 148,320 | 130,551 | 127,883 |
| GROSS PROFIT | 37,648 | 32,875 | 27,911 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 12,212 | 10,677 | 9,794 |
| | 25,436 | 22,198 | 18,117 |
| OTHER OPERATING INCOME (EXPENSE)(Note 8) | (669) | (264) | 17 |
| INCOME FROM OPERATIONS | 24,767 | 21,934 | 18,134 |
| OTHER INCOME, NET | 924 | 1,045 | 1,191 |
| INTEREST EXPENSE | 127 | 71 | 93 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 25,564 | 22,908 | 19,232 |
| PROVISION FOR INCOME TAXES (Note 6) | 9,713 | 8,278 | 7,020 |
| INCOME FROM CONTINUING OPERATIONS | 15,851 | 14,630 | 12,212 |
| DISCONTINUED OPERATIONS (Note 14) | | | |
| Income from operations of McCormick Distilling (less applicable income tax) | | 616 | 1,294 |
| Gain on sale of certain assets of McCormick Distilling (less applicable income tax of $604) | | 1,049 | |
| INCOME BEFORE CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE | | 16,295 | 13,506 |
| CHANGE IN ACCOUNTING PRINCIPLE | | | |
| Cumulative effect of change in method of accounting for post-retirement benefits (net of income tax benefit of $1,288) (Note 9) | | (2,241) | |
| Cumulative effect of change in method of accounting for income taxes (Note 6) | | 2,182 | |
| NET INCOME | $ 15,851 | $ 16,236 | $ 13,506 |
| EARNINGS PER COMMON SHARE | | | |
| Continuing operations | $1.62 | $1.50 | $1.25 |
| Discontinued operations | | .17 | .13 |
| Cumulative effect of changes in accounting principles | | (.01) | |
| | $1.62 | $1.66 | $1.38 |

</TABLE>

See Notes to Consolidated Financial Statements

<TABLE>
<CAPTION> Consolidated Balance Sheets
June 30, 1994 and 1993
Assets

| | 1994 | 1993 |
|---|---|---|
| | (In Thousands) | |
| <S> | <C> | <C> |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 3,832 | $ 20,074 |
| Short term investments | 339 | 3,465 |
| Receivables (less allowance for doubtful accounts: 1994-$25; 1993-$25) | 20,457 | 18,005 |
| Notes receivable | 814 | 814 |
| Inventories (Note 2) | 13,229 | 10,873 |
| Prepaid expenses | 576 | 629 |
| Deferred income taxes | 876 | 548 |
| Total Current Assets | 40,123 | 54,408 |
| INVESTMENTS | 14,504 | |
| LONG-TERM RECEIVABLES | 961 | 2,168 |
| PROPERTY AND EQUIPMENT, At cost (Note 3) | 182,446 | 135,761 |
| Less accumulated depreciation | 69,888 | 65,666 |
| PROPERTY AND EQUIPMENT, NET | 112,558 | 70,095 |
| TOTAL ASSETS | $168,146 | $126,671 |

</TABLE>

See Notes to Consolidated Financial Statements





<TABLE>
<CAPTION> Consolidated Balance Sheets
June 30, 1994 and 1993

Liabilities and Stockholders' Equity

| | 1994 | 1993 |
|---|---|---|
| | (In Thousands) | |
| <S> | <C> | <C> |
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt | | $ 50 |
| Accounts payable | $ 8,551 | 5,742 |
| Accrued expenses (Note 4) | 8,189 | 6,797 |
| Income taxes payable | 1,232 | 239 |
| Total Current Liabilities | 17,972 | 12,828 |
| LONG-TERM DEBT (Note 5) | 25,000 | |
| POST-RETIREMENT BENEFITS (Note 9) | 5,045 | 4,267 |
| DEFERRED INCOME TAXES (Note 6) | 5,956 | 6,370 |
| STOCKHOLDERS' EQUITY (Note 5) | | |
| Capital stock (Note 7) | | |
| Preferred, 5% non-cumulative, $10 par value; authorized 1,000 shares; issued and outstanding 437 shares | 4 | 4 |
| Common, no par; authorized 20,000,000 shares; issued and outstanding 9,765,172 | 6,715 | 6,715 |
| Additional paid-in capital | 2,485 | 2,485 |
| Retained earnings | 104,969 | 94,002 |
| TOTAL STOCKHOLDERS' EQUITY | 114,173 | 103,206 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $168,146 | $126,671 |

</TABLE>
See Notes to Consolidated Financial Statements

MIDWEST GRAIN PRODUCTS, INC.

FINANCIAL REVIEW

<TABLE>
<CAPTION> Consolidated Statements of Stockholders' Equity
Years Ended June 30, 1994, 1993, and 1992

| | Preferred Stock | Common Stock | Additional Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| | | | (In Thousands) | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| BALANCE, JUNE 30, 1991 | $4 | $6,715 | $2,485 | $73,782 | $ 82,986 |
| 1992 net income | | | | 13,506 | 13,506 |
| Payment of cash dividends of $.48 per share | | | | (4,639) | (4,639) |
| BALANCE, JUNE 30, 1992 | 4 | 6,715 | 2,485 | 82,649 | 91,853 |
| 1993 net income | | | | 16,236 | 16,236 |
| Payment of cash dividends of $.50 per share | | | | (4,883) | (4,883) |
| BALANCE, JUNE 30, 1993 | 4 | 6,715 | 2,485 | 94,002 | 103,206 |
| 1994 net income | | | | 15,851 | 15,851 |
| Payment of cash dividends of $.50 per share | | | | (4,884) | (4,884) |
| BALANCE, JUNE 30, 1994 | $4 | $6,715 | $2,485 | $104,969 | $114,173 |

</TABLE>

See Notes to Consolidated Financial Statements



MIDWEST GRAIN PRODUCTS, INC.
FINANCIAL REVIEW

<TABLE>
<CAPTION> CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 1994, 1993, and 1992

| | 1994 | 1993 | 1992 |
|---|---|---|---|
| | | (In Thousands) | |
| <S> | <C> | <C> | <C> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net Income | $15,851 | $16,236 | $13,506 |
| Items not requiring (providing) cash | | | |
| Depreciation | 7,160 | 6,201 | 7,236 |
| Gain on sale of assets | (513) | (1,119) | (325) |
| Deferred income taxes | (742) | (677) | (731) |
| Change in accounting principles | | 59 | |
| Changes in: | | | |
| Accounts receivable | (2,452) | (4,861) | (2,888) |
| Inventories | (2,356) | (2,294) | 71 |
| Prepaid expenses | 53 | (107) | (280) |
| Accounts payable | (111) | (1,699) | 1,791 |
| Accrued expenses | 932 | 2,108 | 1,406 |
| Income taxes payable | 993 | (1,087) | (483) |
| Discontinued operations | | 10,414 | 1,344 |
| Net cash provided by operating activities | 18,815 | 23,174 | 20,647 |

| | | | |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property and equipment | (45,690) | (12,190) | (15,020) |
| Proceeds from sale of equipment | 738 | 150 | 516 |
| Proceeds from sale of McCormick Distilling Company net of cash acquired | 1,089 | 5,088 | |
| Change in current and non current investments, net | (11,260) | (2,465) | (1,000) |
| Net cash used in investing activities | (55,123) | (9,417) | (15,504) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Principal payment on long-term debt | (50) | (1,043) | (248) |
| Proceeds from issuance of long-term debt | 25,000 | | |
| Dividends paid | (4,884) | (4,883) | (4,557) |
| Net cash provided by (used in) financing activities | 20,066 | (5,926) | (4,805) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (16,242) | 7,831 | 338 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 20,074 | 12,243 | 11,905 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 3,832 | $20,074 | $12,243 |

</TABLE>

See Notes to Consolidated Financial Statements





Notes to Consolidated Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization. The activities of Midwest Grain Products Inc. and its subsidiaries consist of production of vital wheat gluten, premium wheat starch, alcohol products and flour mill products. The Company sells its products on normal credit terms to customers in a variety of industries located primarily throughout the United States. Through its wholly-owned subsidiaries, the Company operates in Atchison, Kansas and Pekin, Illinois (Midwest Grain Products of Illinois, Inc.). Additionally, Midwest Grain Pipeline, Inc. another wholly-owned subsidiary, supplies natural gas to the Company.

Principles of Consolidation. The consolidated financial statements include the accounts of Midwest Grain Products, Inc. and all subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Inventories. Inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method.

Property and Equipment. Depreciation is computed using both straight-line and accelerated methods over the estimated useful lives of the assets. The Company capitalizes interest costs as a component of construction in progress, based on the weighted average rates paid for long-term borrowing. Total interest incurred each year was:

| | Years Ended June 30, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| | (In Thousands) | | |
| Interest costs capitalized | $1,328 | | |
| Interest costs charged to expense | 127 | $71 | $93 |
| | $1,455 | $71 | $93 |

Earnings Per Common Share. Earnings per common share data is based upon the weighted average number of shares totaling 9,765,172 outstanding for each year.

Cash Equivalents. The Company considers all liquid investments with maturities of three months or less to be cash equivalents and excludes unexpended funds included in investments intended for construction projects.

Investments. Current and non-current investments consist primarily of money market funds and are valued at cost which approximates market.

Income Taxes. Deferred tax liabilities and assets are recognized for the tax effect of the differences between the financial statement and tax basis of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

Reclassification. Certain reclassifications have been made to the 1993 financial statements to conform to the 1994 presentation. These changes had no effect on net income.

NOTE 2: INVENTORIES

Inventories consist of the following:

| | June 30, 1994 | June 30, 1993 |
|---|---|---|
| | (In Thousands) | |
| Whiskey, alcohol, and spirits | $ 3,798 | $3,308 |
| Unprocessed grain | 5,248 | 4,543 |
| Operating supplies | 2,206 | 1,957 |
| Gluten | 1,460 | 661 |
| By-products and other | 517 | 404 |
| | $13,229 | $10,873 |

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:





| | June 30, 1994 | June 30, 1993 |
|---|---|---|
| | (In Thousands) | |
| Land, buildings and improvements | $16,890 | $18,262 |
| Transportation equipment | 7,239 | 3,354 |
| Machinery and equipment | 105,804 | 102,263 |
| Construction in progress | 52,513 | 11,882 |
| | 182,446 | 135,761 |
| Less accumulated depreciation | 69,888 | 65,666 |
| | $112,558 | $ 70,095 |

NOTE 4: ACCRUED EXPENSES

Other accrued expenses consist of the following:

| | June 30, 1994 | June 30, 1993 |
|---|---|---|
| | (In Thousands) | |
| Excise taxes | $ 768 | $1,392 |
| Employee benefit plans (Note 9) | 2,098 | 1,404 |
| Salaries and wages | 1,354 | 1,378 |
| Dividends declared | 1,221 | 1,221 |
| Property taxes | 511 | 429 |

| | | |
|---|---|---|
| Royalties | 441 | 429 |
| Payroll taxes | 48 | 14 |
| Insurance | 1,045 | 489 |
| Interest | 696 | |
| Other expenses | 7 | 41 |
| | $8,189 | $6,797 |

NOTE 5: LONG-TERM DEBT

Long-term debt consists of the following:

| | June 30, 1994 | 1993 |
|---|---|---|
| | (In Thousands) | |
| Senior notes payable | $25,000 | |
| Other | | $50 |
| | 25,000 | 50 |
| Less current maturities | | 50 |
| Long-term portion | $25,000 | $ 0 |

The senior notes payable are payable in annual installments of $2,273,000 from 1999 through 2008 with the final principal payment of $2,270,000 due in 2009. Interest is payable semi-annually at 6.68% per annum for the fifteen-year term of the notes. In connection with the borrowing, the Company, among other covenants, is required to maintain certain financial ratios, including a minimum consolidated tangible net worth of $70,000,000.

At June 30, 1994, the Company had a formal revolving line of credit, with interest at prime minus 1%, amounting to $20.0 million, and two additional lines of credit with interest at prime, amounting to $5.0 million. There were no borrowings on any of the available lines.

The fair value of the senior notes payable debt, based upon the borrowing rate of 8.0% currently available to the Company at June 30, 1994, was $23,700,000.

Aggregate annual maturities of long-term debt at June 30, 1994 are as follows:

| | (In Thousands) |
|---|---|
| 1995 | $ 0 |
| 1996 | 0 |
| 1997 | 0 |
| 1998 | 0 |
| 1999 | 2,273 |
| Thereafter | 22,727 |
| | $ 25,000 |

NOTE 6: INCOME TAXES

Effective July 1, 1992, the Company elected early adoption of Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. The cumulative effect at July 1, 1992 included in the accompanying consolidated statements of income was a $2,182,000 reduction in previously recorded deferred tax liabilities, or $.22 per share. Prior years' financial statements have not been restated to apply the provision of SFAS No. 109.

The provisions for income taxes is comprised of the following:

| | Years Ended June 30, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| | (In Thousands) | | |
| Income taxes currently payable | $10,455 | $9,913 | $8,496 |
| Income taxes deferred | (742) | (677) | (731) |
| | $9,713 | $9,236 | $7,765 |





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The income tax expense is reflected in the accompanying statements of income as follows:

| | Years Ended June 30, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| | (In Thousands) | | |
| Continuing operations | $9,713 | $8,278 | $7,020 |
| Discontinued operations | | | |
| Income from operations | | 354 | 745 |
| Gain on disposal | | 604 | |
| | $9,713 | $9,236 | $7,765 |

The tax effects of temporary differences related to deferred taxes shown on the consolidated balance sheets were as follows:

| | June 30, | |
|---|---|---|
| | 1994 | 1993 |
| | (In Thousands) | |
| Deferred tax assets | | |
| Accrued employee benefits | $ 456 | $ 415 |
| Post-retirement liability | 2,007 | 1,565 |
| Insurance accruals | 415 | 182 |
| Other | 110 | 68 |
| | 2,988 | 2,230 |
| Deferred tax liabilities: | | |
| Accumulated depreciation | (7,564) | (7,520) |
| Deferred gain on involuntary conversion | (504) | (532) |
| | (8,068) | (8,052) |
| Net deferred tax liability | $(5,080) | $(5,822) |

The above net deferred tax liability is presented on the consolidated balance sheets as follows:

| | June 30, | |
|---|---|---|
| | 1994 | 1993 |
| | (In Thousands) | |
| Deferred tax asset - current | $ 876 | $ 548 |
| Deferred tax liability - current | (5,956) | (6,370) |
| Net deferred tax liability | $(5,080) | $ (5,822) |

No valuation allowance has been recorded at June 30, 1994 or 1993.

During 1992, deferred income taxes were provided for timing differences in the recognition of revenue and expense for tax and financial purposes. In 1992, the largest component of deferred taxes was an $8.5 million deferred tax liability resulting from depreciation.

A reconciliation of the provision for income taxes from continuing operations at the normal statutory federal rate to the provision included in the accompanying consolidated statements of income is shown below:

| | Years Ended June 30, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| | (In Thousands) | | |
| "Expected" provision at Federal statutory rate (34%) | $8,694 | $7,790 | $6,539 |
| Increases (decreases) resulting from: | | | |
| Effect of State income taxes | 760 | 871 | 510 |
| Other | 259 | (383) | ( 29) |
| Provision for income taxes | $9,713 | $8,278 | $7,020 |

NOTE 7: CAPITAL STOCK

The Common Stock is entitled to elect four out of the nine members of the Board of Directors of the Company, while the Preferred Stock is entitled to elect the remaining five directors. Holders of Common Stock are not entitled to vote with respect to a merger, dissolution, lease, exchange or sale of substantially all of the Company's assets, or on an amendment to the Articles of Incorporation, unless such action would increase or decrease the authorized shares or par value of the Common or Preferred Stock, or change the powers, preferences or special rights of the Common or Preferred Stock so as to affect the holders of Common Stock adversely.

NOTE 8: OTHER OPERATING INCOME (EXPENSE)

Other operating income (expense) consists of the following:

| | Years Ended June 30, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| | (In Thousands) | | |
| Truck operations | $(88) | $(31) | $29 |
| Warehousing and storage operations | (632) | (328) | (75) |
| Miscellaneous | 51 | 95 | 63 |
| | $(669) | $(264) | $17 |





NOTE 9: EMPLOYEE BENEFIT PLANS

The Company has a noncontributory defined benefit pension plan covering union employees. The plan provides benefits based on the participants' years of service. The Company only contributes amounts deductible for federal income tax purposes.

Pension cost included the following components:

| | Years Ended June 30, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| | (In Thousands) | | |
| Service cost-benefits earned during year | $ 53 | $ 53 | $ 57 |
| Interest cost on projected | | | |

| | | | |
|---|---|---|---|
| benefit obligations | 142 | 136 | 128 |
| Actual investment income earned on plan assets | (83) | (203) | (103) |
| Amortization of transition liability and difference between actual and expected return on plan assets | (28) | 105 | 12 |
| Pension cost | $ 84 | $ 94 | $94 |

The funded status of the plan is as follows:

| | June 30, 1994 | June 30, 1993 |
|---|---|---|
| | (In Thousands) | |
| Accumulated benefit obligations including vested benefits of $1,976 and $1,938 | $1,983 | $1,955 |
| Plan assets at fair value | $1,727 | $1,702 |
| Projected benefit obligations for participants' service rendered to date | 1,983 | 1,955 |
| Projected benefit obligations in excess of plan's assets | (256) | (253) |
| Unrecognized gain (loss) | 21 | (1) |
| Unrecognized prior service cost | 71 | 77 |
| Unrecognized net obligation at July 1, 1987 being recognized over the participants' average remaining service period | 141 | 159 |
| Adjustment required to recognize the minimum liability | (233) | (235) |
| Minimum pension liability | $(256) | $(253) |

Plan assets are invested in cash equivalents, U.S. Government securities, corporate bonds, fixed income funds and common stocks.

The discount rate used in determining the actuarial resent value of the projected benefit obligation was 7.5%. The expected long-term rate of return on the plan's assets was 8.0%.

The Company and its subsidiaries have employee stock ownership plans covering all eligible employees. Discretionary contributions to the plans totaled $1,323,000, $1,163,000 and $1,193,000 for the years ended June 30, 1994, 1993 and 1992, respectively. Contributions are made in the form of cash and/or additional shares of common stock.

The Company and its subsidiaries provide certain health care and life insurance benefits to existing retired employees. The liability for such benefits is unfunded. The Company adopted the accounting provisions of the Statement of Financial Accounting Standards (SFAS) No. 106, "Employer's Accounting for Post-Retirement Benefits Other Than Pensions," during fiscal 1993. This standard requires that the expected cost of retiree health and life insurance benefits be charged to expense during the years that the employees render service rather than the Company's past practice of recognizing these costs on a cash basis.

The cumulative effect of this accounting change reduced net income for the year ended June 30, 1993 by approximately $2.2 million ($3.5 million less related deferred income taxes of $1.3 million), or $.23 per share. The Company elected to record the transition obligation as a one-time charge against earnings rather than amortize it over a longer period. If the 1993 expense had been determined under the cash method previously used, the amount recognized would have been $187,000 before taxes.

The status of the Company's plans at June 30, 1994 and 1993 was as follows:

| | June 30, 1994 | June 30, 1993 |
|---|---|---|
| | (In Thousands) | |
| Accumulated post-retirement benefit obligation: | | |
| Retirees | $2,854 | $2,785 |
| Active plan participants | 2,645 | 2,059 |
| Unfunded accumulated obligation | 5,499 | 4,844 |
| Unrecognized actuarial loss | (454) | (577) |
| Accrued post-retirement benefit cost | $5,045 | $4,267 |

Net post-retirement benefit cost included the following components:

| | June 30, 1994 | June 30, 1993 |
|---|---|---|
| | (In Thousands) | |
| Service cost | $ 153 | $ 115 |
| Interest cost | 388 | 420 |
| Post-retirement benefit cost | $ 541 | $ 535 |

The expense under the cash method previously used was $136,000 for fiscal 1992.

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is assumed to be 13.5% (compared to 14.0% assumed for 1993) reducing to reducing to 11.0 % over five years and 6 % over 23 years. A one percentage point increase in the assumed health care cost trend rate would have increased the accumulated benefit obligation by $480,000 at June 30, 1994 and the service and interest cost by $80,000 for the year then ended.

A weighted average discount rate of 8.0% was used in determining the accumulated benefit obligation.

NOTE 10: MAJOR CUSTOMERS

During the years ended June 30, 1994, 1993 and 1992, the Company had sales to one customer accounting for approximately 14.5 % 13.0 % and 14.5 %, respectively, of consolidated sales.

NOTE 11: OPERATING LEASES

The Company has several noncancellable operating leases for railcars which expire from January, 1995 through November, 2000. The leases generally require the Company to pay all service costs associated with the railcars. Rental payments include minimum rentals plus contingent amounts based on mileage.

Future minimum lease payments at June 30, 1994 are as follows:

| | (In Thousands) |
|---|---|
| 1995 | $ 697 |
| 1996 | 651 |
| 1997 | 596 |
| 1998 | 501 |
| 1999 | 262 |
| Thereafter | 48 |
| Future minimum lease payments | $ 2,755 |

=========

Rental expense for all operating leases with terms longer than one month totaled $532,000, $136,000 and $166,000 for the years ended June 30, 1994, 1993 and 1992, respectively.

NOTE 12: ADDITIONAL CASH FLOW INFORMATION

| | Years Ended June 30, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| | (In Thousands) | | |
| Noncash Investing and Financing Activities | | | |
| Purchase of property and equipment in accounts payable | $ 3,931 | $ 2,045 | $ 100 |
| Notes received from sale of subsidiary | | 4,557 | |
| Dividends declared | 1,221 | 1,221 | 1,221 |
| Additional Cash Information | | | |
| Interest paid | 127 | 67 | 93 |
| Income taxes paid | 9,460 | 10,648 | 8,354 |





NOTE 13: CONTINGENCIES

There are various legal proceedings involving the Company and its subsidiaries. Management considers that the aggregate liabilities, if any, arising from such actions would not have a material adverse effect on the consolidated financial position or operations of the Company.

NOTE 14: SALE OF McCORMICK DISTILLING COMPANY

On December 31, 1992, the Company's wholly-owned subsidiary McCormick Distilling Company, sold its principal operating assets consisting of inventories, property and equipment, trademarks, patents and licenses, to MDC Acquisition Company (now known as McCormick Distilling Company), an independent business formed by a group of private investors. The Company retained accounts receivable and assumed accounts payable while MDC assumed certain accrued liabilities, including excise taxes, of approximately $1.7 million. In addition, the Company received cash of approximately $3.1 million, a $1.6 million 30-day note at prime and a three year note for approximately $3.0 million, collateralized by bulk whiskey, with interest payable at prime. The sale resulted in a gain of $1.0 million after taxes of approximately $600,000.

The three year note receivable had a balance due of approximately $1.5 million at June 30, 1994 and is included in notes receivable in the consolidated balance sheet.

The disposal is being accounted for as a discontinued operation and, accordingly, its operating results are segregated and reported as discontinued operations in the accompanying consolidated statements of income.

Summarized results of operations of McCormick Distilling Company were as follows:

| | Years Ended June 30, 1993 | 1992 |
|---|---|---|
| | (In Thousands) | |
| Results of Operations: | | |
| Net Sales: | | |
| Grain products sales | $ 13,167 | $ 22,970 |
| Excise taxes | 26,133 | 52,542 |
| | 39,300 | 75,512 |
| Income before income taxes | 971 | 2,039 |
| Provision for income taxes | 355 | 745 |
| Income from operations | $ 616 | $ 1,294 |

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED
FROM MIDWEST GRAIN PRODUCTS, INC. CONSOLIDATED STATEMENT OF
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SHEET AS AT JUNE 30, 1994, AND IS QUALIFIED IN ITS ENTIRETY BY
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Exhibit 99

EXHIBIT INDEX

| EXHIBIT NUMBER | DESCRIPTION |
|---|---|
| 3(a) | Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3(a) of the Company's Registration Statement No. 33-24398 on Form S-1). |
| 3(b) | Bylaws of the Company (Incorporated by reference to Exhibit 3(b) of the Company's Registration Statement No. 33-24398 on Form S-1). |
| 4(a) | Copy of Note Agreement dated as of August 1, 1993, providing for the issuance and sale of $25 million of 6.68% term notes ("Term Notes", incorporated by reference to Exhibit 4.1 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993). |
| 4(b) | Copy of Term Notes dated August 27, 1993 (incorporated by reference to Exhibit 4.2 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993). |
| 9(a) | Copy of Cray Family Trust (Incorporated by reference to Exhibit 9(a) of the Company's Registration Statement No. 33-22600 on Form S-4). |
| 10(a) | Summary of informal cash bonus plan (incorporated by reference to the summary contained in the Company's Proxy Statement dated September 12, 1994, which is incorporated by reference into Part III of this Form 10-K). |
| 10(b) | Executive Stock Bonus Plan as amended June 15, 1992 (incorporated by reference to Exhibit 10(b) to the Company's Form 10-K for the year ended June 30, 1992). |
| 10(c) | Information contained in the Midwest Grain Products, Inc. 1994 Annual Report to Stockholders that is incorporated herein by reference. |
| 22 | Subsidiaries of the Company other than insignificant subsidiaries: |

| Subsidiary | State of Incorporation or Organization |
|---|---|
| Midwest Solvents Company of Illinois, Inc. | Illinois |
| Midwest Grain Pipeline, Inc. | Kansas |
| Midwest Grain Products of Illinois, Inc. | Illinois |
| Midwest Purchasing Company, Inc. | Illinois |

| | |
|---|---|
| 25 | Powers of Attorney executed by all officers and directors of the Company who have signed this report on Form 10-K (incorporated by reference to the signature pages of this report). |
| 27 | Midwest Grain Products Financial Data Schedule as at June 30, 1994 and for the year then ended. |