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) **January 30, 2009**

MGP Ingredients, Inc.

(Exact name of registrant as specified in its charter)

KANSAS	**0-17196**	**48-0531200**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

100 Commercial 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))

Forward-looking Statements

Information provided in this Current Report on Form 8-K contains forward-looking statements, including but not limited to statements regarding the expected write down of assets and the Company's expected cost of workforce reduction. These forward looking statements are only predictions based on current information and expectations and are subject to certain risks and uncertainties, including the Company's ability to implement the restructuring plan. Subsequent events may cause these expectations to change. More information about potential factors that could affect the Company's business and financial results is set forth in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. These filings are available on a web site maintained by the SEC at http://www.sec.gov.

Item 2.05 Costs Associated with Exit or Disposal Activities

On January 30, 2009 the Company determined to exit the fuel grade alcohol business and temporarily shut down food grade alcohol production operations at the Company's Pekin, Illinois plant. The shutdown is expected to last 90 days and is not expected to affect food grade customers. The Company expects to use excess inventories during the temporary shutdown to maintain service to its food grade customers. As a result of these actions, the Company has temporarily laid off approximately 79 persons, including 59 union and 20 non-union employees. The Company also announced that it was exiting its personal care business. The Company is in the process of concluding all personal care contractual obligations and anticipates completing production and liquidation of all inventories in the third quarter.

On November 5, 2008, the Company announced that it intended to curtail fuel grade alcohol production at Pekin until market conditions become more favorable. Market economics for fuel grade alcohol have continued to erode, and the Company has determined to cease fuel grade alcohol production at its Pekin plant altogether.

In connection with the latest and earlier restructurings announced during the second quarter, the Company now expects that it will recognize $16.6 million in special charges for the quarter ended December 31, 2008, $11.2 million of which have been previously estimated and disclosed in the Company's Form 10-Q for the quarter ended September 30, 2008. Of this amount:

- $7.8 million in non-cash impairment charges and $3.3 million in severance and retirement costs were recorded in connection with the Company's decisions to close its flour mill in Atchison and to cease starch and protein production at the Pekin plant that were previously announced;

- $329,000 in non-cash impairment charges were recorded in connection with the Company's decision to exit its personal care business; and

- $5.2 million in other restructuring costs was recognized. Of this amount,

  - $2.9 million related to lease termination expense which the Company expects to incur as a result of the flour mill closure with respect to 147 rail cars which it formerly used to transport flour and whose leases expire through 2013. The Company has recognized this expense because it no longer uses these cars in its business. Expected payments accrued reflect the net present value of the remaining obligation net of units which are estimated to be returned to the lessor sooner than the lease termination date. The discount rate used was 7.0 percent and was based on the Company's borrowing costs at December 31. 2008. The Company expects to return 65 rail cars to the lessor prior to March 31, 2009. The Company estimates that the remaining cars will either be returned or assigned to third parties over the course of four years; and

- a $2.3 million loss resulted from sales of excess wheat no longer needed for milling operations, which is net of approximately $1.1 million in realized gains previously recorded in accumulated other comprehensive income.

In addition to these charges, we have recorded a charge of $5.4 million to cost of sales for unrealized losses as of December 31, 2008 on a natural gas contract for our Pekin plant. With the shutdown of protein and starch operations and the reduction and temporary idling of distillery operations at the Pekin plant, the commitments for the purchase of natural gas through the remainder of the fiscal year under this contract are in excess of projected consumption. We will continue to settle and mark this obligation to market monthly until its expiration, which is scheduled to occur on June 30, 2009.

Item 2.06 Material Impairments

The disclosure contained in Item 2.05 above sets forth substantially all of the material impairments which are anticipated to be recognized in the second quarter and is hereby incorporated by reference. As previously reported, at the end of the third quarter of fiscal 2008 the Company recorded an impairment charge of $8.1 million with respect to its pet business assets in the other segment and certain of its ingredient solutions segment assets in a mixed use facility in Kansas City, Kansas. For the period ended December 31, 2008, the Company performed another test for impairment resulting in additional non-cash impairment charges of approximately $811,000 on equipment at its Kansas City facility. This charge is in addition to those reported in Item 2.05.

Item 7.01 Regulation FD Disclosure.

Attached as Exhibit 99.1, and incorporated into this Item 7.01 by reference, is a press release which was issued on February 3, 2009 by the Company.

Item 8.01 Other Material Events

The Company did not meet the adjusted EBITDA target for December under the Second Amendment to its credit facility. The Company was notified on January 30, 2009 by the lender's agent under the credit facility that it is in default under the credit facility. As a result, its lenders could, at their election and prior to February 27, 2009, the final date of its current forbearance period, terminate the Company's ability to borrow under its credit facility and/or accelerate its obligations to repay amounts borrowed under the credit facility. The agent has advised the Company that in their discretion and subject to change day-to-day, the lenders are willing to continue extending credit to the Company in accordance with the provisions of the credit facility provided the Company has sufficient capacity under its borrowing base and otherwise meets the requirements of the credit facility. The Company's lenders have strongly encouraged the Company to obtain additional financing. The Company is currently in discussions with other prospective lenders. The Company's ability to continue as a going concern is dependent on the Company obtaining additional financing in the near term and on the willingness of its existing lenders to exercise further forbearance and extend the facility termination date beyond February 27, 2009.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*.

99.1 Press Release dated February 3, 2009 furnished solely for the purpose of incorporation by reference into Items 7.01 and 9.01.

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: February 3, 2009

By : /s/ Timothy W. Newkirk
President and Chief Executive Officer

INDEX TO EXHIBITS

99.1 Press Release dated February 3, 2009, furnished solely for the purpose of incorporation by reference into Items 7.01 and 9.01.

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

MGP INGREDIENTS, INC. EXITS FUEL ALCOHOL BUSINESS

ATCHISON, Kan., February 3, 2009—MGP Ingredients, Inc. (Nasdaq/MGPI) announced today that it is exiting the fuel grade alcohol business effective immediately. This decision principally affects MGPI's distillery operations in Pekin, Ill.

In November, the company announced that it intended to curtail fuel grade alcohol production in Pekin until market conditions became more favorable. However, market conditions for fuel grade alcohol have continued to erode and, as a result, the company has determined to cease fuel grade alcohol production at the Pekin plant altogether. The company also plans to temporarily discontinue food grade alcohol production in Pekin for a period of 90 days. This decision is not expected to affect MGPI's ability to service existing food grade alcohol customers since the company will utilize existing inventories in Pekin while continuing to optimize food grade alcohol production at its Atchison, Kan., facility.

"The cutbacks in alcohol production relate solely to our distillery operations in Pekin, where all but a small fraction of our fuel alcohol is made," said Tim Newkirk, president and chief executive officer. "A smaller percentage of the Pekin distillery's capacity is dedicated to food grade alcohol. Recent adjustments to distillery processes and equipment in Pekin should enable us to more efficiently produce food grade alcohol in Pekin when the appropriate time to restart that portion of our operations is determined. With these changes, we are discontinuing the production of fuel grade alcohol as a principal product line while giving full attention in our distillery products segment to strengthening our role as a world class provider of high quality food grade alcohol for beverage and industrial applications. As part of the process of making food grade alcohol, a co-product of fuel alcohol is naturally produced, which, in our case, will amount to about 6 percent of our total distillery volume at this time."

Approximately 85 to 90 percent of the Pekin distillery's total available production capacity of 90 million gallons annually has traditionally been dedicated to fuel grade alcohol, with the remainder dedicated to food grade alcohol. Through the continued utilization of distillery capacity at its Atchison plant, combined with current inventory supplies and available capacity in Pekin, MGPI expects to maintain its strong position as a leading U.S. provider of grain-based food grade alcohol for beverage and industrial applications.

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"The decision to exit the fuel grade alcohol business follows our recently stated commitment to curtail production in this area," Newkirk said. "More importantly," he added, "the decision represents another huge step in our business transformation process, which is intended to ultimately return MGP Ingredients to profitability. Factors such as extreme and sporadic swings in ethanol demand, volatility in raw material prices for corn, and the impact of volatile oil and gasoline prices have made it increasingly apparent that the fuel grade alcohol market is not one in which we currently can create value for the company and our stockholders on a sustainable or predictable basis."

Newkirk added that "The food grade alcohol market, on the other hand, is an area which provides much greater stability and where we have had a solid presence since the company's founding nearly seven decades ago. Although we are temporarily cutting back food grade production at this time, we are equipped to broaden our presence in this market in the future and credit our engineering team led by Randy Schrick, vice president of engineering and corporate director of distillery manufacturing, for providing us with the capabilities to do so."

Previous reductions in fuel grade alcohol production led to the temporary lay-offs of 14 union employees at the Pekin facility in early January. As the result of today's announcement, temporary lay-offs involving another 45 union employees and 20 non-union employees at the Pekin site will take effect this week.

"Unfortunately, this change requires several temporary lay-offs within the company," Newkirk said. "The decrease in the utilization of our alcohol production capacity affects not only manufacturing roles, but a number of complementary functions and services. The most difficult and painful aspect of our decision is the impact it has on our workforce."

As previously announced, the company in November discontinued its wheat protein and starch manufacturing operations in Pekin, consolidating the production of these ingredients at its Atchison facility. Just prior to that, the company ended its wheat milling operations in Atchison after entering into an agreement with ConAgra Mills to supply MGPI's wheat flour requirements for use in protein and starch production.

The majority of the Pekin facility's proteins consisted of commodity wheat gluten, which principally is sold for use in breads and other bakery products, as well as in certain pet food applications. Likewise, the bulk of starches produced at the Pekin facility generally were classified as commodity ingredients for a variety of prepared foods, as well as bakery products.

"As I stated at that time, we have been very straightforward about our strategy to strengthen MGP Ingredients by becoming a more customer-centric and, therefore, a less production-driven supplier of value-added products, with an intensified focus on our specialty ingredients and premium food grade alcohol products," Newkirk said. "The move to exit our protein and starch operations in Pekin and concentrate our efforts on the production of value-added ingredient solutions in Atchison, Kansas was a critical step toward achieving this goal. The Atchison plant is equipped and has the flexibility to produce an array of specialty proteins and starches for both food and non-food uses. It also has available capacity to meet production requirements for certain proteins and starches in our remaining product portfolio that are no longer being manufactured in Pekin."

The consolidation of protein and starch operations together with the shutdown of wheat milling operations resulted in a total of 52 lay-offs plus early retirement offers for another 31 union and non-union employees in Pekin and Atchison combined.

In connection with the latest and previously announced business transformation actions, the company estimates that it will recognize $17.4 million in special charges for the quarter, including $811,000 on equipment at the company's Kansas City facility and $11.2 million of which had been previously estimated and disclosed in the company's Form 10-Q for the quarter ended Sept. 30, 2008.

In addition to these charges, the company has recorded a charge of $5.4 million to cost of sales for unrealized losses as of December 31, 2008 on a natural gas contract for its Pekin plant. With the shutdown of protein and starch operations and the reduction and temporary idling of distillery operations at the Pekin plant, the commitments for the purchase of natural gas through the remainder of the fiscal year under this contract are in excess of projected consumption. The company will continue to settle and mark this obligation to market monthly until its expiration, which is scheduled to occur on June 30, 2009.

"Given recent market conditions," Newkirk said, "we have found ourselves having to rethink our strategy on fuel grade alcohol, while also reevaluating the economies of our distillery operations as a whole. We have seen how the forces of change have upset the economics of the fuel alcohol business, as well as the impact this situation has on our prospects for long-term stockholder value creation. It is our responsibility to manage such risks and choose the right opportunities, which is the basis of our recent decisions related to our protein and starch, wheat milling and distillery operations. We are not averse to competing in commodity-related businesses, but will only consider doing so in the future if we can achieve a sustainable competitive advantage."

Newkirk concluded: "By concentrating on growing our specialty ingredients while also building off our expertise and longevity in the food grade alcohol market, we are re-focusing on our strongest core competencies and a more robust manner in which we can execute our strategies. As a result, we are confident in our ability to build strength in our core markets, and to do so in a way that creates greater value."

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; (vii) access to capital and (viii) actions of governments. For further information on these and other risks and uncertainties that may affect the company's business, see Item 1A. Risk Factors in the company's Annual Report on Form 10-K for the fiscal year ended June 30, 2008 and Part II. Item 1A, Risk Factors in the company's Quarterly Report on Form 10Q for the quarter ended September 30, 2008.

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