

**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): **December 3, 2013**

MGP Ingredients, Inc.

(Exact name of registrant as specified in its charter)

KANSAS
(State or other jurisdiction
of incorporation)

0-17196
(Commission
File Number)

45-4082531
(IRS Employer
Identification No.)

**Cray Business Plaza
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))

Item 1.01 Entry into a Material Definitive Agreement.

(i) *Settlement Agreement and Mutual Release.* On December 3, 2013, the Company entered into a Settlement Agreement and Mutual Release (the "Settlement Agreement") with Cloud "Bud" Cray, Jr., Karen Seaberg and Thomas M. Cray (collectively, the "Cray Group") and Timothy Newkirk, the Company's Chief Executive Officer (the "CEO") and all other members of the Board of Directors. The Settlement Agreement resolved certain issues surrounding the proxy contest launched by the Cray Group in connection with the 2013 Annual Meeting of the Company's Stockholders (the "Annual Meeting") and various lawsuits involving the Company, the Cray Group and Timothy Newkirk. Cloud "Bud" Cray, Jr. and Karen Seaberg are on the Company's Board of Directors. The Settlement Agreement was approved by the Company's Board of Directors.

In connection with the Settlement Agreement, Tim Newkirk was terminated without cause as the Company's CEO effective December 3, 2013. Effective December 3, 2013, Mr. Newkirk resigned from the Company's Board of Directors and subsidiary boards as contemplated by the Settlement Agreement.

As described in the Settlement Agreement, on December 3, 2013, the parties to the Settlement Agreement have entered into a Voting Agreement with respect to shares of the Company's preferred stock beneficially owned by the Cray Group. Pursuant to the Voting Agreement and subject to the terms and conditions therein, the Board seat vacancy resulting from Mr. Newkirk's resignation will be filled by the new CEO to be hired in the CEO search. Furthermore, assuming that the Cray Group's precatory proposal to be presented at the Annual Meeting calling for the Board to destagger the Board of Directors is successful, the Board of Directors has agreed, in the Voting Agreement and on the terms and subject to the conditions therein, to vote in favor of an amendment to the Company's articles of incorporation to destagger the Board and has agreed to submit such amendment to shareholders for approval at the 2014 Annual Meeting of Stockholders of the Company.

The Settlement Agreement includes certain changes to the composition of Board Committees. Assuming her election at the Annual Meeting, Ms. Jeannine Strandjord, a Cray Group's director-nominee, will be elected by the Board to be the Chair of the Audit Committee at the first meeting of the Board following the Annual Meeting. Assuming his election at the Annual Meeting, Mr. John P. Bridendall, a Cray Group's director-nominee, will be elected by the Board to be a member of the Audit Committee. Following the Annual Meeting and assuming the elections of Ms. Strandjord and Mr. Bridendall and the re-election of Mr. Bud Cray, Ms. Strandjord, Mr. Bud Cray and Mr. Bridendall will be elected to be members of the Nominating and Governance Committee. Following the Annual Meeting and assuming their election, Ms. Strandjord and Mr. Bridendall will become members of the Human Resources and Compensation Committee.

Pursuant to the Settlement Agreement, the Cray Group will continue to hold proxies for the election of directors, governance proposals and the say-on-pay advisory vote reflected in its proxy statement and proxy card. The Company and the Cray Group have agreed not to engage, directly or indirectly, in further solicitation efforts in connection with the Annual Meeting, except to the extent required by law or NASDAQ rules and not to propose or present any additional proposals at the Annual Meeting. The agenda and rules for the Annual Meeting will be mutually agreed upon by the Company and the Cray Group.

Pursuant to the Settlement Agreement, the Company will not sell any of its assets, will not make any acquisitions of other companies or assets and will not enter into any joint venture relationships of a material nature or outside of the ordinary course of business in the next 12 months without the approval of at least six members of the

The Company agreed to reimburse, within ten business days of presentment, the members of the Cray Group for all reasonable legal fees and out-of-pocket costs and expenses incurred in connection with the matters related to the Annual Meeting, up to an aggregate maximum cap of \$1,775,000.

The parties to the Settlement Agreement have agreed to reasonably cooperate to establish a non-retaliation policy provision that no party will seek to punish employees who sided or voted against them in the proxy contest or related matters.

A copy of the Settlement Agreement is filed with this Form 8-K and attached hereto as Exhibit 10.1. The foregoing description of the Settlement Agreement is qualified in its entirety by reference to the full text of the Settlement Agreement, which is incorporated by reference hereto.

A copy of the Voting Agreement is filed with this Form 8-K and attached hereto as Exhibit 10.2. The foregoing description of the Voting Agreement is qualified in its entirety by reference to the full text of the Voting Agreement, which is incorporated by reference hereto.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) Effective December 3, 2013, John E. Byom withdrew his name from nomination for re-election at the 2013 Annual Meeting of Stockholders of the Company (the "Annual Meeting"). The Company is not presenting a replacement nominee at the Annual Meeting.

As disclosed in Item 1.01 above, the Company announced that Timothy Newkirk was terminated as CEO and President of the Company, effective December 3, 2013. Coincident with his termination as CEO of the Company, Mr. Newkirk resigned from the Company's Board of Directors and any subsidiary or affiliate board effective December 3, 2013.

The Board of Directors has announced its intention to elect Don Tracy, the Company's Vice President and Chief Financial Officer, and Randy Schrick, the Company's Vice President of Engineering, to serve as Interim Co-CEOs until a new permanent CEO is hired. Such promotion, if any, will not be effective until after the Annual Meeting. The Company intends to provide additional information regarding such promotion in the Form 8-K filing announcing results of the Annual Meeting.

(c) In connection with his termination as the Company's CEO and President, Mr. Newkirk will, pursuant to the terms of the Company's First Amended and Restated MGP Ingredients, Inc. Short-Term Incentive Plan ("MEP Plan") and his Employment Agreement with the Company, be paid the sum of \$655,218 plus (i) an amount to satisfy the COBRA subsidy obligation, and (ii) a pro-rata payment due to Mr. Newkirk under the MEP Plan, in each case pursuant to the terms of a release of the Company.

Effective December 3, 2013, the Company entered into a Transition Services Agreement (the "Services Agreement") with Mr. Newkirk, pursuant to which the Company retained Mr. Newkirk to provide certain transition services in connection with the engagement by the Company of a replacement for Mr. Newkirk. The Services Agreement will terminate on June 3, 2014 or when terminated by either the Company or Mr. Newkirk, whichever is earlier. Pursuant to the Services Agreement, Mr. Newkirk is entitled to the following compensation: (1) \$100,500 on the date of the Services Agreement, (2) \$100,500 on March 3, 2014, and (3) up to \$45,000 in third-party expenses incurred by Mr. Newkirk in connection with the Services Agreement, termination of Mr. Newkirk's employment with the Company and other related expenses.

A copy of the Services Agreement is filed with this Form 8-K and attached hereto as Exhibit 10.3. The foregoing description of the Voting Agreement is qualified in its entirety by reference to the full text of the Services Agreement, which is incorporated by reference hereto.

Item 8.01 Other Events

On December 3, 2013, the Company issued a Press Release (the "Press Release") announcing that the Company entered into the Settlement Agreement. The Press Release was filed with the Securities and Exchange Commission on December 3, 2013 as definitive additional materials under the form code DEFA 14A and is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

10.1 Settlement Agreement and Mutual Release between MGP Ingredients, Inc. Karen Seaberg, Cloud L. Cray, Jr., Thomas M. Cray and all other members of the Board of Directors, dated December 3, 2013.

10.2 Voting Agreement between MGP Ingredients, Inc., Karen Seaberg, Cloud L. Cray, Jr, Thomas M. Cray and certain directors of MGP Ingredients, Inc., dated December 3, 2013.

10.3 Transition Services Agreement, between MGP Ingredients, Inc. and Timothy W. Newkirk, dated December 3, 2013.

99.1 Press Release dated December 3, 2013.

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: December 6, 2013

By: /s/ Donald P. Tracy
Donald P. Tracy, Chief Financial Officer

CONFIDENTIAL

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the "Agreement") is entered into on December 3, 2013 by MGP Ingredients, Inc. ("MGP" or the "Company"), Cloud "Bud" Cray, Jr., Karen Seaberg, and Thomas M. Cray (Karen Seaberg, Cloud "Bud" Cray, Jr. and Thomas M. Cray, collectively, the "Cray Group"), Michael Braude, Linda Miller, Gary Gradinger, Daryl Schaller, John Speirs, and John Byom, each as independent members of the Board of Directors (the "Board") of MGP, and Tim Newkirk. All of the above are collectively referred to as the Parties to this Agreement.

RECITALS

WHEREAS, the Cray Group, MGP, and Newkirk are presently involved in various lawsuits in the District Court of Atchison County, Kansas (Nos. 13CV63 and 13CV69), the District Court of Johnson County, Kansas (No. 13CV04382), and the Kansas Court of Appeals (No. 110341) (the "Lawsuits");

WHEREAS, the Cray Group is also presently involved in a proxy contest (the "Proxy Contest") related to the 2013 Annual Meeting of Stockholders of MGP ("Annual Meeting") and related litigation referenced above; and

WHEREAS, to avoid the expense of continued and/or additional litigation, the uncertainties of trial and the continued issues surrounding the Proxy Contest as it pertains to the Annual Meeting, the Parties have agreed to compromise and settle the Lawsuits as well as any issues concerning or related to the Annual Meeting or the Proxy Contest, without admission of liability.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows.

1. Board Composition; Executive Termination.

a. Tim Newkirk's employment will be terminated without cause by the Company (in accordance with the terms of his Employment Agreement) immediately following the execution of this Agreement, and coincident with this termination he will resign from the Board and any subsidiary or affiliate boards, in accordance with the agreements contemplated by Section 3 hereof. The Parties will cause the Board seat he occupies to remain vacant until filled by the new permanent Chief Executive Officer (a "CEO"), who is to be hired as a result of a national executive search conducted by a recognized search firm selected by the Board following the Annual Meeting.

b. The Parties hereto acknowledge that Cloud "Bud" Cray, Jr., Jeannine Strandjord and John Bridendall, or, if any of them is unable to serve, their respective

replacements as determined by the Cray Group in its reasonable discretion (a "Replacement"), are and will be the nominees of the Cray Group.

c. Karen Seaberg, or her Replacement, will continue her term on the Board.

d. Mr. Newkirk will, pursuant to the terms of the Company's First Amended and Restated MGP Ingredients, Inc. Short-Term Incentive Plan ("MEP Plan") and his Employment Agreement with the Company, be paid the sum of \$655,218 plus (i) an amount to satisfy the COBRA subsidy obligation, in each case pursuant to the terms of a release of the Company in the form attached hereto as Exhibit A, and (ii) a pro-rata payment due to Mr. Newkirk under the MEP Plan, the amount of which is not currently determinable but is estimated to be \$434,830.

e. In connection with Mr. Newkirk's termination, the Company and Mr. Newkirk will enter into a Transition Services Agreement in the form attached hereto as Exhibit B.

f. The Company and the Cray Group will enter into a Voting Agreement with respect to the preferred stock beneficially owned by the Cray Group (the "Cray Group Preferred Shares"), and pursuant to which, the Board will agree to vote in favor of the proposal to declassify the Board and which will be voted on by shareholders at the 2014 Annual Meeting of Stockholders of MGP, in the form attached hereto as Exhibit C.

2. Interim Co-CEOs.

Immediately following the Annual Meeting, Don Tracy and Randy Schrick will be elected to serve as Interim Co-CEOs. Mr. Tracy and Mr. Schrick shall continue as Co-CEOs until a replacement CEO is hired pursuant to Section 1. The Board will approve any required amendments to Mr. Tracy's employment agreement to reflect his interim status as Co-CEO.

3. Other Agreements with Mr. Newkirk.

The Parties hereto acknowledge that Mr. Newkirk and appropriate persons of the Cray Group are simultaneously entering into a (a) settlement agreement, conditioned upon execution of this Agreement, in which Mr. Newkirk agrees to terminate the Johnson County litigation with prejudice, and not to file any similar litigation in the future, and (b) an agreement related to the purchase of Mr. Newkirk's house.

4. Committee Composition and Chairperson of the Board.

a. Assuming her election at the Annual Meeting, Ms. Jeannine Strandjord will be elected by the Board to be the Chair of the Audit Committee at the first meeting of the Board following the Annual Meeting.

b. Assuming his election at the Annual Meeting, Mr. John P. Bridendall will be elected by the Board to be a member of the Audit Committee. Following the Annual Meeting and assuming the elections of Ms. Strandjord and Mr. Bridendall and the re-election of Mr. Bud Cray, Mr. Bud Cray, Ms. Strandjord, and Mr. Bridendall will be elected to be members of the

Nominating and Governance Committee (the "Governance Committee"). Following the Annual Meeting and assuming their election, Ms. Strandjord and Mr. Bridendall will become members of the Human Resources and Compensation Committee (the "Compensation Committee"). Following the Annual Meeting, Mr. Schaller will be reelected Chair of the Compensation Committee and Ms. Miller will be reelected Chair of the Governance Committee.

c. The Board will cause the Special Committee of the Board to be disbanded promptly following the Annual Meeting.

d. Following the Annual Meeting, during such time as the Board is unable to agree on a person to serve as Chair until the 2014 annual meeting of stockholders, one director shall serve as the acting Chair at each meeting of the Board and the Chair for meetings will alternate between a member of the Cray Group, Ms. Strandjord or Mr. Bridendall (assuming the election of Ms. Strandjord and Mr. Bridendall), on the one hand, and any other member of the Board, on the other hand; *provided, however*, that such acting Chair will not be considered the Chairperson of the Board for purposes of the Company's Bylaws. No Chair shall be elected by the Board without the vote of at least five of the members of the Board.

5. Meeting Date and Record Date

a. The Company agrees to take all actions necessary to reconvene the Annual Meeting as soon as reasonably practicable following execution of this Agreement.

b. The Parties acknowledge and agree that April 3, 2013 will remain the record date for the Annual Meeting.

6. Termination of Litigation

a. MGP will take all actions necessary to cause its appeal to the Kansas Court of Appeals to be dismissed and jointly seek with the Cray Group an order from Judge Bednar approving the reconvening of the Annual Meeting and use of the existing record date set forth in Section 5.

b. The Parties hereto will take all actions necessary to cause the dismissal of any litigation brought by such Party pending between the Parties, including any case pending in the Atchison County District Court (for instance, litigation related to the Special Committee).

c. MGP will take all actions necessary to cause The Johnson County litigation to be dismissed with prejudice, and MGP agrees not to bring similar litigation in the future.

7. Reimbursement of Cray Group Expenses

The Company shall reimburse the members of the Cray Group for all reasonable legal fees and out-of-pocket costs and expenses up to an aggregate maximum cap of \$1,775,000, incurred in connection with the matters related to the Annual Meeting (including the Lawsuits, any matter referenced herein and the negotiation and execution of this Agreement and any other

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agreement contemplated hereby) (the "Expenses"). The Company shall reimburse such Expenses within ten business days of presentment.

8. Termination of Strategic Review and BMO Engagement

MGP will immediately take all actions to terminate its strategic review process, including the termination of any financial institution and advisors or counsel in connection with the same, and will publicly announce such termination. MGP will not sell any assets of the Company, will not make any acquisitions of other companies or assets and will not enter into any joint venture relationships of a material nature or outside of the ordinary course of business in the next 12 months without the approval of at least six members of the Board.

9. Governance and Solicitation Efforts

a. Following the execution of this Agreement, the Cray Group will continue to hold proxies for the election of directors, governance proposals and the say-on-pay advisory vote reflected in its proxy statement and proxy card.

b. None of the Parties hereto will engage, directly or indirectly, in further solicitation efforts in connection with the Annual Meeting, except to the extent required by the law or other governmental regulation or rule or NASDAQ rule. The Parties will reasonably cooperate in reviewing and revising supplements to their respective proxy statements to ensure consistency with this Agreement and any other agreements contemplated hereunder.

c. Neither MGP nor the Cray Group will propose or present any additional proposals at the Annual Meeting.

d. The agenda and rules for the Annual Meeting will be mutually agreed upon by the Parties prior to reconvening the Annual Meeting.

e. The Cray Group will cause the law firm of Stinson Morrison Hecker LLP to issue a legal opinion (the "Opinion") (with customary limitations and qualifications) addressed to the Board regarding the voting of the Cray Group Preferred Shares at the Annual Meeting. The Parties hereto agree not to contest the Opinion.

9. Non-Retaliation Policy; Acceptance of Audit Committee Review

a. The Parties will reasonably cooperate to establish a non-retaliation policy providing that no Party hereto will seek to punish employees who sided or voted against them in the Proxy Contest or related matters.

b. Neither Karen Seaberg nor Bud Cray will contest the findings and conclusions of the independent Audit Committee review dated October 10, 2013.

10. Release of All Claims by All Parties

Except as otherwise provided herein, for and in consideration of this Agreement and in consideration of the covenants, promises, and commitments set forth in the Agreement, and as a

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settlement of disputed claims, all of the Parties hereto, individually and/or collectively, on behalf of themselves and their respective parent, subsidiaries, divisions, related or affiliated corporations, predecessors, or successor corporations, limited liability companies, partnerships, limited partnerships, and past, present and future directors, officers, shareholders, employees, attorneys, heirs, assigns, trustees, agents, representatives, sureties, and for all other persons or entities who claim in their right, title, interest, and/or behalf do hereby release and forever discharge all of the other Parties hereto, and their respective heirs, devisees, legatees, assigns, trustees, agents, representatives, sureties, parent, subsidiaries, divisions, related or affiliated corporations, predecessors, or successor corporations, limited liability companies, partnerships, limited partnerships, and past, present and future directors, officers, shareholders, employees, attorneys, and agents (collectively, "Released Parties") from any and all claims (filed, pled, or otherwise),

actions, causes of action, demands, tax demands, liens, tax liens, civil lawsuits, costs, expenses (including without limitation attorneys' or expert/consultant fees, costs, or expenses) or encumbrances of any kind whatsoever (legal, equitable, or otherwise), known or unknown, suspected or unsuspected, fixed or contingent, that the Parties, individually or collectively, have or had from the beginning of time to the entry of this Agreement, against any Released Party, individually or collectively, relating to, connected with, or in any way arising from or related to the claims, facts, events, or occurrences related or unrelated to their respective roles with MGP, the Lawsuits, the Annual Meeting, and the Proxy Contest. The Parties acknowledge that they are releasing claims only to the extent permitted by law.

The intention, understanding, and agreement of the Parties is that this Agreement constitutes a complete and final settlement between the Parties as described herein. Each Party acknowledges and understands that this Agreement is a compromise of claims and that, by entering into this Agreement, it is agreed that the Released Parties are not making any admission or concession of any factual or legal conclusion. Nothing in this Agreement will limit the ability of any Party to enforce (a) this Agreement, (b) the Employment Agreement of Mr. Newkirk, (c) the Transition Services Agreement, (d) the Settlement Agreement and Release between Cloud (Bud) Cray, Karen Seaberg, Tom Cray and Tim Newkirk (including any other agreements contemplated thereunder or attached thereto), or (e) any right to indemnification that any Party may be eligible for as a director or officer of MGP (the "Excluded Obligations").

11. Covenant Not to Sue on Matters Released by this Agreement

Provided that the obligations of this Agreement are otherwise satisfied, the Parties covenant and agree that they will not, directly or indirectly, commence or in any manner prosecute against any Released Party any legal action or other proceeding based upon the matters released by under Section 10 of this Agreement. In addition to any other remedy at law or in equity, if any Party or any other person or entity acting or purporting to act on their behalf commences an action in violation of the terms of this Agreement, then (a) this Agreement may be pleaded in bar of any such action, and (b) the Parties will be entitled to injunctive relief to stop such action, and (c) the party, entity, or person initiating such action will be liable to the other Party for all costs and expenses, including attorneys' fees, costs, and expenses, incurred in responding to the action. The terms of this Section 11 do not apply to or limit the ability of any Party to enforce the Excluded Obligations.

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12. Authorities; Representations.

Each individual who is a Party hereto represents and agrees that he or she has the power and authority to enter into this Agreement and that this Agreement has been duly executed and delivered by such individual. The Company hereby represents and warrants that (i) the authorized signatory set forth on the signature page hereto has the power and authority to execute this Agreement and to bind the Company to this Agreement and no further actions are required to bind the Company hereto and (ii) this Agreement has been duly authorized, executed and delivered by the Company and the Board.

13. Press-Release.

Promptly following the execution of this Agreement, the Company and the Cray Group will jointly issue a mutually agreeable press release (the "Mutual Press Release") announcing the terms of this Agreement, in the form attached hereto as Exhibit D. Prior to the issuance of the Mutual Press Release, none of the Parties hereto will issue any press release or public announcement regarding this Agreement or the resolution of the issues addressed herein without the prior written consent of the other, other than any filing with the Securities and Exchange Commission (the "SEC") required in connection with the execution and/or delivery of this Agreement. None of the Parties hereto shall make any public statement (including any filing with the SEC) inconsistent with the Mutual Press Release without the written consent of the other Parties hereto.

14. Entire Agreement and Severability.

The Parties agree that this Agreement may not be modified, altered, or changed, except by written agreement signed by the Parties. This Agreement, and any other agreement signed by or between some or all of the Parties hereto on the date of this Agreement, contains the entire agreement between the Parties with regard to the matters set forth herein and will be binding and inure to the benefit of the Parties, the present, former and future officers, directors, shareholders, members, employees, attorneys, representatives, subsidiaries, affiliates, heirs, devisees, legatees, trustees, agents, sureties, executors, administrators, predecessors, successors, and assigns of each Party. Each of the Parties acknowledges and represents that it has not relied on any promise, inducement, representation, or other statement made in connection with this Agreement that is not expressly contained in this Agreement. If any provision of the Agreement is held to be invalid, the remaining provisions will remain in full force and effect.

15. Joint Preparation.

All of the Parties have cooperated and participated in the drafting and preparation of this Agreement. Accordingly, the Parties agree that the Agreement will not be construed or interpreted in favor of or against any Party by virtue of the identity of its preparer.

16. Applicable Law.

The Agreement will be construed and interpreted according to the laws of the State of Kansas.

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17. Multiple Originals and Facsimiles Signatures.

This Agreement may be executed in any number of counterparts, and with facsimile signatures, with the same effect as if all Parties had signed the same document. All counterparts will be construed together and will constitute one Agreement. Absent an original signature, it is hereby understood and agreed that a facsimile or electronically-transmitted signature will be binding upon the Parties and otherwise admissible.

18. Waiver.

No waiver by any Party of any condition of or of any breach of any term, covenant, representation, or warranty contained in this Agreement will be deemed or construed as a further or continuing waiver of any other condition or the breach of any other term, covenant, representation, or warranty contained in this Agreement.

19. Attorney Fees, Costs, and Expenses.

Unless otherwise specified in this Agreement, each Party will bear its own attorney or expert/consultant fees, costs, and expenses in connection with the Lawsuits, including without limitation all attorneys fees, costs, and expenses associated with demands made as a result of the Lawsuits and the negotiation and execution of this Agreement.

20. Specific Performance.

Each of the Parties hereto acknowledges and agrees that irreparable injury to the other Parties hereto would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that such injury would not be adequately compensable in damages. It

is accordingly agreed that the any of the Parties hereto (the "Moving Party"), shall each be entitled to specific enforcement of, and injunctive relief to prevent any violation of, the terms hereof, without the posting of any bond, and the other Parties will not take action, directly or indirectly, in opposition to the Moving Party seeking such relief on the grounds that any other remedy or relief is available at law or in equity. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Agreement, but shall be in addition to all other remedies available at law or equity.

21. **Further Assurances.**

Each of the Parties hereto agrees to take such actions, adopt such resolutions and execute such agreements, documents and instruments as reasonably necessary to carry out the covenants and obligations under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first above written.

MGP Ingredients, Inc.

By: /s/ Donald P. Tracy
Name: Donald P. Tracy
Title: Chief Financial Officer

/s/ Michael Braude
Michael Braude

/s/ John Byom
John Byom

/s/ Cloud L. Cray, Jr.
Cloud L. Cray, Jr.

/s/ Thomas M. Cray
Thomas M. Cray

/s/ Gary Gradinger
Gary Gradinger

/s/ Linda Miller
Linda Miller

/s/ Timothy W. Newkirk
Timothy W. Newkirk

/s/ Daryl Schaller
Daryl Schaller

/s/ Karen Seaberg
Karen Seaberg

[Signature Page to Settlement Agreement and Mutual Release]

/s/ John Speirs
John Speirs

[Signature Page to Settlement Agreement and Mutual Release]

VOTING AGREEMENT

This Voting Agreement (the "Agreement") is entered into on December 3, 2013 by MGP Ingredients, Inc. (the "Company"), Cloud "Bud" Cray, Jr., Karen Seaberg, Thomas M. Cray (Karen Seaberg, Cloud "Bud" Cray, Jr. and Thomas M. Cray, collectively, the "Preferred Stockholders"), and Michael Braude, Linda Miller, Gary Gradinger, Daryl Schaller, John Speirs, and John Byom, each as independent members of the Board of Directors of the Company (the "Independent Directors" and collectively with the Cloud Cray, Jr. and Karen Seaberg, the "Board"). All of the above are collectively referred to as the "Parties" to this Agreement.

RECITALS

WHEREAS, the Preferred Stockholders beneficially own 293 shares of Company preferred stock, par value \$10.00 per share, together with any additional shares of Company preferred stock pursuant to Section 3 hereof, (the "Preferred Stock");

WHEREAS, the Preferred Stockholders are presently involved in a proxy contest related to the 2013 Annual Meeting of Stockholders of the Company (Annual Meeting);

WHEREAS, the Parties, along with Tim Newkirk, are concurrently entering into a Settlement Agreement and Mutual Release (the "Settlement Agreement") on the date hereof providing for, among other things, agreement with respect to certain matters regarding the Annual Meeting;

WHEREAS, pursuant to the Settlement Agreement, Tim Newkirk has agreed to resign from the Board, and the Parties have, on the terms and subject to the conditions herein, agreed to leave open the vacancy created by Tim Newkirk's resignation until a new Chief Executive Officer (a "CEO") is hired by the Board; and

WHEREAS, the Parties hereto desire to memorialize certain other agreements between them with respect to the matters to be voted upon at the Annual Meeting.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows.

1. Shares Subject to Agreement.

The Preferred Stockholders each agree to hold all shares of Preferred Stock registered in their respective names or beneficially owned by them and/or over which they exercise voting control as of the date of this Agreement and any other shares of Preferred Stock legally or beneficially held or acquired by them after the date hereof or over which they exercise voting control subject to, and to vote the Preferred Stock in accordance with the provisions of this Agreement until the earlier to occur of (a) the conclusion of the 2014 annual meeting of stockholders (such meeting, the "2014 Annual Meeting") or (b) June 1, 2014 (the period from

the date of this Agreement to the earlier to occur of (a) and (b) referred to herein as the "Voting Period").

2. Voting of Preferred Shares and Related Matters.

(a) Subject to Section 2(e) below, and notwithstanding the timing requirements of Section 3.8 of the Company's By-laws as proposed by the Preferred Stockholders for consideration at the Annual Meeting, during the Voting Period the Preferred Stockholders shall not take any action to call a special meeting of stockholders of the Company to elect a director to fill the vacancy arising from Tim Newkirk's resignation from the Board.

(b) Subject to Section 2(e) below, if the 2014 Annual Meeting is held during the Voting Period, at the 2014 Annual Meeting the Preferred Stockholders shall vote, or cause to be voted, by proxy or otherwise, their Preferred Stock in favor of the election to the Board of the non-interim CEO hired by the Board.

(c) If the Board has not hired a non-interim CEO, then, during the Voting Period, should any special meeting of stockholders be called, or any consent solicitation be made, the Preferred Stockholders shall not vote, by proxy or otherwise, and shall cause any holder of record of Preferred Stock to not vote or execute a written consent or consents if stockholders of the Company are requested to vote their shares through the execution of an action by written consent in lieu of any such annual or special meeting of stockholders of the Company, in favor of the election of any person to fill the vacancy created by the resignation of Mr. Newkirk and further agree that, during the Voting Period, should any special meeting of stockholders occur that has as its purpose (or one of its purposes) the filling of the vacancy created by the resignation of Mr. Newkirk, the Preferred Stockholders shall not attend such meeting in person or by proxy.

(d) Subject to Section 2(e) below, provided the Company's stockholders approve the precatory proposal on the declassification of the Board at the Annual Meeting, the Board shall take all appropriate actions (including adopting appropriate Board resolutions and recommending approval to the Company's stockholders) to adopt and approve a proposal to amend the Company's articles of incorporation to declassify the Board in the form attached hereto as Exhibit A, and the Board shall submit such proposal/amendment to stockholders for approval at the 2014 Annual Meeting.

(e) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any of the Parties (i) from acting in their individual capacities as directors of the Company, to the extent applicable and no such actions or omissions shall be deemed a breach of this Agreement, it being understood that this Agreement shall apply to the Preferred Stockholders solely in their capacities as a stockholders of the Company and (ii) from taking any action to fill any other vacancy that may arise on the Board. Nothing in this Agreement will be construed to prohibit, limit or restrict any Party from exercising his or her fiduciary duties as a director to the Company or its stockholders. In the event that the Board refuses to submit the declassification proposal to stockholders for approval

at the 2014 Annual Meeting during the Voting Period, the obligations of the Preferred Stockholders hereunder shall terminate and be of no further effect.

3. Additional Shares.

Each Preferred Stockholder agrees that all shares of Company preferred stock that he or she purchases, acquires the right to vote or otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") of after the execution of this Agreement shall be subject to the terms of this Agreement and shall constitute Preferred Stock for all purposes of this Agreement.

4. No Voting Trusts or Other Arrangement.

During the Voting Period, the Preferred Stockholders agree that he or she will not, and will not permit any entity under any of their control to, deposit any of the shares of Preferred Stock in a voting trust, grant any proxies with respect to the Preferred Stock or subject any of the Preferred Stock to any arrangement with respect to the voting of the Preferred Stock other than agreements entered into with all the Parties.

5. Transfer and Encumbrance.

The Preferred Stockholders each agrees that during the term of this Agreement, he or she will not, directly or indirectly, transfer, sell, offer, exchange, assign, pledge or otherwise dispose of or encumber ("Transfer") any of the Preferred Stock or enter into any contract, option or other agreement with respect to, or consent to, a Transfer of, any of the Preferred Stock or the Preferred Stockholder's voting or economic interest therein. Any attempted Transfer of the Preferred Stock or any interest therein in violation of this Section 5 shall be null and void. This Section 5 shall not prohibit a Transfer of the Preferred Stock by the Preferred Stockholders to any member of his or her immediate family, or to a trust for the benefit of the Preferred Stockholder or any member of his or her immediate family, or upon the death of such Preferred Stockholder; provided, that a Transfer referred to in this sentence shall be permitted only if, as a precondition to such Transfer, the transferee agrees in a writing, reasonably satisfactory in form and substance to the Parties, to be bound by all of the terms of this Agreement.

6. Representations.

(a) The Company hereby represents and warrants that:

(i) the authorized signatory set forth on the signature page hereto has the power and authority to execute this Agreement and to bind the Company to this Agreement and no further actions are required to bind the Company hereto;

(ii) the Company has full corporate power and authority to enter into, execute and deliver this Agreement and (subject to the conditions stated herein) to perform fully its obligations hereunder;

(iii) this Agreement has been duly authorized, executed and delivered by the Company and the Board.

(iv) none of the execution and delivery of this Agreement by the Company, the consummation by it of the transactions contemplated hereby or compliance by it with any of the provisions hereof will conflict with or result in a breach, or constitute a default (with or without notice of lapse of time or both) under any provision of, any trust agreement or other agreement, instrument or law applicable to it or its property or assets.

(v) Except for any filings required under federal securities laws, no consent, approval or authorization of, or designation, declaration or filing with, any governmental authority on the part of the Company is required in connection with the valid execution and delivery of this Agreement.

(b) Each Preferred Stockholder represents and warrants to each of the other Parties (but not to the other Preferred Stockholders) that:

(i) He or she owns beneficially (as such term is defined in Rule 13d-3 under the Exchange Act) all of the Preferred Stock free and clear of, except pursuant to this Agreement, any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, right of first refusal, or restriction of any kind, including any restriction on voting, transfer, or exercise of any other attribute of ownership.

(ii) He or she has full power and authority and legal capacity to enter into, execute and deliver this Agreement and to perform fully his or her obligations hereunder. This Agreement has been duly and validly executed and delivered by him or her.

(iii) None of the execution and delivery of this Agreement by such Preferred Stockholder, the consummation by him or her of the transactions contemplated hereby or compliance by him or her with any of the provisions hereof will conflict with or result in a breach, or constitute a default (with or without notice of lapse of time or both) under any provision of, any trust agreement or other agreement, instrument or law applicable to him or her or to his or her property or assets.

(iv) Except for any filings required under federal securities laws, no consent, approval or authorization of, or designation, declaration or filing with, any governmental authority on the part of such Preferred Stockholder is required in connection with the valid execution and delivery of this Agreement. No consent of a spouse is necessary under any "community property" or other laws in order for such Preferred Stockholder to enter into and perform his or her obligations under this Agreement.

7. Entire Agreement and Severability.

The Parties agree that this Agreement may not be modified, altered, or changed, except by written agreement signed by the Parties. This Agreement and any other agreement signed by or between some or all of the Parties hereto on the date of this Agreement, contains the entire

agreement between the Parties with regard to the matter set forth herein and will be binding and inure to the benefit of the Parties, the present, former and future officers, directors, shareholders, members, employees, attorneys, representatives, subsidiaries, affiliates, heirs, devisees, legatees, trustees, agents, sureties, executors, administrators, predecessors, successors, and assigns of each Party. If any provision of the Agreement is held to be invalid, the remaining provisions will remain in full force and effect.

8. Joint Preparation.

All of the Parties have cooperated and participated in the drafting and preparation of this Agreement. Accordingly, the Parties agree that the Agreement will not be construed or interpreted in favor of or against any Party by virtue of the identity of its preparer.

9. Applicable Law.

The Agreement will be construed and interpreted according to the laws of the State of Kansas.

10. Multiple Originals and Facsimiles Signatures.

This Agreement may be executed in any number of counterparts, and with facsimile signatures, with the same effect as if all Parties had signed the same document. All counterparts will be construed together and will constitute one Agreement. Absent an original signature, it is hereby understood and agreed that a facsimile or electronically-transmitted signature will be binding upon the Parties and otherwise admissible.

11. Waiver.

No waiver by any Party of any condition of or of any breach of any term, covenant, representation, or warranty contained in this Agreement will be deemed or construed as a further or continuing waiver of any other condition or the breach of any other term, covenant, representation, or warranty contained in this Agreement.

12. Specific Performance.

Each of the Parties hereto acknowledges and agrees that irreparable injury to the other Parties hereto would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that such injury would not be adequately compensable in damages. It is accordingly agreed that the any of the Parties hereto (the "Moving Party"), shall each be entitled to specific enforcement of, and injunctive relief to prevent any violation of, the terms hereof, without the posting of any bond, and the other Parties will not take action, directly or indirectly, in opposition to the Moving Party seeking such relief on the grounds that any other remedy or relief is available at law or in equity. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Agreement, but shall be in addition to all other remedies available at law or equity.

13. Further Assurances.

Each of the Parties hereto agrees to take such actions, adopt such resolutions and execute such agreements, documents and instruments as reasonably necessary to carry out the covenants and obligations under this Agreement.

14. Assignment.

No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties hereto. Any assignment contrary to the provisions of this Section 14 shall be null and void.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date above first written.

MGP Ingredients, Inc.

By: /s/ Donald P. Tracy
Name: Donald P. Tracy
Title: Chief Financial Officer

/s/ Michael Braude
Michael Braude

/s/ John Byom
John Byom

/s/ Cloud L. Cray, Jr.
Cloud L. Cray, Jr.

/s/ Gary Gradinger
Gary Gradinger

/s/ Linda Miller
Linda Miller

/s/ Daryl Schaller
Daryl Schaller

/s/ Karen Seaberg
Karen Seaberg

/s/ John Speirs
John Speirs

/s/ Thomas M. Cray
Thomas M. Cray

[Signature Page to Voting Agreement]

Exhibit A

Proposal to Declassify the Board

Commencing with the annual meeting of stockholders in 2014, each director of the corporation shall be elected for a one-year term and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. No decrease in the authorized number of directors shall shorten the term of any incumbent director. A

director who is chosen in the manner provided in the Bylaws to fill a vacancy shall hold office until the next annual meeting of stockholders of the corporation and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. Any one or more directors of the corporation may be removed with or without cause by the holders of a majority of the shares then entitled to vote in an election of such director or directors.

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement ("Agreement") is entered into as of December 3, 2013 (the "Effective Date"), by and between MGP Ingredients, Inc., a Kansas corporation (the "Company"), and Timothy W. Newkirk ("Consultant").

In consideration of the mutual covenants contained in this Agreement and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company and Consultant agree as follows:

1. Services. The Company is retaining Consultant to provide certain transition services to the Company in connection with the engagement by the Company of a new Chief Executive Officer or new co-Chief Executive Officers (the "Services"). The Company may alter or expand the Services only upon the mutual agreement of the parties. Consultant shall be required only to report to the Chief Executive Officer or co-Chief Executive Officers of the Company, and shall be required only to perform such actions as are reasonably requested by such person or persons, all in accordance with the terms hereof. Subject to the foregoing, Consultant shall consult with the board of directors of the Company (or its designated advisors) upon the reasonable request of the Chief Executive Officer or co-Chief Executive Officers of the Company.

2. Relationship of the Parties.

(a) An independent contractor relationship shall exist between the Company and Consultant. Consultant is neither an agent nor an employee of the Company. Consultant has the authority to control and direct the performance of the details of the Services, as governed by his own independent judgment and discretion. In a manner that meets the business needs of the Company, Consultant shall: (i) determine when, and how the Services are performed; (ii) be responsible for hiring, training, assigning work to, compensating, and supervising his own employees or agents; (iii) determine his hours or days of work; (iv) determine the location from which the Services are performed (except that such location will not be the premises of the Company unless specifically requested by the Co-CEOs (or, following the retention of a permanent CEO by the Company, by the CEO); (v) determine the order or sequence in which tasks are performed related to the Services; and (vi) maintain his own work facility. Consultant shall not: (1) be required to undergo training of any nature, including the training the Company provides its employees; (2) have any right or authority to make any contracts or commitments for, or on behalf of, the Company; and/or (3) represent himself to be an employee or agent of the Company. The Company shall reimburse Consultant for his expenses reasonably incurred in his performance of the Services to the extent such expenses are approved in advance by the Co-CEOs (or, following the retention of a permanent CEO by the Company, by the CEO).

(b) The Company does not agree to use Consultant exclusively. Consultant is not exclusively engaged by the Company and remains free to perform services for other persons and entities, and to make himself available to the public for such purposes.

3. Compensation. In return for all Services provided by Consultant, the Company shall pay Consultant (a) on the Effective Date, One Hundred Thousand Five Hundred and No/100 Dollars (\$100,500.00) and (b) on the date that is three months after the Effective Date, One Hundred Thousand Five Hundred and No/100 Dollars (\$100,500.00), which amounts shall compensate Consultant for the Services rendered hereunder. On the Effective Date, the Company shall reimburse Consultant for his reasonable third-party expenses, up to a maximum aggregate cap of Forty-Five Thousand and No/100 Dollars (\$45,000.00), incurred in connection with the preparation of this Agreement, the termination of his employment with the Company (including without limitation the mutual release between Consultant and the Company), and other expenses related to the foregoing. Consultant agrees that he will make himself available to provide Services hereunder for up to ten (10) hours during each week that this Agreement remains in effect. The Company will issue an IRS Form 1099 to Consultant for all compensation paid under this Agreement. Consultant shall be responsible for paying any taxes related to this compensation, and Consultant shall indemnify and hold the Company harmless from any tax liability, penalties and/or interest relating to this compensation. Consultant shall not be entitled hereunder to participate in any benefits programs of the Company, and Consultant's payments as described in this Section 3 shall be Consultant's sole compensation for the Services provided hereunder.

4. Term. The Term of this Agreement shall begin on the Effective Date and shall continue until the earlier of: (a) six months from the Effective Date; and (b) the date this Agreement is terminated earlier by the Company or Consultant in accordance with the terms hereof. Subject to the terms hereof, either the Company or Consultant may terminate this Agreement on thirty (30) days' notice.

5. Effect of Termination. If the Company terminates this Agreement without Cause prior to the date that is six months from the Effective Date, the Company shall provide the compensation set forth above in accordance with the terms hereof. If, prior to the date that is six months from the Effective Date, Consultant terminates this Agreement for any reason or if the Company terminates this Agreement for Cause, the Company shall only be obligated to provide the compensation set forth above actually accrued through Consultant's last day worked (with the amount accrued for each day in the period equal to \$1,116.67). For purposes of this Agreement, "Cause" shall mean the substantial and repeated failure of Consultant to follow the direction, policies and/or procedures of the Company as reasonably directed by the board of directors of the Company, which failure is not cured within thirty (30) days following Consultant's receipt of written notice from the Company identifying the nature of such failure.

6. Confidentiality. Only to the extent that Consultant actually has access to the Company's Proprietary Information or Customer Information (in each case as defined below):

(a) Consultant acknowledges that, during his engagement, he may have access to and use Proprietary Information and Customer Information. Consultant further acknowledges that the Company's Proprietary Information was or will be designed and developed by the Company or any Affiliate with considerable effort and at great expense, is unique, secret and confidential, and constitutes the exclusive property and trade secrets of the Company or such Affiliate. Consultant further acknowledges that an integral part of the Company's business involves the receipt of Customer Information. Consultant

further acknowledges that any unauthorized use of the Proprietary Information or Customer Information by Consultant, or any disclosure of the same to any third parties, would be wrongful and may cause irreparable injury to the Company, its customers, suppliers, employees, clients and/or Affiliates.

(b) Accordingly, Consultant covenants and agrees that, during his engagement hereunder and for a period of one (1) year thereafter, he will (i) hold the Proprietary Information and Customer Information in strictest confidence; (ii) not disclose such information to any person, firm, corporation or other entity; and (iii) not use such information for any purpose not expressly authorized in writing by the Company. Consultant also agrees that, upon request of the Company, he will return all Company documents and property in his possession or under his control, including but not limited to business records in any way relating to the Company or its business, its Proprietary Information or Customer Information (without retaining copies of any of the foregoing). Consultant agrees to indemnify and hold the Company harmless from any loss, claim or damages, including attorneys' fees and costs, arising out of or relating to Consultant's unauthorized disclosure or use of the Company's Proprietary Information or Customer Information.

(c) For the purposes of this Agreement, the term "Customer Information" shall mean, whether verbal, written or stored electronically, provided that such information is marked "confidential": (i) confidential product or technology information of any customer of the Company, as indicated by such customer; (ii) confidential information regarding the business of any customer or its clients learned in the course of providing service and/or products to the customer on behalf of the Company; (iii) other confidential information submitted from time to time by a customer to the Company; and (iv) the identity of the customer as the source of such

data or information provided to Consultant by the Company. Customer Information shall in all events, however, exclude information that is (1) available to or known by the public; (2) is or becomes available to the Consultant on a non-confidential basis from a source not known by the Consultant to be bound by a requirement that such source not share such information with Consultant, or (3) has been independently acquired or developed by the Consultant without violating any of his obligations under this Agreement.

(d) For the purposes of this Agreement, the term "Proprietary Information" shall mean, whether verbal, written or stored electronically, provided that such information is marked "confidential": all customer lists, prospective customer lists, trade secrets, databases, processes, computer programs, software, object codes, source codes, passwords, entry codes, inventions, improvements, business data, prospective employee lists, business contact information of the Company or developed for the Company or any of the Company's Affiliates or customers, information relating to the Company's or any of its Affiliate's business contracts, marketing strategies, any other secret or confidential matter relating or pertaining to the products, services, sales or other business of the Company, or any Affiliate, and shall include Customer Information that was developed or enhanced by the Company or any Affiliate including data furnished by or on behalf of the customer. Proprietary Information shall in all events, however, exclude information that is (i) available to or known by the public; (ii) is or becomes available to the Consultant on

a non-confidential basis from a source not known by the Consultant to be bound by a requirement that such source not share such information with Consultant, or (iii) has been independently acquired or developed by the Consultant without violating any of his obligations under this Agreement.

(e) Notwithstanding anything herein to the contrary, neither the term "Customer Information" nor the term "Proprietary Information" shall include information that Consultant is requested or required to disclose under law, rule, regulation, order or in any civil, governmental, regulatory or judicial process, and nothing herein shall restrict Consultant from complying with such request or requirement, provided, however, that Consultant shall give the Company notice of such request or requirement prior to making any disclosure thereunder (in each case, as is practicable and not prohibited by law) so that the Company may seek an appropriate protective order, at its sole cost and expense, and/or, in its sole discretion, waive compliance by Consultant with the applicable provisions of this Section 6(e).

7. Company's Remedies.

(f) Consultant acknowledges and agrees that the covenants and undertakings contained in Section 6 of this Agreement relate to matters which are of a special, unique, extraordinary, managerial and intellectual character which gives them a peculiar value, and that a violation of any of the terms of such Section may cause irreparable injury to the Company, the amount of which may be difficult, if not impossible, to estimate or determine and which may not be adequately compensated. Therefore, Consultant agrees that the Company, in addition to any other available remedies under applicable law, shall be entitled, as a matter of course, to seek an injunction, restraining order or other equitable relief from any court of competent jurisdiction, restraining any violation or reasonably-perceived threatened violation of any such terms by Consultant and such other persons as the court shall order.

(g) Consultant agrees that the restrictions contained in Section 6 of this Agreement are reasonable in all respects and are to be interpreted in light of all the facts and circumstances existing at the time enforcement is sought. However, should any court or other body of competent jurisdiction determine that all or any portion of the agreement set forth herein is invalid or unenforceable for any reason, such agreement (or portion thereof) shall be restricted and deemed amended to the minimum extent necessary so as to preserve and establish its validity and enforceability.

(h) Termination of Consultant's engagement under this Agreement, by either the Company or Consultant, or expiration of this Agreement, shall not affect either party's rights and obligations under Section 6, of this Agreement, and such rights and obligations shall continue and survive the termination or expiration of this Agreement.

8. Return of Documents. Upon termination of Consultant's engagement with the Company for any reason, all documents, procedural manuals, guides, specifications, plans, drawings, diskettes, designs, software and similar materials, diaries, records, customer lists, notebooks, and similar repositories of or containing Proprietary Information, or Customer

Information, including all copies thereof, then in Consultant's possession or control, whether prepared by Consultant or others, shall be left with, or forthwith returned by Consultant to, the Company.

9. Assignment. The Company shall not be required to make any payment under this Agreement to any assignee or creditor of Consultant, other than to Consultant's legal representative on death. Consultant's obligations under this Agreement are personal and may not be assigned, delegated or transferred in any manner and any attempt to do so shall be void. Consultant, or his legal representative, shall have no rights by way of anticipation or otherwise to assign or otherwise dispose of any right of Consultant under this Agreement. The Company may assign this Agreement without Consultant's written consent to any successor to or purchaser of the Company's business or any portion thereof. This Agreement shall be binding upon, and shall inure to the benefit of, the Company, Consultant and their permitted successors and assigns.

10. Notices. Any notice required or permitted to be given under this Agreement must be in writing and shall be deemed conclusively to have been delivered (a) when personally delivered; (b) one (1) Business Day after being sent by reputable overnight express courier (charges prepaid); or (c) three (3) Business Days following mailing by certified or registered mail, postage prepaid and return receipt requested. Unless another address is specified in writing, notices, requests, demands and communications to the parties shall be sent to the addresses indicated below:

To Company:

MGP Ingredients, Inc.
100 Commercial Street
Atchison, KS 66002
Attn: Chief Executive Officer

To Consultant:

Timothy W. Newkirk
[]
[]
[]

With a copy to:

[]

[]
[]
[]

11. Amendments. This Agreement shall not be amended, in whole or in part, except by an agreement in writing signed by the Company and Consultant.

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12. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the Services provided hereunder. All prior agreements or understandings related to the Services, oral or written, are merged in this Agreement and are of no further force or effect. The parties acknowledge that they are not relying on any representations, express or implied, oral or written, in entering into this Agreement, except for those stated in this Agreement.

13. Captions. The captions of this Agreement are included for convenience only and shall not affect the construction of any provision of this Agreement.

14. Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Kansas.

15. Severability. All provisions, agreements, and covenants contained in this Agreement are severable, and in the event any of them shall be held to be illegal, void or invalid by any competent court or under any applicable law, such provision shall be changed to the minimum extent reasonably necessary to make the provision, as so changed, legal, valid and binding. If any provision of this Agreement is held illegal, void or invalid in its entirety, the remaining provisions of this Agreement shall not in any way be affected or impaired, but shall remain binding in accordance with their terms.

16. No Waiver. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party against whom enforcement of the waiver is sought. The waiver by either party of any breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

17. Consultation with Counsel. Consultant acknowledges that he has been given the opportunity to consult with his personal legal counsel concerning all aspects of this Agreement and the Company has urged Consultant to so consult with such counsel.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when taken together, shall constitute one and the same agreement.

(signature page follows)

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IN WITNESS WHEREOF, the Company and Consultant have duly executed this Agreement as of the date and year first above written.

“THE COMPANY”

MGP INGREDIENTS, INC.

Signed: /s/ Donald P. Tracy

Name: Donald P. Tracy

Its: Chief Financial Officer

“CONSULTANT”

TIMOTHY W. NEWKIRK

Signed: /s/ Timothy W. Newkirk

[Signature Page to Transition Services Agreement]



Cray Business Plaza
 100 Commercial St., P.O. Box 130
 Atchison, Kansas 66002-0130
 913.367.1480
www.mgpingredients.com

NEWS
 RELEASE

FOR IMMEDIATE RELEASE

MGP INGREDIENTS, INC. ANNOUNCES AGREEMENT WITH CRAY GROUP

Summary

- 2013 Annual Meeting to be reconvened on December 17, 2013
- Board has terminated CEO Tim Newkirk
- National search for new chief executive officer is commencing
- Don Tracy and Randy Schrick to be appointed as Interim Co-CEOs
- All litigation to be dismissed

ATCHISON, Kansas, December 3, 2013 - MGP Ingredients, Inc. (**Nasdaq/MGPI**) (the “Company”) today announces that it has entered into a settlement agreement with the Cray Group on all issues related to the 2013 Annual Meeting and all related lawsuits.

2013 Annual Meeting

The Company will reconvene the Annual Meeting of stockholders on December 17, 2013 at 9:00 A.M. Central Time at the Theatre Atchison, 401 Santa Fe Street, Atchison, Kansas. April 3, 2013 will remain the record date for purposes of determining stockholders entitled to vote at the reconvened 2013 Annual Meeting.

Chief Executive Officer

Per the agreement, CEO Tim Newkirk has been terminated without cause effective as of December 3, 2013. Simultaneously, Mr. Newkirk resigned from the Board of Directors of the Company (the “Board”). The Company, certain members of the Board and certain members of the Cray Group have entered into a Voting Agreement with respect to shares of the Company’s preferred stock beneficially owned by the Cray Group. Pursuant to the Voting Agreement and subject to the terms and conditions therein, the Board seat vacancy resulting from Mr. Newkirk’s resignation will be filled by the new CEO to be hired in a CEO search to be conducted by the Board.

Pursuant to the settlement agreement, the Board will appoint Don Tracy and Randy Schrick to serve as Interim Co-CEOs following the 2013 Annual Meeting and until a new CEO is hired. Mr. Tracy has served as Vice President of Finance and Chief Financial Officer of MGP Ingredients, Inc. since November 2009. Mr. Schrick has served as Vice President of Engineering for MGP since June 2009.

Board Governance

Pursuant to the settlement agreement, the Cray Group will continue to hold proxies for the election of directors, governance proposals and the say-on-pay advisory vote reflected in its proxy statement and proxy card.

Pursuant to the voting agreement and on the terms and subject to the conditions set forth therein, the Board has agreed to vote in favor of de-staggering the Board and to submit to stockholders for approval at the Company’s 2014 Annual Meeting of Stockholders an amendment to the Company’s articles of incorporation to de-stagger the Board. On the terms and subject to the conditions set forth in the Voting Agreement, the Cray Group has agreed to elect the new CEO to the Board at the Company’s 2014 Annual Meeting of Stockholders.

Mr. John Byom has notified the Company that he is no longer willing to serve as a nominee of the Company as a Group B director. The Company does not intend to nominate a person for the Group B director position currently held by Mr. Byom, which is elected by holders of preferred stock. The parties have agreed that, assuming her election at the 2013 Annual Meeting as Mr. Byom’s replacement, Ms. Strandjord will serve as the Chair of the Company’s Audit Committee, and will also serve on the Board’s Nominating and Governance Committee and the Human Resources and Compensation Committee. Moreover, assuming his election at the

2013 Annual Meeting, Mr. Bridendall will serve on the Board’s Audit Committee, the Nominating and Governance Committee and the Human Resources and Compensation Committee. Additionally, assuming his election at the 2013 Annual Meeting, Mr. Bud Cray will serve on the Board’s Nominating and Governance Committee.

Pursuant to the settlement agreement, the Company and the Board have also agreed that the Company will not sell any assets, will not make any acquisitions of other companies or assets, and will not enter into any joint venture relationships of a material nature or outside of the ordinary course of business in the next 12 months without the approval of at least six members of the Board.

Dismissal of Litigation and Expenses

All pending litigation between the parties, including cases pending in the Atchison County District Court, Johnson County District Court and the Kansas Court of Appeals will be dismissed. The Company will reimburse the Cray Group for all reasonable legal fees and out-of-pocket costs and expenses incurred in connection with the matters related to the Annual Meeting, including proxy solicitation expenses.

About MGP Ingredients

MGP is a leading independent supplier of premium spirits, offering flavor innovations and custom distillery blends to the beverage alcohol industry. The Company also produces high quality food grade industrial alcohol and formulates grain-based starches and proteins into nutritional, as well as highly functional, innovations for the branded consumer packaged goods industry. Distilled spirits are produced at facilities in the adjacent towns of Lawrenceburg and Greendale, Indiana. The Company is headquartered in Atchison, Kansas, where a variety of distilled alcohol products and food ingredients are manufactured. For more information, visit mgpingredients.com.

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,” “encouraged,” “opportunities,” “potential” 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. Investors should not place undue reliance upon forward-looking statements and the Company undertakes no obligation to publicly update or revise any forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) disruptions in operations at our Atchison facility or Indiana Distillery, (ii) the availability and cost of grain and fluctuations in energy costs, (iii) the effectiveness of our hedging strategy, (iv) the competitive environment and related market conditions, (v) the ability to effectively pass raw material price increases on to customers, (vi) the viability of the Illinois Corn Processing, LLC joint venture and its ability to obtain financing, (vii) our ability to maintain compliance with all applicable loan agreement covenants, (viii) our ability to realize operating efficiencies, (ix) actions of governments, (x) and consumer tastes and preferences. For further information on these and other risks and uncertainties that may affect our business, including risks specific to our Distillery and Ingredient segments, see *Item 1A. Risk Factors* of our Annual Report on Form 10-K for the year ended December 31, 2012, as updated by *Item 1A. Risk Factors* of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013.

Important Additional Information

The definitive proxy statement, any other relevant documents and other materials filed with the SEC concerning the Company are available free of charge at www.sec.gov. For a copy of final definitive materials with respect to 2013 Annual Meeting, including Amendment No. 3 of the supplement to the proxy statement, please see <http://ir.mgpingredients.com/annuals.cfm>. Voting remains open to stockholders of record at the close of business on April 3, 2013. Stockholders should carefully read the definitive proxy statement, including supplements thereto, before making any voting decision.

The Company and its directors, director nominees, the Company's chief executive officer and its chief financial officer (the "Participants") may be deemed to be participants in the solicitation of proxies in connection with the 2013 Annual Meeting. Information regarding the Participants in the solicitation is more specifically set forth in the definitive proxy statement and the proxy statement supplement that were filed by the Company with the SEC and which are available free of charge from the SEC and the Company, as indicated above.

For More Information

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