

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D. C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **August 31, 2006**

MGP Ingredients, Inc.

(Exact name of registrant as specified in its charter)

KANSAS
(State or other jurisdiction
of incorporation)

0-17196
(Commission
File Number)

48-0531200
(IRS Employer
Identification No.)

**1300 Main Street
Box 130
Atchison, Kansas 66002**
(Address of principal executive offices) (Zip Code)

(913) 367-1480
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On August 31, 2006 the Human Resources and Compensation Committee approved guidelines for the Company's executive incentive plan for fiscal 2007. Under the plan, in which 17 officers will participate, the Committee determined that each officer would have an opportunity to receive a cash bonus equal to a percentage of base salary depending on position and the extent to which certain Company performance measures are met. Bonuses payable to the Name Executive Officers would be as follows:

<u>Participant</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
Laidacker M. Seaberg	0%	50%	100%
Timothy W. Newkirk	0%	40%	80%
Randy M. Schrick	0%	35%	70%
Brian T. Cahill	0%	35%	70%
Sukh Bassi, Ph.D	0%	35%	70%
Michael J. Trautschold	0%	30%	60%

Bonuses payable to other officers would range from 0% at the threshold level to 30% at the target level to 60% at the maximum level, depending upon position and the extent to which certain Company performance measures are met. The performance measures are earnings per share, ingredients cash flow and distillery pre-tax return on assets. Each performance measure is independent of the others so that a partial bonus may be paid if one or more but not all goals are met. No bonus is payable with respect to a goal unless a threshold level of performance is met, and the Company must attain a minimum specified level of earnings per share in fiscal 2007 before any bonus will be paid.

Item 7.01 Regulation FD Disclosure.

Attached as Exhibit 99.1, and incorporated into this Item 7.01 by reference, is a press release issued on August 31, 2006, by the Company relating to a dividend on the

common stock declared by the Board of Directors.

Attached as Exhibit 99.2, and incorporated into this Item 7.01 by reference, is a press release issued on August 31, 2006, by the Company relating to distillery equipment upgrades approved on August 31, 2006 by the Board of Directors.

Item 9.01. Exhibits.

(d) Exhibits

- 99.1 Press Release relating to dividends dated August 31, 2006, furnished solely for the purpose of incorporation by reference into Item 7.01 and 9.01.
- 99.2 Press Release relating to distillery upgrades dated August 31, 2006, furnished solely for the purpose of incorporation by reference into Item 7.01 and 9.01.

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SIGNATURES

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

MGP INGREDIENTS, INC.

Date: August 31, 2006

By: /s/ Laidacker M. Seaberg
Laidacker M. Seaberg
President and Chief Executive Officer

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1300 Main Street, P.O. Box 130 • Atchison, Kansas 66002-0130
913.367.1480 • 800.255.0302 • Fax 913.367.0192
www.mgpingredients.com • Symbol/Market: MGPI/NASDAQ

NEWS RELEASE

Contact: Steve Pickman or Marta Myers
913-367-1480

FOR IMMEDIATE RELEASE: **MGP INGREDIENTS BOARD
DECLARES DIVIDEND**

ATCHISON, Kan., August 31, 2006—The Board of Directors of MGP Ingredients, Inc. (Nasdaq/MGPI) today declared a dividend of 20 cents (\$0.20) per share on the company's common stock. The dividend is payable on October 4, 2006 to stockholders of record as of September 19, 2006.

"MGP Ingredients has just come off a year of improved profitability driven by a strong performance in the company's distillery products segment," said Board Chairman Cloud L. "Bud" Cray. "For this reason, and because we remain optimistic about the company's future growth capabilities, the board has approved this dividend, which represents an increase of 5 cents (\$0.05) per share compared to the dividend that was declared approximately one year ago."

In business since 1941, MGP Ingredients is an innovative pioneer in the development and production of natural grain-based products, including specialty and commodity proteins and starches, and food grade and fuel grade alcohol. The company operates facilities in Atchison, Kansas City and Onaga, Kan., and Pekin, Ill.

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INGREDIENTS, INC.

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NEWS RELEASE

Contact: Steve Pickman
913-367-1480

FOR IMMEDIATE RELEASE:

MGP INGREDIENTS EXPECTS TO REALIZE INCREASED ALCOHOL CAPACITY FROM DISTILLERY UPGRADES

ATCHISON, Kan., August 31, 2006—MGP Ingredients Inc. (Nasdaq/MGPI) today announced plans for a series of distillery equipment upgrades that are expected to help boost the company's total alcohol production capacity by up to 15 percent above existing capacity of 110 million gallons annually. The upgrades are scheduled to be completed in phases between now and the summer of 2007 at the company's plants in both Pekin, Ill., and Atchison, Kan., at a projected combined cost of \$10 million. They follow a recently completed \$2 million project that involved the installation of a new fermentation unit at the company's Pekin plant.

"The new fermentation unit has set the stage for us to proceed with the additional upgrades and to realize a portion of the incremental volume increases," said Tim Newkirk, chief operating officer. "It should also enable us to improve our production cost efficiencies."

Newkirk explained that the new capacity "will be dedicated to the production of fuel grade alcohol in the immediately foreseeable future." MGPI also produces food grade alcohol for beverage applications, principally vodka and gin, and a variety of industrial uses, including household cleansing products, detergents and personal care systems, as well as pharmaceuticals and vinegar.

"We expect to see the additional capacity come on line in increments beginning in the second quarter of fiscal 2007," Newkirk said. "While all of the new production is currently earmarked for use in the fuel market," he added, "we remain firmly committed to supplying the needs of our food grade customers with what we believe is among the highest quality, highest purity alcohol anywhere in the world. We consider our ability to produce both food grade and fuel grade alcohol a real advantage and will continue to maintain a solid presence in each area while exploring ways to further enhance the capabilities and efficiencies of our overall distillery operations."

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Randy Schrick, vice president of manufacturing and engineering, commented that the upgrades "should provide an exceptionally quick payback with a continuation of favorable conditions in our alcohol markets, and also as the result of anticipated cost savings from more efficient operations." Newkirk agreed, stating that "over the years, tremendous advancements have been made in alcohol production technologies, of which we have been a part in both developing and utilizing to strengthen our efficiencies while delivering better products to our customers and better returns for our stockholders."

About MGP Ingredients

In business since 1941, MGP Ingredients, Inc. is a recognized pioneer in the development and production of natural grain-based ingredients and alcohol products. In addition to its operations in Atchison, Kan., and Pekin, Illinois, the company also has facilities in Kansas City, Kan., and Onaga, Kan., that utilize the latest technologies to assure high quality products and to maintain efficient production and service capabilities.

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements as well as historical information. Forward-looking statements are usually identified by or are associated with such words as "intend," "plan," "believe," "estimate," "expect," "anticipate," "hopeful," "should," "may," "will," "could" and or the negatives of these terms or variations of them or similar terminology. They reflect management's current beliefs and estimates of future economic circumstances, industry conditions, company performance and financial results and are not guarantees of future performance. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) the availability and cost of grain, (ii) fluctuations in gasoline prices, (iii) fluctuations in energy costs, (iv) competitive environment and related market conditions, (v) our ability to realize operating efficiencies, (vi) the effectiveness of our hedging programs; (viii) access to capital and (ix) actions of governments. For further information on these and other risks and uncertainties that may affect the company's business, see Item 1. Business — Risks and Uncertainties of the company's Annual Report on Form 10-K for the fiscal year ended June 30, 2005.

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