As Filed with the Securities and Exchange Commission on September 12, 1995

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, 1995

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, 1995. 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 August 23, 1995, was $147,475,165.

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. 1995 Annual Report to Stockholders,

pages 17 through 36 [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 5, 1995, dated September 12, 1995 (incorporated into Part III).

MIDWEST GRAIN PRODUCTS, INC.

FORM 10-K

For the Fiscal Year Ended June 30, 1995

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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.

The table below shows the Company's sales from continuing operations by product group for each of the five years ended June 30, 1995, 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.
<TABLE>
<CAPTION>
PRODUCT GROUP SALES

	Year Ended June 30, 1995	1994	1993	1992	1991
	(thousands of dollars)				

	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Vital Wheat Gluten	$49,957	27.7	$ 70,966	38.2	$54,156	33.1	$ 46,941	30.1	$27,833	0.9
Premium wheat starch	23,403	13.0	21,110	11.3	18,423	11.3	17,578	11.3	16,068	12.1
Alcohol Products:										
Food Grade Alcohol										
Beverage Alcohol.......	32,573	18.1	29,536	15.9	27,142	16.6	26,437	17.0	25,994	19.5
Food Grade Industrial..	23,379	13.0	22,585	12.1	17,123	10.5	17,974	11.5	19,391	14.5
Fuel Grade Alcohol	28,120	15.6	19,273	10.4	24,468	15.0	21,069	13.6	15,697	11.8
Alcohol by-products.......	19,583	10.9	18,146	9.8	19,288	11.8	17,791	11.4	17,010	12.8
Total alcohol products.............	103,655	57.5	89,540	48.2	88,021	53.9	83,271	53.5	78,092	58.6
Flour and other mill products	3,237	1.8	4,352	2.3	2,826	1.7	8,004	5.1	11,127	8.4
Net sales................	$180,252	100.0	$185,968	100.0	$163,426	100.0	$155,794	100.0	$133,120	100.0

</TABLE>

During fiscal 1995 the Company completed $96.8 million of expansion programs started in 1992 which have more than doubled the Company's 1991 capacity to produce all of its products. Although the Company expects that it will take a number of years to develop profitable markets for all of the new capacity, management believes that the expanded facilities have

positioned the Company for profitable growth as conditions in the market place improve.

The Company's fiscal 1995 sales declined from the high levels experienced during fiscal 1994 due primarily to lower sales of vital wheat gluten as the result of increased foreign competition and a reduction in market demand compared to the high demand for gluten in the latter half of fiscal 1994. Profitability declined due to the reduced sales of vital wheat gluten, significantly increased grain costs, less efficient distillery operations due primarily to mechanical problems with two new distillers feed dryers and a $5.0 million write off of an old coal fired boiler at the Pekin plant.

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 10 percent of annual sales.

Generally, the Company's sales are not seasonal except for minor variations affecting 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. Certain environmental regulations also favor greater use of ethanol during the winter months of the year. See "Alcohol Products- Fuel Grade Alcohol."

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 24 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 35% of fiscal 1995 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 Company's principal competitors in the U.S. vital wheat gluten market consist of two other domestic producers and a number of foreign importers. A fourth domestic producer is expected to enter the market in the fourth calendar quarter of 1995 through a new gluten and wheat starch production facility that is being constructed in western Kansas. Foreign exporters 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 1995 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, its production capacity 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 decreased by $21.0 million during fiscal 1995 from the high levels of fiscal 1994, due to reduced marketing opportunities resulting from significantly increased European gluten imports which began during the second half of calendar 1994. The high level of fiscal 1994 Gluten sales resulted from a worldwide shortage of gluten due to poor quality, low protein-yielding wheat following the extremely wet weather in the spring and summer of 1993.

The substantial increase in European gluten imports that the Company experienced during the last half of fiscal 1995, and that are continuing into fiscal 1996, are due to sizable increases in European capacity to produce starch and gluten, high subsidies that enable the sale of excess European gluten in the U.S. at low prices and low U.S. tariffs on that gluten. The Company and the United States Wheat Gluten Council are engaged in a variety of legislative and other initiatives to create a more competitive environment in the United States for the European producers. However, no assurances can be given with respect to when or whether any of such initiatives will meet with success.

During fiscal 1995 the Company substantially completed the construction of new wheat gluten production facilities at the Pekin Illinois plant. The expansion will increase the Company's total gluten capacity by approximately 40%. That project, together with other gluten expansion projects that were completed at the Atchison facilities during 1993 and 1994, have approximately doubled the gluten capacity that was available at June 30, 1991. However, due to the unusually high gluten imports from Europe that were continuing at the end of fiscal 1995, and unusually high grain costs, the Company does not expect to immediately use the increased capacity.

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 1995 by approximately $2.3 million, due primarily to higher volumes and increased sales of modified wheat starches. The volume increases reflect a nearly full utilization of increased starch production capacity installed at the Atchison facility in fiscal 1992 and 1993.

During June, 1995, the Company completed the construction of a new starch production facility at the Pekin plant. Previously that Plant was equipped only to produce gluten, alcohol and alcohol byproducts. The expansion is expected to increase total starch production capacity by 70%, enable the Company to satisfy customers' wheat starch needs from two locations and permit the Pekin plant to capitalize on the concurrent expansion of its gluten and alcohol production facilities.

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 food grade alcohol, fuel grade alcohol, animal feed and carbon dioxide.

Food grade alcohol, or grain neutral spirits, consists of beverage alcohol and industrial food grade alcohol that are distilled to remove all impurities and all but approximately 5% of the water content to yield high quality 190 proof alcohol. Fuel grade alcohol, or "ethanol," is a lower grade of grain alcohol that is distilled to remove all water to yield 200 proof alcohol suitable for blending with gasoline.

Food Grade Alcohol

Beverage Alcohol. Food grade beverage alcohol consists primarily of grain neutral spirits and gin. 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 1995 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 and the capacity of its dual production facilities combine to provide the Company with a customer service advantage that is unique within the industry.

Food Grade Industrial Alcohol. Food grade alcohol which is not sold as beverage alcohol is marketed as food grade industrial alcohol. 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. 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 Philip 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 alcohol, which is dominated by petroleum-based or synthetic alcohol. Food grade industrial alcohol prices are normally consistent with prices for synthetic industrial alcohol.

Food grade alcohol sales increased by approximately $3.8 million during fiscal 1995 due primarily to volume increases in the sale of beverage alcohol. Those increases were primarily due to increased demand and the availability of increased capacity derived from the distillery expansion at the Pekin plant.

Fuel Grade Alcohol

Fuel grade alcohol, which is commonly referred to as ethanol, is sold primarily for blending with gasoline to increase the oxygen and octane levels of the gasoline. As an octane enhancer, ethanol can serve as a substitute for lead and petroleum based octane enhancers. As an oxygenate, ethanol permits gasoline to meet certain environmental regulations and laws that regulate air quality by reducing carbon monoxide, hydrocarbon particulate and other toxic emissions generated from the burning of gasoline ("toxics"). Because ethanol is produced from grain, a renewable resource, it also provides a fuel alternative that tends to reduce the country's dependence on foreign oil.

Although ethanol can be blended directly with gasoline as an oxygenate to enable it to reduce toxic air emissions, it also increases the volatility of gasoline or its tendency to evaporate and release volatile organic compounds ("VOC's"). This latter characteristic has precluded it from meeting certain clean air act requirements for gasoline that pertain to nine of the smoggiest US metropolitan areas during the summer months (May 1 through September 15). Although in certain circumstances this makes it difficult for ethanol to compete with the two other principal oxygenates, methyl tertiary butyl ether ("MTBE") and ethyl tertiary butyl ether ("ETBE"), ethanol is a principal ingredient of ETBE, and therefore it is expected to be increasingly used in the production of ETBE to meet clean air regulations and laws.

The cost of producing ethanol has historically exceeded the cost of producing gasoline and gasoline additives, such as MTBE, all of which are derived from fossil non-renewable fuels such as petroleum. Accordingly, to encourage the production of ethanol for use in gasoline, the Federal government and various states have enacted tax and other incentives designed to make ethanol competitive with gasoline and gasoline additives. Under the internal revenue code, and until October 1, 1999, gasoline that has been blended in qualifying proportions with ethanol provide sellers of the blend with certain income tax credits and excise tax reductions that amount to up to $0.54 per gallon of ethanol that is mixed with the gasoline. A mix of at least 10% ethanol by volume is required to receive the maximum credit. In August the department of Treasury issued a ruling which extends these tax benefits to producers of ETBE. Although the

Federal tax benefits are not directly available to the Company, they allow it to sell its ethanol at prices competitive with less expensive additives and gasoline. From time to time legislation is proposed to eliminate or reduce the tax benefits enjoyed by the ethanol industry, and indirectly by producers of the grain that is converted into ethanol. Producers of MTBE are also contesting the recent DOT ruling that subsidizes ethanol used in ETBE. No assurance can be given that such proposals and complaints will not be successful or that Congress will continue the current subsidies beyond September 30, 1999.

The Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund, which expires in 1999, provides incentives for sales of ethanol produced in Kansas to gasoline blenders. Fiscal 1995 payments to the Company out of the fund totaled $355,000 for the ethanol produced by the Company at the Atchison plant during that year. A few other states offer ethanol blending incentives, which, in the aggregate, did not materially add to the Company's ethanol revenues during fiscal 1995.

The Fuel grade alcohol market is dominated by Archer Daniels Midland. In recent years other competitors have significantly increased domestic fuel grade alcohol distillation capacity with even more capacity expected during 1996. During fiscal 1995 the Company more than tripled its fuel grade alcohol production capacity through the expansion of its distillery operations at the Pekin plant. As a consequence, it moved from a very small competitor in the fuel grade market to the smaller of a few other larger second tier ethanol producers. The Company competes with other producers of fuel grade alcohol on the basis of price and delivery service. Fuel alcohol prices traditionally follow the movement of gasoline prices.

During fiscal 1995 sales of Fuel Grade Alcohol increased by 46% or approximately $8.8 million. The increase was due primarily to the additional capacity that was made available at the Pekin plant. However, the extent of the increase was negatively impacted by mechanical problems with the new distillers feed drying equipment, which is expected to be resolved during the second quarter of fiscal 1996. Fuel grade alcohol operations for fiscal 1995 were also adversely affected by unusually high grain costs and the reversal of an EPA ruling that had mandated the use of ethanol in the new reformulated gasoline program mandated by the Clean Air Act amendments of 1990.

Alcohol By-Products

The bulk of fiscal 1995 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 other distillers of alcohol as well as a number of other producers of animal food additives in the sale of distillers feeds and mill feeds. The 1995 expansion of the distillery at the Pekin plant approximately doubled the capacity of the Company to produce distillers feeds. Although unit production of distillers feeds increased during 1995, the extent of the increase was negatively impacted by mechanical problems with the new feed dryers that have been installed at the Pekin plant. As indicated above, the repairs on those dryer are expected to be completed during the second quarter of fiscal 1996.

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 liquefied 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 liquefied gas is resold by these processors to a variety of industrial customers and producers of carbonated beverages.

Flour and Other Mill Products

The Company owns and operates a flour mill at the Atchison plant. 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 mill. The second phase of the expansion was completed during the first quarter of fiscal 1995. The entire project has increased 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 have been added to the Pekin plant.

In addition to flour, the wheat milling process 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 1991 due to the increased usage of the flour mill's output for the production of other grain products.

Transportation

The Company's output is transported to customers by truck, rail and barge transportation equipment, most of which is provided by common carriers through arrangements made by the Company. The Company leases 241 rail cars which may be dispatched on short notice. Shipment by barge is 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. Previously the Company owned and operated a fleet of 32 tank and van trailers and 12 truck-tractors. The bulk of that equipment was sold and all of the related trucking operations were dissolved during fiscal 1995.

Income from discontinued 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. During fiscal 1995 and continuing into fiscal 1996 wheat, corn and milo prices increased to unusually high levels in the face of intense competition from foreign exporters of vital wheat gluten and relatively flat markets for fuel grade ethanol and poor markets for distillers feeds. The combination of these factors have significantly restricted the ability of the company to adjust the price of its gluten, fuel grade alcohol and distillers feeds to compensate for the high grain costs. The Company is responding to these circumstances by shifting as much of its production as is possible to starch and food grade alcohol production, by restricting the production of gluten and fuel grade alcohol and through the implementation of other cost-cutting measures.

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 began during 1995 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.

All 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. 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 entered into a long-term arrangement in 1995 with an Illinois utility to satisfy the energy needs of the entire plant with a new gas fired plant. Under the arrangement, the utility constructed at the Pekin plant on ground leased from the Company a gas powered electric and steam generating facility. The utility sells to the Company steam and electricity, generally at fixed rates, using gas procured by the Company. The old steam and electrical generating equipment is being kept as an emergency standby, most of which was written off at the end of fiscal 1995 through charges of approximately 5.0 million.

Employees

As of June 30, 1995, the Company had 429 employees, 290 of whom are covered by three collective bargaining agreements with two labor unions. The collective bargaining agreements expire on various dates from October 31. 1995, through August 30, 1996. As of June 30, 1994, the Company had 460 employees. The 6.5% decline in employees resulted primarily from the dissolution of the Company's trucking operations in fiscal 1995. Although the Company has expanded significantly the capacities of its plants, it does not expect operations of the expanded facilities to necessitate significant expansions in its work force.

During fiscal 1995, the Company reduced compensation expense for non-union personnel, including managers and executives by over $2.0 million through major reductions in its annual cash bonus program, a decision to not implement the executive stock bonus program and through reduced contributions to the Company's non-union Employee Stock Ownership Plans. These reductions were primarily attributable to the decline in the

Company's operating results for the year.

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.	462,926	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. Although none are subject to any major encumbrance, the Company has entered into loan agreements which contain covenants against the pledging of such facilities to others. 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, 1995. 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 6, 1994.

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 1995 and 1994:

	Quarterly Cash Dividends	Sales Price High	Sales Price Low
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		
1995:			
First Quarter	$ .125	$36.25	$27.25
Second Quarter	.125	28.50	22.50
Third Quarter	.125	24.00	17.00
Fourth Quarter	.125	18.75	17.00
	$ .50		

At June 30, 1995, 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.	72	Chairman of the Board and Director
Laidacker M. Seaberg	49	President, Chief Executive Officer and Director
Sukh Bassi, Ph.D.	54	Vice President - Vital Wheat Gluten Marketing, Research and Development and Corporate Technical Director
Robert G. Booe	58	Vice President - Administration, Controller, Treasurer and Chief Financial Officer
Norma C. Ewbank	61	Secretary
Gerald Lasater	57	Vice President - Wheat Starch Marketing
Raymond Miller	61	Vice President - Purchasing and Energy and President of Midwest Grain Pipeline, Inc.
Anthony J. Petricola	59	Vice President - Engineering
Randy M. Schrick	45	Vice President - Operations and Director
Robert L. Swaw	65	Vice President - Alcohol Marketing
Michael Braude	59	Director
Richard J. Bruggen	69	Director
F.D. "Fran" Jabara	70	Director
Tom MacLeod, Jr.	47	Director
Robert J. Reintjes	63	Director
Eleanor B. Schwartz, D.B.A.	58	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. 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. Swaw joined the Company in 1989. He has served as Vice President-Alcohol Marketing since September 1, 1995. Previously he was sales manager of the Company's industrial alcohol division. Before joining the Company, Mr. Swaw was general manager for the bulk alcohol division of Sofecia, S.A. and general sales manager with Publicker Industries in Philadelphia.

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. Braude is a director of Country Club Bank, Kansas City, Missouri and National Futures Association, a member and immediate Past Chairman of the National Grain Trade Council and a trustee of the University of Missouri-Kansas City and of Midwest Research Institute

Mr. Jabara has been a director since October 6, 1995, and is a member of the Audit and Nominating Committees. He is President of Jabara Ventures Group, a venture capital firm. From September 1949 to August 1989 he was a distinguished professor of business at Wichita State University, Wichita, Kansas. He is also a

director of Commerce Bank, Wichita, Kansas and NPC International, Inc., an operator of numerous Pizza Hut and other quick service restaurants throughout the United States.

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. He is a director of Butler Manufacturing Company, a manufacturer of pre-engineered buildings, and Commerce Bank of Kansas City.

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. She is a Trustee of Midwest Research Institute and a director of Country Club Bank and ANUHCO, Inc.

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	1997	Mr. Cray, Jr.	1995
Mr. MacLeod	1995	Mr. Reintjes	1995
Dr. Schwartz	1996	Mr. Braude	1997
Mr. Jabara	1997	Mr. Schrick	1996
		Mr. Seaberg	1996

Item 11. Executive Compensation.

Incorporated by reference to the information under "Executive Compensation" on pages 6 through 10 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 10 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, 1995 and 1994.
Consolidated Statements of Income - for the Three Years Ended June 30, 1995, 1994 and 1993.
Consolidated Statements of Stockholders Equity for the Three Years Ended June 30, 1995, 1994 and 1993.
Consolidated Statements of Cash Flow - for the Three Years Ended June 30, 1995, 1994 and 1993.
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:
VIII - Valuation and Qualifying Accounts

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).
4(c)	Copy of First Amended Line of Credit Loan Agreement providing for the Issuance of a Line of Credit Note in the amount of $20,000,000 (incorporated by reference to Exhibit 4.(a) to the Company's Report on Form 10-Q for the quarter ended March 31, 1995.
4(d)	Copy of Line of Credit Note Under First Amended Line of Credit Loan Agreement (incorporated by reference to Exhibit 4.(a) to the Company's Report on Form 10-Q for the quarter ended March 31, 1995).
9(a)	Copy of Cray Family Trust (Incorporated by reference to Exhibit 1 of Amendment No. 1 to Schedule 13D of Cloud L. Cray, Jr. dated November 17, 1995).
10(a)	Summary of informal cash bonus plan (incorporated by reference to the summary contained in the Company's Proxy Statement dated September 12, 1995, 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.1995 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, 1995 and for the year then ended.

No reports on Form 8-K have been filed during the quarter ended June 30, 1995.

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 11th day of September, 1995.

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 Laidacker M. Seaberg	President (Principal Executive Officer) and Director	September 11, 1995
s/ Robert G. Booe Robert G. Booe	Vice President, Treasurer and Controller (Principal Financial and Accounting Officer)	September 11, 1995
s/ Michael Braude Michael Braude	Director	September 11, 1995
s/ Richard J. Bruggen Richard J. Bruggen	Director	September 11, 1995
s/ Cloud L. Cray, Jr. Cloud L. Cray, Jr.	Director	September 11, 1995
s/ F D Jabara F. D. "Fran" Jabara	Director	September 11, 1995
s/ Tom MacLeod	Director	

Tom MacLeod, Jr.   September 11, 1995

s/ Robert J. Reintjes
--------------------- Director
Robert J. Reintjes   September 11, 1995

s/ Randy M. Schrick
--------------------- Director September 11, 1995
Randy M. Schrick

s/ Eleanor B. Schwartz
--------------------- Director September 11, 1995
Eleanor B. Schwartz

MIDWEST GRAIN PRODUCTS, INC.

Consolidated Financial Statement Schedules
(Form 10-K)

June 30, 1995, 1994 and 1993

(With Auditors' Report Thereon)

[LOGO]

Baird, Kurtz & Dobson
Certified Public Accountants

Report of Independent Accountants

on Financial Statement Schedule

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, 1995, we have also audited the following financial statement schedule. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits of the basic financial statements. The schedule is presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and is not a required part of the consolidated financial statements.

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

S/BAIRD, KURTZ & DOBSON

Kansas City, Missouri
August 4, 1995

City Center Square, Suite 2700, 1100 Main, 816 221-6300
Kansas City, Missouri 64105 FAX 816 221-6380

With Offices in: Arkansas, Colorado, Kansas, Kentucky, Missouri, Nebraska, Oklahoma
Member of Moores Rowland International

VIII. VALUATION AND QUALIFYING ACCOUNTS

	Balance, Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions Write-Offs	Balance, End of Period
	(In Thousands)				
Year Ended June 30, 1995 Allowance for doubtful accounts	$25	$101		$41	$85
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

Exhibt 10(c)

SELECTED FINANCIAL INFORMATION

	YEARS ENDED JUNE 30,				
	1995	1994	1993	1992	1991
	(In Thousands, Except Per Share Amounts)				
INCOME STATEMENT DATA:					
NET SALES	$180,252	$185,968	$163,426	$155,794	$133,120
COST OF SALES	159,149	148,320	130,551	127,883	108,963
GROSS PROFIT	21,103	37,648	32,875	27,911	24,157
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,553	12,212	10,677	9,794	8,083
OTHER OPERATING INCOME (EXPENSE)	(107)	(669)	(264)	17	135
INCOME FROM OPERATIONS	10,443	24,767	21,934	18,134	16,209
OTHER INCOME (LOSS), NET	(4,225)	924	1,045	1,191	501
INTEREST EXPENSE	606	127	71	93	123
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	5,612	25,564	22,908	19,232	16,587
PROVISION FOR INCOME TAXES	2,273	9,713	8,278	7,020	5,977

INCOME FROM CONTINUING OPERATIONS	3,339	15,851	14,630	12,212	10,610
DISCONTINUED OPERATIONS			1,665	1,294	530
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	$ 3,339	$ 15,851	$ 16,236	$ 13,506	$ 11,140
EARNINGS PER COMMON SHARE					
Continuing operations	$.34	$1.62	$1.50	$1.25	$1.09
Discontinued operations			.17	.13	.05
Cumulative effect of changes in accounting principles			(.01)		
	$.34	$1.62	$1.66	$1.38	$1.14
Cash dividends per common share	$.50	$.50	$.50	$.48	$.47
Weighted average common shares outstanding	9,765	9,765	9,765	9,765	9,765
BALANCE SHEET DATA:					
Working capital	$ 26,955	$ 21,951	$ 41,580	$ 37,021	$ 36,928
Total Assets	$176,749	$168,146	$126,671	$115,626	$109,690
Long-term debt, less current maturities	$ 38,908	$ 25,000		$50	$ 1,093
Stockholders' equity	$112,628	$114,173	$103,206	$ 91,853	$82,986

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:

	PERCENTAGE OF NET SALES YEARS ENDED JUNE 30			PERCENTAGE INCREASE (DECREASE)	
	1995	1994	1993	FISCAL 1995 OVER 1994	FISCAL 1994 OVER 1993
Net Sales	100.0%	100.0%	100.0%	(3.1%)	13.8%
Cost of sales	88.3	79.8	79.9	7.3	13.6
Gross profit	11.7	20.2	20.1	(43.9)	14.5
Selling, general and administrative expenses	5.8	6.6	6.5	(13.6)	14.4
Other operating income (loss)	(.1)	(.3)	(.2)	84.0	(153.4)
Income from operations	5.8	13.3	13.4	(57.8)	12.9
Other income (expense)	(2.7)	.4	.6	(706.1)	(18.2)
Income from continuing operations before income taxes	3.1	13.7	14.0	(78.0)	11.6
Provision for income taxes	1.2	5.2	5.1	(76.6)	17.3
Income from continuing operations	1.9	8.5	8.9	(78.9)	8.3

FISCAL 1995 COMPARED TO FISCAL 1994

The Company's sales and earnings in fiscal 1995 declined significantly compared to these same results in fiscal 1994. Lower unit sales of vital wheat gluten combined with reduced efficiencies associated with the start-up of new distillery equipment at the Company's Pekin, Illinois plant were principal causes for the decrease.

The drop in wheat gluten volume resulted from reduced marketing opportunities due to increased gluten imports from Europe. The high unit sales of wheat gluten which the Company experienced in the latter half of fiscal 1994 resulted from an exceptionally large increase in demand during that period. This situation was caused by a worldwide shortage of gluten due to poor quality, low protein-yielding wheat. After a return to more normal crop conditions during the summer of 1994, the U.S. market began experiencing a substantial rise in imported wheat gluten from the European Union, where wheat starch and gluten capacities underwent sizeable increases. Profits from their

highly subsidized and protected wheat starch business have allowed European producers to easily place their gluten surpluses in the United States market.Low U.S. tariff rates on wheat gluten provide little deterrence to this practice, while high tariffs in Europe effectively prohibit non-European Union member countries from competing in the wheat gluten and wheat starch markets there.

Although the Company is actively seeking measures that would create a more level playing field, gluten imports from Europe have continued to steadily flow into this country. Because of this situation, and due to higher per bushel costs for wheat, the Company does not expect to immediately begin utilizing the 40% increase in gluten production capacity which was added at the Pekin plant late this summer. However, plans are to shift production from the Pekin plant's older gluten processing equipment to the new, more efficient equipment until market conditions require that more of the total capacity be utilized.

The Company's unit sales of alcohol products in fiscal 1995 were up significantly compared to the prior year's amount. Substantial increases occurred in unit sales of both fuel grade alcohol, which is sold as an octane additive and oxygenate commonly known as ethanol, and food grade alcohol, which is sold for beverage, industrial and commercial applications. The increase in the food grade category resulted from higher unit sales of beverage alcohol, which more than offset a slight decrease in industrial alcohol volume. That decrease resulted in a change in the Company's alcohol production mix in the second and third quarters, which was required to satisfy heightened customer needs in the fuel market during those periods. Demand in the food grade markets remains strong. The Company's ability to meet this demand has been enhanced by the availability of additional production capacity at its Pekin plant. Future growth opportunities are also expected to occur in the fuel grade alcohol market, but at a more gradual rate than previously anticipated due to the reversal this past spring of an Environmental Protection Agency regulation requiring that renewable fuel oxygenates such as grain-based ethanol play a larger role in satisfying future Clean Air Act requirements in certain areas of the country.

Designed to substantially increase Midwest Grain's total alcohol production capacity, the distillery expansion was scheduled to be on line by January, 1995. However, the completion was delayed by unanticipated mechanical equipment problems with two new distillery feed dryers. At the end of the third quarter of fiscal 1995, intermediate repairs to the dryers were completed by the equipment supplier. Final repairs to the equipment are expected to be completed early in the second quarter of fiscal 1996, substantially improving production capabilities. However, due to depressed market prices and increased grain costs, the Company expects to minimize its production of fuel grade alcohol until more favorable conditions materialize.

The Company's unit sales of wheat starch in fiscal 1995 rose considerably above the prior year's level. The increase resulted mainly from higher volumes of modified wheat starches which are sold in a variety of special market niches. A 70% increase in wheat starch production capacity, that was originally slated for completion at the Pekin plant toward the end of the third quarter of

fiscal 1995, was delayed until the end of the fourth quarter. The postponement was in part due to the delay in the distillery expansion. With the additional wheat starch capacity now available, the Company's ability to satisfy current and future demand for modified and unmodified wheat starch is greatly enhanced.

While the Company believes unfavorable conditions, namely reduced efficiencies, intense foreign competition and higher raw material costs for grain, will continue to have negative impact on results during the first part of fiscal 1996, it expects gradual improvements to occur from its projected higher capacities, assuming an improvement in market conditions and a continuation of strong demand for its food grade alcohol products and wheat starch. Additionally, in response to the unfavorable conditions, the Company is implementing measures to reduce costs and improve cash flow.

Net sales in fiscal 1995 decreased by approximately $5.7 million below sales in fiscal 1994. The decrease was principally due to lower sales of vital wheat gluten, which fell nearly 30% as the result of increased foreign competition and a reduction in market demand compared to the extraordinary demand experienced in the latter half of fiscal 1994. A 16% increase in sales of alcohol products compared to the prior year principally resulted from a significant jump in fuel alcohol volume. Sales of distillers feeds, a by-product of the alcohol production process, rose modestly compared to feed sales in 1994. A continued increase in sales of modified wheat starches pushed total wheat starch sales approximately 11% above the prior year's level.

Changes 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. Prices for food grade alcohol for beverage applications normally follow the movement of corn prices, while prices for food grade alcohol for industrial and commercial applications are normally consistent with prices for industrial alcohol derived from synthetic products such as petroleum.

During fiscal 1995 and continuing into fiscal 1996, grain costs increased to unusually high levels in the face of intense competition from foreign exporters of vital wheat gluten and relatively flat markets for fuel grade ethanol and poor markets for distillers feeds. The combination of these factors have significantly restricted the ability of the Company to adjust the price of its gluten, fuel grade alcohol and distillers feeds to compensate for the high grain costs.

The cost of sales in fiscal 1995 rose by approximately $10.8 million above cost of sales in fiscal 1994. Principal causes were increased raw material costs for grain, a $2.6 million increase in maintenance and repair costs and a $2.2 million increase in energy costs. The higher maintenance and repair costs were mainly due to work associated with the distillery expansion at the Company's Pekin plant. The higher energy and raw material costs resulted mainly from increased alcohol production, which was made possible by the distillery

expansion in the second half of fiscal 1995, and increased grain prices. Other manufacturing cost increases were due to higher costs for chemicals and additives resulting from increased production of modified wheat starches, and depreciation of buildings and equipment.

Selling, general and administrative expenses in fiscal 1995 were down approximately $1.7 million compared to the prior year. This principally was due to a decrease of approximately $2 million in the Company's management and employee incentive programs as a result of the decline in the company's earnings performance. These reductions helped to more than offset increases which were incurred generally throughout the remainder of the expense categories.

Other income in fiscal 1995 was down approximately $5.1 million compared to the prior year. This resulted primarily from a non-recurring write-off for the remaining book value of an inactive coal-fired boiler in the fourth quarter amounting to $5.0 million. This write-off was made after negotiations with a local utility culminated in 15- and 7- year fixed pricing agreements for steam heat and electricity, respectively, with the option to renew the steam heat agreement for an additional 19 years.

The consolidated effective income tax rate increased as a result of state tax rates.

The general effects of inflation were minimal.

As the result of the foregoing factors, the Company realized net income of $3,339,000 in fiscal 1995 compared to net income of $15,851,000 in fiscal 1994.

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 unusually wet weather and floods in the Midwest in the Summer of 1993. 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 grade 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 began to subside after the end of fiscal 1994 due to improved crop conditions throughout the Midwest generally. However, because the higher quality wheat from the 1994 harvest required that less gluten be used to fortify flour, demand for gluten decreased somewhat. Additionally, the Company began experiencing 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.

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 the 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 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. 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 milo. 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 unusually wet weather and record floods in the Midwest. The remainder of the increase was experienced generally throughout the expense categories.

Pre-tax income for fiscal 1994 increased by approximately 11.6% 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.

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 of 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, 1995 and 1994.

	Quarter Ending				
	Sept. 30	Dec. 31	March 31	June 30	Total
	(In Thousands Except Per Share Amounts)				
Fiscal 1995					
Sales	$45,984	$44,488	$42,005	$47,775	$180,252
Gross Profit	7,650	6,734	2,973	3,746	21,103
Net Income (Loss)	2,756	2,237	298	(1,952)	3,339
Earnings (Loss) Per Share	.28	.23	.03	(.20)	.34
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 (Loss)	1,093	3,187	6,084	5,487	15,851
Earnings (Loss) Per Share	.11	.33	.62	.56	1.62

Liquidity and Capital Resources

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

	At June 30,	
	1995	1994
	(In Thousands)	
Cash, cash equivalents and short-term investments	$460	$3,832
Long-term liquid investments		14,504
Long-term debt	38,908	25,000
Working capital	26,955	21,951

The Company has expended almost $85 million in the past two years toward its significant capital improvement projects while incurring long-term debt of $38.9 million. Cash generated from operating activities and cash received from the disposal of McCormick Distilling Company were also used to fund the plant expansion, thus reducing short-term liquidity. An additional $5.8 million was needed at June 30, 1995 to make final payments against the project and to fund other normal capital needs expected through fiscal 1996.

At June 30, 1995, the Company had $10.0 million available under existing long-term lines of credit, $2.0 million under short-term lines of credit which expire in fiscal 1996, and approximately $27.0 million of working capital.

Management believes the available lines of credit, existing working capital and working capital to be generated from future operations will allow the Company to complete its ongoing capital improvement projects and meet expanded working capital needs.

INDEPENDENT ACCOUNT'S 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, 1995 and 1994, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 1995. 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 financial position of Midwest Grain Products, Inc. as of June 30, 1995 and 1994, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 1995, in conformity with generally accepted accounting principles.

As discussed in Notes 6 and 10 to the consolidated financial statements, the Company changed its methods of accounting for income taxes and post-retirement benefits other than pensions during fiscal 1993.

S/BAIRD, KURTZ & DOBSON
BAIRD, KURTZ & DOBSON

Kansas City, Missouri

August 4, 1995

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED JUNE 30, 1995, 1994 AND 1993

	1995	1994	1993
	(In Thousands, Except Per Share Amounts)		
NET SALES (Note 15)	$ 180,252	$ 185,968	$ 163,426
COST OF SALES	159,149	148,320	130,551
GROSS PROFIT	21,103	37,648	32,875
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,553	12,212	10,677
	10,550	25,436	22,198
OTHER OPERATING INCOME (EXPENSE) (Note 8)	(107)	(669)	(264)
INCOME FROM OPERATIONS	10,443	24,767	21,934
OTHER INCOME (LOSS), NET (Note 9)	(4,225)	924	1,045
INTEREST EXPENSE	606	127	71
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	5,612	25,564	22,908
PROVISION FOR INCOME TAXES (Note 6)	2,273	9,713	8,278
INCOME FROM CONTINUING OPERATIONS	3,339	15,851	14,630
DISCONTINUED OPERATIONS (Note 15)			
Income from operations of McCormick Distilling (less applicable income tax)			616
Gain on sale of certain assets of McCormick Distilling (less applicable income tax)			1,049
INCOME BEFORE CHANGE IN ACCOUNTING PRINCIPLE			16,295
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 10)			(2,241)
Cumulative effect of change in method of accounting for income taxes (Note 6)			2,182
NET INCOME	$ 3,339	$ 15,851	$ 16,236
EARNINGS PER COMMON SHARE			
Continuing operations	$ .34	$ 1.62	$ 1.50
Discontinued operations			.17
Cumulative effect of changes in accounting principles			(.01)
	$ .34	$ 1.62	$ 1.66

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS
JUNE 30, 1995 AND 1994

ASSETS

	1995	1994
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 460	$ 3,832
Receivables (less allowance for doubtful accounts; 1995 - $85; 1994 - $25)	21,550	20,457
Notes receivable	919	814
Inventories (Note 2)	14,690	13,229
Prepaid expenses	560	715
Deferred income taxes (Note 6)	875	876
Income taxes receivable	2,338	
Total Current Assets	41,392	39,923
INVESTMENTS		14,504
PROPERTY AND EQUIPMENT, At cost (Note 3)	206,336	182,446
Less accumulated depreciation	71,424	69,888
PROPERTY AND EQUIPMENT, NET	134,912	112,558

OTHER ASSETS	445	1,161
TOTAL ASSETS	$176,749	$168,146

LIABILITIES AND STOCKHOLDERS' EQUITY

	1995	1994
	(In Thousands)	
CURRENT LIABILITIES		
Accounts payable	$ 7,807	$ 8,551
Accrued expenses (Note 4)	6,630	8,189
Income taxes payable		1,232
Total Current Liabilities	14,437	17,972
LONG-TERM DEBT (Note 5)	38,908	25,000
POST-RETIREMENT BENEFITS (Note 10)	5,449	5,045
DEFERRED INCOME TAXES (Note 6)	5,327	5,956
STOCKHOLDERS' EQUITY (Note 4)		
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	103,424	104,969
TOTAL STOCKHOLDERS' EQUITY	112,628	114,173
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$176,749	$168,146

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED JUNE 30, 1995, 1994 AND 1993

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
(In Thousands)					
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
1995 net income				3,339	3,339
Payment of cash dividends of $.50 per share				(4,884)	(4,884)
BALANCE, JUNE 30, 1995	$4	$6,715	$2,485	$103,424	$112,628

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1995, 1994 AND 1993

	1995	1994	1993
	(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$3,339	$15,851	$16,236
Items not requiring (providing) cash:			
Depreciation	8,681	7,160	6,201
(Gain) loss on sale of assets	4,696	(513)	(1,119)
Deferred income taxes	(628)	(742)	(677)
Changes in accounting principle			59
Discontinued operations			10,414
Changes in:			
Accounts receivable	(1,198)	(2,452)	(4,861)
Inventories	(1,461)	(2,356)	(2,294)
Accounts payable	1,780	(111)	(1,699)
Income taxes (receivable) payable	(3,570)	993	(1,087)

Other	(929)	985	2,001
Net cash provided by operating activities	10,710	18,815	23,174
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	(38,870)	(45,690)	(12,190)
Proceeds from sale of equipment	615	738	150
Proceeds from sale of McCormick Distilling Company net of cash sold	645	1,089	5,088
Change in current and non-current investments, net	14,504	(11,260)	(2,465)
Net cash used in investing activities	(23,106)	(55,123)	(9,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on long-term debt		(50)	(1,043)
Proceeds from issuance of long-term debt		13,908	25,000
Dividends paid	(4,884)	(4,884)	(4,883)
Net cash provided by (used in) financing activities	9,024	20,066	(5,926)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,372)	(16,242)	7,831
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,832	20,074	12,243
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 460	$3,832	$20,074

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 by-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,		
	1995	1994	1993
	(In Thousands)		
Interest costs capitalized	$1,570	$1,328	
Interest costs charged to expense	606	127	$71
	$2,176	$1,455	$71

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.

INVESTMENTS. Non-current investments consisted primarily of money market funds intended for construction projects and were valued at cost which approximated 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 1994 and 1993 financial statements to conform to the 1995 presentation. These changes had no effect on net income.

NOTE 2: INVENTORIES

Inventories consist of the following:

	June 30, 1995	June 30, 1994
	(In Thousands)	
Whiskey, alcohol and spirits	$ 4,035	$ 3,798
Unprocessed grain	5,785	5,248
Operating supplies	2,645	2,206
Gluten	1,524	1,460
By-products and other	701	517
	$14,690	$13,229

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30, 1995	June 30, 1994
	(In Thousands)	
Land buildings and improvements	$17,568	$16,890
Transportation equipment	11,224	7,239
Machinery and equipment	157,011	105,804
Construction in progress	20,533	52,513
	206,336	182,446
Less accumulated depreciation	71,424	69,888
	$134,912	$112,558

NOTE 4: ACCRUED EXPENSES

Accrued expenses consist of the following:

	June 30, 1995	June 30, 1994
	(In Thousands)	
Excise taxes	$ 602	$ 768
Employee benefit plans (Note 10)	998	2,098
Salaries and wages	1,138	1,354
Dividends declared	1,221	1,221
Property taxes	573	511
Insurance	1,258	1,045
Interest	782	696
Other expenses	58	496
	$6,630	$8,189

NOTE 5: LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 1995	June 30, 1994
	(In Thousands)	
Senior notes payable	$25,000	$25,000
Line of credit	13,000	
Other	908	
	$38,908	$25,000

The unsecured 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 semiannually at 6.68% per annum for the fifteen-year term of the notes.

At June 30, 1995, the Company had a $20 million unsecured revolving line of credit expiring on October 1, 1997, with interest at 1% below prime on which there was $13.0 million in borrowings at June 30, 1995. The Company had two additional lines of credit totaling $5 million expiring on dates through September 1, 1996, with interest at 1.0% below prime on which there were no borrowings.

In connection with the above borrowings, the Company, among other covenants, is required to maintain certain financial ratios, including a current ratio of 1.5 to 1 and a minimum consolidated tangible net worth of $80 million.

The fair value of the senior notes payable debt, based upon the borrowing rate of 7.0% available to the Company at June 30, 1995, was $24,800,000.

Aggregate annual maturities of long-term debt at June 30, 1995 are as follows:

	(In Thousands)
1996	$ 0
1997	0
1998	13,823
1999	2,296
2000	2,335
Thereafter	20,454
	$38,908

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 $0.22 per share. Prior years' financial statements have not been restated to apply the provisions of SFAS No. 109.

The provisions for income taxes are comprised of the following:

	Years Ended June 30,		
	1995	1994	1993
	(In Thousands)		
Income taxes currently payable	$2,901	$10,455	$9,913
Income taxes deferred	(628)	(742)	(677)
	$2,273	$ 9,713	$9,236

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

Years Ended June 30,

	1995	1994	1993
	(In Thousands)		
Continuing operations	$2,273	$9,713	$8,278
Discontinued operations			
Income from operations			354
Gain on disposal			604
	$2,273	$9,713	$9,236

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

	June 30,	
	1995	1994
	(In Thousands)	
Deferred tax assets		
Accrued employee benefits	$ 244	$ 456
Post retirement liability	2,179	2,007
Insurance accruals	647	415
Other	137	110
	3,207	2,988
Deferred tax liabilities		
Accumulated depreciation	(7,197)	(7,564)
Deferred gain on involuntary conversion	(462)	(504)
	(7,659)	(8,068)
Net deferred tax liability	$(4,452)	$(5,080)

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

	June 30,	
	1995	1994
	(In Thousands)	
Deferred tax asset - current	$ 875	$ 876
Deferred tax liability - long term	(5,327)	(5,956)
Net deferred tax liability	$(4,452)	$(5,080)

No valuation allowance has been recorded at June 30, 1995 or 1994.

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,		
1995	1994	1993

	(In Thousands)		
"Expected" provision at federal statutory rate (34%)	$1,908	$8,694	$7,790
Increases (decreases) resulting from:			
Effect of state income taxes	223	760	871
Other	142	259	(383)
Provision for income taxes	$2,273	$9,713	$8,278

NOTE 7: CAPITAL STOCK

The Common Stock is entitled to elect four out of the nine members of the Board of Directors, 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,		
	1995	1994	1993
	(In Thousands)		
Truck operations	$(222)	$ (88)	$ (31)
Warehousing and storage operations	41	(632)	(328)
Miscellaneous	74	51	95
	$(107)	$(669)	$(264)

NOTE 9: ENERGY COMMITMENT

During fiscal 1995, the Company negotiated an agreement to purchase steam heat and electricity from a utility for its Illinois operations. Steam heat will be purchased for the next 15 years for a minimum monthly charge of $114,000, with a declining fixed charge for purchases in excess of the minimum usage. Electricity purchases will occur at fixed rates through May 31, 2002. In connection with the agreement, the Company leased land to the utility company for 15 years so it could construct a co-generation plant on the Company's Illinois facility property. The Company has also agreed to reimburse the utility for the net book value of the plant if the lease is not renewed for an additional 19 years. The estimated net book value of the plant would be $10.6 million at that date.

As a result of the above agreements, the Board approved the disposal of the coal boiler which previously supplied the majority of the Illinois plant's energy needs. The Company recorded the estimated effect of the disposal as a non-recurring expense of approximately $5.0 million in the fourth quarter of 1995.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10: 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,		
	1995	1994	1993
	(In Thousands)		
Service cost benefits earned during year	$58	$53	$56
Interest cost on projected benefit obligations	144	142	136
Actual investment income earned on plan assets	(233)	(83)	(203)
Amortization of transition liability and difference between actual and expected return on plan assets	121	(28)	105
Pension cost	$ 90	$ 84	$ 94

The funded status of the plan is as follows:

	June 30,	
	1995	1994
	(In Thousands)	
Accumulated benefit obligations, including vested benefits of $2,078 and $1,976	$2,082	$1,983
Plan assets at fair value	$1,888	$1,727
Projected benefit obligations for participants' service rendered to date	2,082	1,983
Projected benefit obligations in excess of plan's assets	(194)	(256)
Unrecognized gain (loss)	(30)	21
Unrecognized prior service cost	64	71
Unrecognized net obligation at July 1, 1987 being recognized over the participants' average remaining service period	124	141
Adjustment required to recognize the minimum liability	(158)	(233)
Minimum pension liability	$ (194)	$ (256)

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 present 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 employees after certain eligibility requirements are met. Discretionary contributions to the plans totaled $998,000, $1,323,000 and $1,163,000 for the years ended June 30, 1995, 1994 and 1993, respectively. Contributions are made in the form of cash and/or additional shares of common stock.

The Company and its subsidiaries provide certain post-retirement health care and life insurance benefits to all 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, 1995 and 1994 was as follows:

	June 30,	
	1995	1994
	(In Thousands)	
Accumulated post-retirement benefit obligations:		
Retirees:	$3,374	$2,854
Active plan participants:	2,237	2,645
Undefended accumulated obligation	5,611	5,499
Unrecognized actuarial loss	(162)	(454)
Accrued post-retirement benefit cost	$5,449	$5,045

Net post-retirement benefit cost included the following components:

	June 30, 1995	June 30, 1994
	(In Thousands)	
Service cost	$201	$153
Interest cost	414	388
	$615	$541

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 13.0% (compared to 13.5% assumed for 1994) reducing to 11.0% over five years and 6.0% over 23 years. A one percentage point increase in the assumed health care cost trend rate would have increased the accumulated benefit obligation by $447,000 at June 30, 1995, and the service and interest cost by $61,000 for the year then ended.

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

NOTE 11: MAJOR CUSTOMERS

During the years ended June 30, 1995, 1994 and 1993, the Company had sales to one customer accounting for approximately 10.7%, 14.5% and 13.0%, respectively, of consolidated sales.

NOTE 12: OPERATING LEASES

The Company has several noncancellable operating leases for railcars which expire from August 1995 through October 1999. 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, 1995 are as follows:

	(In Thousands)
1996	$1,701
1997	1,645
1998	1,550
1999	1,312
2000	398
Future minimum lease payments	$6,606

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Rental expense for all operating leases with terms longer than one month totaled $951,000, $686,000 and $136,000 for the years ended June 30, 1995, 1994 and 1993, respectively.

NOTE 13: ADDITIONAL CASH FLOWS INFORMATION

	Years Ended June 30,		
	1995	1994	1993
	(In Thousands)		
Noncash Investing and Financing Activities:			
Purchase of property and equipment in accounts payable	$1,407	$3,931	$ 2,045
Notes received from sale of subsidiary			4,557
Dividends declared	1,221	1,221	1,221
Additional Cash Payment Information			
Interest paid (net of amount capitalized)	519	127	67
Income taxes paid	$4,200	$9,460	$10,648

NOTE 14: 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 15: 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 $919,000 at June 30, 1995 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 are as follows:

	Year Ended June 30,
	1993
(In Thousands)	
Results of operations:	
Net sales:	
Grain products sales:	$13,167
Excise taxes:	26,133
	39,300
Income before income taxes	971
Provision for income taxes	355
Income from operations	$ 616

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MIDWEST GRAIN PRODUCTS, INC
FINANCIAL DATA SCHEDULE

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MIDWEST GRAIN PRODUCTS, INC. CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED JUNE 30, 1995 AND CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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Exhibit 99

EXHIBIT INDEX

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).
4(c)	Copy of First Amended Line of Credit Loan Agreement providing for the Issuance of a Line of Credit Note in the amount of $20,000,000 (incorporated by reference to Exhibit 4.(a) to the Company's Report on Form 10-Q for the quarter ended March 31, 1995.
4(d)	Copy of Line of Credit Note Under First Amended Line of Credit Loan Agreement (incorporated by reference to Exhibit (a) to the Company's Report on Form 10-Q for the quarter ended March 31, 1995).
9(a)	Copy of Cray Family Trust (Incorporated by reference to Exhibit 1 of Amendment No. 1 to Schedule 13D of Cloud L. Cray, Jr. dated November 17, 1995).
10(a)	Summary of informal cash bonus plan (incorporated by reference to the summary contained in the Company's Proxy Statement dated September 12, 1995, 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.1995 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, 1995 and for the year then ended.