

**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) **September 11, 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 7.01 Regulation FD Disclosure.

On September 11, 2006 the company and Cargill, Incorporated entered into a settlement agreement with National Starch and Chemical Investment Holding Corporation, Penford Australia Limited and Penford Holdings Pty pursuant to which the parties have asked that claims and counterclaims asserted in *National Starch and Chemical Investment Holding Corporation, Penford Australia, Ltd. and Penford Holdings Pty v Cargill, Inc. and MGP Ingredients, Inc.*, Civil Action 04-1443, U.S. District Court, District of Delaware be dismissed with prejudice. Cargill previously assumed the company's defense in this matter and in connection with the settlement will reimburse the company for all but an immaterial portion of its unreimbursed legal expenses. In connection with the settlement, the company has granted National and certain of its affiliates a royalty bearing sublicense under its '946 patent and related technology to make high amylose maize starch and to sell it anywhere except in the United States.

Attached as Exhibit 99.1, and incorporated into this Item 7.01 by reference, is a press release issued by the parties on September 15, 2006.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Press Release dated September 15, 2006, furnished solely for the purpose of incorporation by reference into Items 7.01 and 9.01.

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: September 15, 2006

By: /s/ Brian Cahill
Brian Cahill
Vice President and Chief Financial Officer

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Cargill, MGP Ingredients, National Starch and Penford settle high-amylose patent litigation

Wilmington, DE, September 15, 2006 - National Starch and Chemical Investment Holding Corporation, Penford Australia Limited and Penford Holdings Pty, Cargill, Incorporated and MGP Ingredients, Inc. announced today that they have amicably settled the litigation filed in United States District Court for the District of Delaware. In connection with the settlement, the parties entered into cross license arrangements respecting portions of their portfolios of high-amylose grain and resistant starch patents. The details of the arrangement are confidential.

About Cargill

Cargill is an international provider of food, agricultural and risk management products and services. With 149,000 employees in 63 countries, the company is committed to using its knowledge and experience to collaborate with customers to help them succeed. For more information please contact Bill Brady, Public Affairs, Cargill, Incorporated at Tel +1-(952)-742-6608

About MGP Ingredients

In business since 1941, MGP Ingredients, Inc. is a recognized pioneer in the development and production of natural grain-based products. These include specialty proteins and starches for use in food and non-food applications, and food grade and fuel grade alcohol. The Company has facilities in Atchison, Kan., Pekin, Ill., Kansas City, Kan., and Onaga, Kan., that utilize the latest technologies to assure high quality products and to maintain efficient production and service capabilities. For more information please contact Steve Pickman, Vice President of Corporate Relations, MGP Ingredients, Inc. at Tel +1 (913) -367-1480 or email at Steve.pickman@mgpingredients.com

About National Starch and Chemical Company

National Starch and Chemical Company, a member of the ICI Group, is a worldwide manufacturer of adhesives, specialty polymers, electronic materials and specialty starches, with 2005 sales of \$3.34 billion. National Starch is headquartered in Bridgewater, N.J. For more information please contact Martin Torbert, CBC, Director, Marketing Communications & PR at Tel +1-(908)-685-5185 or email at Martin.Torbert@nstarch.com

About Penford

Penford Corporation has been providing specialty natural-based ingredient systems for over a century. While rich in history, Penford owes much of its success to its modern technology and spirit of innovation. Penford's reputation for high quality products reflects its dedication to excellence and customer service. Through customized formulation development, Penford is able to create solutions that meet the needs of its customers in numerous applications, including food products, papermaking and textiles. Penford has nine locations in the United States, Australia and New Zealand. For more information please contact Dr. Wallace H. Kunerth, Vice President and Chief Science Officer, Penford Corporation at Tel +1-(303)-649-1900 or email at wkunerth@penx.com