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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

Annual Report Pursuant to Section 13
of the Securities Exchange Act of 1934

For the Fiscal Year Ended June 30, 2002

MIDWEST GRAIN PRODUCTS, INC.

1300 Main Street
Box 130
Atchison, Kansas 66002
Telephone: (913) 367-1480

Incorporated in the State of Kansas

COMMISSION FILE NO. 0-17196

IRS No. 48-0531200

The Company has no securities registered pursuant to Section 12(b) of the Act. The only class of common stock outstanding consists of Common Stock having no par value, 8,066,786 shares of which were outstanding at June 30, 2002. The Common Stock is registered pursuant to Section 12(g) of the Act.

The aggregate market value of the Common Stock of the Company held by non-affiliates, based upon the last reported sales price of such stock on August 13, 2002, was $75,716,644.

The Company has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and has been subject to such filing requirements for the past 90 days.

As indicated by the following check mark, disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K:[ ].

The following documents are incorporated herein by reference:

(1) Portions of Midwest Grain Products, Inc. 2002 Annual Report to Stockholders, pages 17 through 40 thereof, are incorporated by reference into Part II and contained in Exhibit 13.

(2) Portions of Midwest Grain Products, Inc. Proxy Statement for the Annual Meeting of Stockholders to be held on October 10, 2002 are incorporated by reference into Part III of this report to the extent set forth herein.

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The calculation of the aggregate market value of the Common Stock of the Company held by non-affiliates is based on the assumption that non-affiliates do not include directors. Such assumption does not constitute an admission by the Company or any director that any director is an affiliate of the Company.

This report, including the portions of the Annual Report incorporated herein by reference, contains forward-looking statements as well as historical information. Forward-looking statements are usually identified by or are associated with such words such as "intend," "believe," "estimate," "expect," "anticipate," "hopeful," "should," "may" and similar expressions. 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. The forward-looking statements are based on many assumptions and factors, including those relating to grain prices, gasoline prices, energy costs, product pricing, competitive environment and related market conditions, operating efficiencies, access to capital and actions of governments. Any changes in the assumptions or factors could produce materially different results than those predicted and could impact stock values.

PART I

ITEM 1. BUSINESS.

GENERAL INFORMATION

Midwest Grain Products, Inc. (the Company) is a Kansas corporation headquartered in Atchison, Kansas. It was incorporated in 1957 and is the successor to a business founded in 1941 by Cloud L. Cray, Sr. On August 27, 2002, the holders of the Company's preferred stock approved an amendment to the Company's Amended and Restated Articles of Incorporation which, when it becomes effective on October 10, 2002, will change the Company's name to MGP Ingredients, Inc.

The Company is a fully integrated producer of wheat-based products and distillery products and has two reportable segments, wheat-based products and distillery products. Wheat-based products consist of specialty, or value-added, ingredients, including wheat starches and proteins, commodity ingredients, including commodity wheat starches and vital wheat gluten, and mill feeds. Distillery products consist of food grade alcohol, including beverage alcohol and industrial alcohol, fuel alcohol, commonly known as ethanol, and distillers grain and carbon dioxide, which are by-products of the Company's distillery operations.

The Company processes its products at plants located in Atchison, Kansas and Pekin, Illinois. The Company also operates a wheat protein and wheat starch mixing facility in Kansas City, Kansas. Wheat is purchased directly from local and regional farms and grain elevators and milled into flour and mill feeds. The flour is processed with water to extract vital wheat gluten, a portion of which is further processed into specialty wheat proteins. Vital wheat gluten and most wheat protein products are dried into powder and sold in packaged or bulk form. The starch slurry which results after the extraction of the gluten and wheat proteins is further processed to extract premium wheat starch, which is also dried into powder and sold in packaged or bulk form, either as commodity wheat starch or, after further processing, as specialty wheat starch. The remaining slurry is mixed with mill feeds, corn and/or milo and water and then cooked, fermented and distilled into alcohol. The residue of the distilling operations is dried and sold as a high protein additive for animal feed. Carbon dioxide which is produced during the fermentation process is trapped and sold. Mill feeds not used in the distilling operations are sold to feed manufacturers.

Note 13 of the Company's Notes to Consolidated Financial Statements, which is incorporated herein by reference, includes information about sales, depreciation, income before income taxes and identifiable assets for the last three fiscal years by reportable segment. The following table shows the Company's sales from continuing operations by each class of similar products during the past five fiscal years ended June 30, 2002, as well as such sales as a percent of total sales.
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PRODUCT GROUP SALES
Year Ended June 30,

	2002		2001		2000		1999		1998	
	(thousands of dollars)									
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Wheat-based Products										
Specialty Ingredients	$ 37,396	17.4	$ 32,918	14.4	$ 31,615	13.6	$ 28,445	13.2	$ 23,231	10.4
Commodity Ingredients	27,478	12.8	44,751	19.5	68,483	29.6	54,881	25.3	47,049	21.1
Mill Feed and Other Mill Products	1,358	0.7	2,034	0.9	2,759	1.2	3,046	1.4	5,017	2.2
Total Wheat-based Products	66,232	30.9	79,703	34.8	102,857	44.4	86,372	39.9	75,297	33.7
Distillery Products:										
Food Grade Alcohol	34,402	16.0	42,320	18.4	43,864	18.9	49,649	23.0	63,421	28.4
Fuel Grade Alcohol	86,385	40.3	83,686	36.5	62,066	26.7	54,639	25.3	51,277	23.0
Distillery By-products	27,509	12.8	23,532	10.1	23,093	10.0	25,441	11.8	33,259	14.9
Total Distillery Products	148,296	69.1	149,538	65.2	129,023	55.6	129,729	60.1	147,957	66.3
Net Sales	$214,528	100.0	$229,241	100.0	$231,880	100.0	$216,101	100.0	$223,254	100.0

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The Company's results for fiscal 2002 improved over the prior fiscal year. Net income was $6.3 million compared to $2.7 million in fiscal 2001, due principally to funds allocated to the Company through U.S. Department of Agriculture programs and reduced energy and grain costs.

Approximately 90% of the Company's wheat-based product sales and 23% of its distillery sales (consisting of food grade alcohol) are made directly to institutional food and beverage processors and distributors with respect to which the Company has longstanding relationships. Sales to these customers are usually evidenced by short term agreements that are cancelable within 30 days and under which products are usually ordered, produced, sold and shipped within 60 days. However, depending on market conditions, varying amounts of the Company's fuel alcohol are sold under longer term contracts, primarily to cover the needs of gasoline refiners during September through April of each year. During fiscal 2002, two fuel alcohol customers, BP Products North America, Inc. and Martin Oil Marketing Ltd. accounted for approximately 37% of the Company's distillery sales and 26% of the Company's consolidated revenues. In fiscal 2002, approximately 5% of sales, consisting entirely of wheat-based products, were for export, with the bulk of international sales going to Japan, Mexico, and East Asian and Southeast Asian countries which do not have wheat-based economies.

Historically, the Company's sales have not been seasonal except for variations affecting alcohol and vital wheat gluten sales. Fuel alcohol sales usually increase during the period August through March due to requirements of the Clean Air Act which inhibit the sale of ethanol in certain areas of the country during May 1 through September 15 each year. Certain environmental regulations also favor greater use of ethanol during the winter months of the year. See "DISTILLERY PRODUCTS - FUEL GRADE ALCOHOL." Food grade alcohol sales tend to peak in the fall as beverage alcohol distributors order stocks for the holiday season. In prior years, vital wheat gluten sales have tended to increase to a minor extent during the second half of the fiscal year as demand increases for hot dog and hamburger buns and similar bakery products; however, this was not the case in fiscal 2002 because of the Company's decision to reduce production of vital wheat gluten. See "WHEAT-BASED PRODUCTS - COMMODITY INGREDIENTS - VITAL WHEAT GLUTEN."

The Company's strategy in recent years has been to focus on the marketing and development of specialty wheat protein and starch products for use in unique market niches. As a result of the expiration of the import quota on foreign wheat gluten, the Company has intensified its efforts to focus on developing markets for its specialty wheat proteins and starch products. As described herein, during fiscal 2002 the Company received approximately $17.3 million under a new government program designed to assist manufacturers of wheat gluten in their transition from the historical vital wheat gluten business to new markets and has received an additional $8.3 million in fiscal 2003. See "Wheat-Based Products - Commodity Ingredients - Vital Wheat Gluten." These funds are being used for research, marketing, promotional and capital costs related to specialty wheat protein and starch products and should help accelerate the Company's growth in these markets.

For further information, see the "CONSOLIDATED FINANCIAL STATEMENTS" of the Company and "MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS" which appear at pages 18 through 27 of the Annual Report.

WHEAT-BASED PRODUCTS

Wheat-based products consist of modified and specialty, or value-added, wheat starches and proteins, commodity starches and proteins, consisting of commodity wheat starches and vital wheat gluten, and mill feed.

During fiscal 2002, sales of wheat-based products declined by 17% from the prior year due to a planned reduction in sales of commodity wheat starch and vital wheat gluten. The Company elected to reduce production of vital wheat gluten due to pricing pressures from subsidized European Union producers. As noted above, the Company's overall strategy is to focus on the development and marketing of specialty wheat protein and starch products for use in unique market niches, and such products are accounting for an increasing share of the Company's total wheat-based product sales. During fiscal 2002, specialty wheat-based ingredient sales increased by nearly 14%, to approximately 56% of total wheat-based product sales. That share is expected to continue to increase due to two factors: (i) increased capacity to produce these products and increased marketing efforts, resulting in greater customer recognition and the ability to meet anticipated rising demand, and (ii) continuing decline in vital wheat gluten sales resulting from an increase in supplies and pricing pressures from European Union producers.

SPECIALTY INGREDIENTS

SPECIALTY WHEAT PROTEINS. In recent years the Company began the development of a number of specialty wheat proteins for food and non-food applications. Specialty wheat proteins are derived from vital wheat gluten through a variety of proprietary processes which change the molecular structure of vital wheat gluten. Food application wheat proteins include gliadin, glutenin, products in the Wheatex(R), FPTM and AriseTM series and Pasta Power TM. Non-food applications include wheat proteins designed for use primarily in cosmetics and personal care products and biodegradable wheat protein that can be molded to form a variety of biodegradable plastic-like objects. The Company's specialty wheat proteins generally compete with other ingredients and modified proteins having similar characteristics., primarily soy proteins and other wheat proteins, with competition being based on factors such as functionality, price and, in the case of food applications, flavor. Although a number of the specialty wheat proteins have been launched, additional products are in the test marketing or development stage.

FOOD APPLICATIONS

- GLIADIN AND GLUTENIN are the two principal molecules that make up vital wheat gluten. The Company's patented process enables the separation of glutenin and gliadin for a variety of end uses without the use of alcohol, which has been the traditional method of separating the two. Glutenin, a large molecule responsible for the elastic character of vital wheat gluten, increases the strength of bread doughs, improves the freeze-thaw characteristics of frozen doughs and may be used as a functional protein source in beef jerky-type products, as well as in meat extension. Gliadin, the smaller of the two molecules, is soluble in water and other liquids, including alcohol, and is responsible for the viscous properties of wheat gluten. Those characteristics make it ideal to improve the texture of noodles and pastas. Gliadin is also used in a number of cosmetics and personal care products as described below under "Non-Food Applications."

- WHEATEX(R)SERIES consists of texturized wheat proteins made from vital wheat gluten by changing it into a pliable substance through special processing. The resulting solid food product can be further enhanced with flavoring and coloring and reconstituted with water. Texturized wheat proteins are used for meat, poultry and fish substitutes, extenders and binders. Wheatex(R)mimics the textural characteristics and appearance of meat, fish and poultry products. It is available in a variety of sizes and colors and can be easily formed into patties, links or virtually any other shape the customer requires. Because of its neutral taste, Wheatex(R) will not alter flavors that are added to the product. It also has excellent water-binding capacities for the retention of natural meat juices. Wheatex(R) is presently being sold for applications in vegetarian and extended meat products.

- FP(TM) SERIES. The FPTM series of products consists of specialty wheat proteins, each tailored for use in a variety of food applications. These include proteins that can be used to form barriers to fat and moisture penetration to enhance the crispness and improve batter adhesion in fried products, effectively bond other ingredients in vegetarian patties and extended meat products and fortify nutritional drinks.

- ARISE (TM) SERIES. The Arise (TM) series of products consists of specialty wheat proteins that increase the freshness and shelf life of frozen, refrigerated and fresh dough products after they are baked.

- PASTA POWER (TM) is a specialty wheat protein that is a cost-effective replacement for whole eggs and egg whites and enhances the strength, texture, quality and functionality of fresh, frozen and flavored pasta products. The added strength enables the canning of pasta and its treatment with spices without significant deterioration of the noodle or other pasta product, as in the case of canned spaghetti and similar products.

NON-FOOD APPLICATIONS

- COSMETICS AND PERSONAL CARE PRODUCTS. Specialty wheat proteins include proteins that have been hydrolyzed or otherwise altered to become soluble in water and other liquids. This enables their use in food as well as non-food cosmetic applications such as hair sprays, shampoos, skin lotions and similar products. These include Foam Pro(R), a hydrolyzed wheat protein that has been developed as a foam booster to naturally enhance detergent systems such as shampoos, liquid hand soaps and bath and shower gels; Aqua Pro(R)II WAA, a solution of amino acids produced from natural wheat proteins that helps provide excellent moisturizing and film forming properties in both hair and skin systems; Aqua Pro(R)11 WP, an additive for shampoo; Aqua Pro(R)QWL, which enhances the functionality of hair conditioners; and Aqua Pro(R)II WG, which is a gliadin formulation that is used in hair and skin cleansers and conditioners.

- BIODEGRADABLE GLUTEN/STARCH RESINS. PolytriticumTM 200 and PolytriticumTM 2000 are the Company's environmentally friendly biodegradable gluten/starch resins that can be molded to produce a variety of plastic-like objects. Polytriticum(R) 200 may be used as a commercial raw material for the production of pet treats and chews. Polytriticum(R) 2000 has been developed for use in disposable eating utensils, golf tees, food and feed containers and similar type vessels.

In July of 2001, the Company received the first $17.3 million out of a total of approximately $26 million under a Bush Administration program intended to enable the gluten industry to move forward in the face of subsidized and protected competition from the European Union. An additional $8.3 million was received after the start of fiscal 2003. See "COMMODITY INGREDIENTS - VITAL WHEAT GLUTEN". The Company will use the funds to pay certain capital, research, marketing and promotional costs incurred in developing products and markets for value-added wheat gluten, or wheat protein, and wheat starch products.

In October, 2001, the Company's Board approved plans for an $8.3 million expansion project that is expected to substantially strengthen production and sales capabilities for certain of the Company's specialty wheat proteins. The expansion will occur at the Company's Atchison plant and is scheduled for completion in early fiscal 2003. The project involves the installation of additional processing and drying equipment for the production of ingredients for bakery, pasta and noodle and related food markets, both domestically and abroad. The cost of this project is expected to be offset by funds provided through the U.S. Department of Agriculture Commodity Credit Corporation program referred to above.

SPECIALTY WHEAT STARCH. Wheat starch constitutes the carbohydrate-bearing portion of wheat flour. The Company produces a pure white premium wheat starch powder by extracting the starch from the starch slurry, substantially free of all impurities and fibers, and then by spray, flash or drum drying the starch. Premium wheat starch differs from low grade or B wheat starches, which are extracted along with impurities and fibers and are used primarily as a binding agent for industrial applications, such as the manufacture of charcoal briquettes. The Company does not produce low grade or B starches because its integrated processing facilities are able to process the slurry remaining after the extraction of premium wheat starch into alcohol, animal feed and carbon dioxide. Premium wheat starch differs from corn starch in its granular structure, color, granular size and name identification.

A substantial portion of the Company's premium wheat starch is altered during processing to produce certain unique specialty wheat starches designed for special applications in niche markets. The Company's specialty wheat starches are used primarily as an additive in a variety of food products to affect their appearance, texture, tenderness, taste, palatability, cooking temperature, stability, viscosity, binding and freeze-thaw characteristics. Important physical properties contributed by wheat starch include whiteness, clean flavor, viscosity and texture. For example, the Company's starches are used to improve the taste and mouth feel of cream puffs, eclairs, puddings, pie fillings, breadings and batters; to improve the size, symmetry and taste of angel food cakes; to alter the viscosity of soups, sauces and gravies; to improve the freeze-thaw stability and shelf life of fruit pies and other frozen foods; to improve moisture retention in microwavable foods; and to add stability and to improve spreadability in frostings, mixes, glazes and sugar coatings. The Company's specialty starches are also sold for a number of industrial and non-food applications, which include uses in the manufacture of adhesives, paper coatings and carbonless paper.

The Company's specialty wheat starches primarily are sold nationwide to food processors and distributors.

Although wheat starch enjoys a relatively small portion of the total United States starch market, the market is one which has experienced substantial growth over the years. The unique characteristics of wheat starch provide it with a number of advantages over corn and other starches for certain baking and other end uses. The Company has developed a number of different specialty wheat starches, and continues to explore the development of additional starch products with the view to increasing sales of value added specialty starches.

Both commodity and specialty wheat starches compete primarily with corn starch, which dominates the United States market. Competition is based upon price, name, color and differing granular and chemical characteristics which affect the food product in which it is used. Specialty wheat starches usually enjoy a price premium over corn starches and low grade wheat starches. Commodity wheat starch price fluctuations generally track the fluctuations in the corn starch market. The specialty wheat starch market usually permits pricing consistent with costs which affect the industry in general, including increased grain costs. The Company's strategy is to market its specialty wheat starches in special market niches where the unique characteristics of these starches are better suited to a customer's requirements for a specific use.

COMMODITY INGREDIENTS

VITAL WHEAT GLUTEN. Vital wheat gluten is a free-flowing light tan powder which contains approximately 75% to 80% protein. Its vitality, water absorption and retention and film-forming properties make vital wheat gluten desirable as an ingredient in many food products. It appears to be the only commercially available high protein food additive which possesses vitality. "Vitality" is a term used to indicate the relative viscoelasticity of gluten, which enables an end product containing gluten to maintain a cohesive texture and withstand stretching or tearing. For example, it is the vitality of the wheat gluten used in making hot dog buns that gives greater "hinge" strength to the buns, thus allowing consumers to open and close the buns without breaking them.

Vital wheat gluten is added by bakeries and food processors to baked goods, such as breads, and to pet foods, cereals, processed meats, fish, and poultry to improve the nutritional content, texture, strength, shape, and volume of the product. The neutral flavor and color of wheat gluten also enhances, but does not change, the flavor and color of food. The cohesiveness and elasticity of the gluten enables the dough in wheat and other high protein breads to rise and to support added ingredients, such as whole cracked grains, raisins and fibers. This allows the baker to make an array of different breads by varying the gluten content of the dough. Vital wheat gluten is also added to white breads, hot dog buns and hamburger buns to improve the strength and cohesiveness of the product.

The Company produces vital wheat gluten from modernized facilities at the Atchison and Pekin plants. It is shipped throughout the continental United States in bulk and in 50 to 100 pound bags to distributors and also is sold directly to major food processors and bakeries.

Vital wheat gluten is considered a commodity and therefore competition is based primarily upon price. The Company's principal competitors in the U.S. vital wheat gluten market consist primarily of three other domestic producers and producers in the European Union, Australia and certain other regulated countries (the "Foreign Exporters").

Between June 30, 1994 and June 30, 1998, the European Union took an increasingly large share of the U.S. gluten market. As a result of the increasing surge of large, subsidized volumes of European Union wheat gluten into the U.S., vital wheat gluten prices have been primarily affected by (i) excess European Union capacity, (ii) high tariff barriers, subsidies and other protective measures ("Subsidies") provided to European Union exporters by their host governments, (iii) low U.S. tariffs and (iv) gluten import quotas. The Subsidies and low U.S. tariffs encouraged European Union producers to expand wheat starch and wheat gluten production capacity and to continue the development of even greater capacities. On May 30, 1998, the Clinton administration imposed annual quantitative limitations for three years on imports of wheat gluten from the European Union and other Foreign Exporters at an amount equal to the total average imports of wheat gluten shipped into the United States by the Foreign Exporters during the three crop years ended June 30, 1995. In lieu of extending the quota when it expired in June, 2001, the Bush Administration announced a program to provide the wheat gluten industry up to $40 million over two years to help it complete its transition to competitiveness. Administered by the U.S. Department of Agriculture's Commodity Credit Corporation, the program is scheduled to end May 31, 2003. Under the program, the Company is eligible for

approximately $26 million of the program total of $40 million. On June 29, 2001, the Company received approximately $17,280,000 for the first year of the program. The Company received the balance of the award for the second year of the program in July, 2002. The funds are to be used for capital, research, marketing and promotional costs related to value-added wheat protein and wheat starch products and are not intended to be used to reduce production and marketing related costs for commodity vital wheat gluten and wheat starches that could extend the U.S. industry's participation in those markets. The Company must submit quarterly reports to the Commodity Credit Corporation listing costs incurred and activities conducted to date and an annual performance report after each year of the program explaining its activities. The Commodity Credit Corporation may ask for a refund with interest of some or all of the funds allocated to the Company if it determines that the Company has not made significant progress in completing its stated activities. Based on its contacts with Commodity Credit Corporation personnel through the quarterly reporting process, the Company believes that it is making satisfactory progress.

Since the imposition of the quota, the Company has focused its efforts on developing and increasing the production and sales of specialty wheat products. These are niche products that the Company expects will be able to compete more effectively with increased foreign imports. Although additional quota relief would have been helpful, the Commodity Credit program supports the Company's strategy and should strengthen its efforts to move increasingly into the development, production and marketing of value-added wheat proteins and starches. However, there can be no assurance that the Company will be able to compete effectively in a market that is inundated with low cost, subsidized foreign gluten.

COMMODITY WHEAT STARCH. In addition to specialty wheat starches, the Company's premium wheat starches include commodity wheat starches. As is the case with specialty wheat starches, commodity wheat starches have both food and non-food applications, but such applications are more limited than those of specialty wheat starches and commodity wheat starches command a lower price in the marketplace. As noted above, commodity wheat starches compete primarily with corn starches, which dominate the marketplace, and commodity wheat starch price fluctuations generally track the fluctuations in the corn starch market.

MILL FEED AND OTHER MILL PRODUCTS

The Company owns and operates a flour mill at the Atchison plant. The mill's output of flour is used internally to satisfy a majority of the raw material needed for the production of vital wheat gluten and premium wheat starch.

In addition to flour, the wheat milling process generates mill feeds or "midds." Midds are sold to processors of animal feeds as a feed additive.

DISTILLERY PRODUCTS

The Company's Atchison and Pekin plants process mill feeds and corn and/or milo, mixed with the starch slurry from gluten and starch processing operations, into food grade alcohol, fuel grade alcohol, distiller's feed and carbon dioxide.

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

During fiscal 2002, distillery product sales were slightly lower than the prior year. Sales of food grade alcohol were lower, notwithstanding higher selling prices, due to decreased unit sales of both beverage and industrial grade alcohol. Sales of fuel grade alcohol were higher in fiscal 2002 due to higher unit sales and higher selling prices in the first half of the fiscal year. However, as a result of increased industry capacity and a delay in implementing an MTBE ban in California, prices declined in the second half of the year and, although prices had improved somewhat by fiscal year end, the average price of fuel alcohol for the year as a whole was lower than the prior year. Sales of distillers' feeds increased modestly due to increase unit sales. The Company uses gasoline futures to hedge fuel alcohol sales made under contracts with price terms based on gasoline futures.

In fiscal 2001, the Company's Board of Directors approved a $2.1 million distillery improvement project at the Atchison plant to enhance the Company's production capabilities for both food grade and fuel grade alcohol. In May 2002, the Company completed the installation of a new feed drier at its Pekin, Illinois plant at a cost of approximately $5 million. The new drier should improve alcohol production efficiencies at the Pekin plant

FOOD GRADE ALCOHOL

BEVERAGE ALCOHOL. Food grade beverage alcohol consists primarily of grain neutral spirits and gin. Grain neutral spirits is sold in bulk or processed into vodka and gin and sold in bulk quantities at various proof concentrations to bottlers and rectifiers, which further process the alcohol for sale to consumers under numerous labels.

The Company believes that in terms of fiscal 2002 net sales, it is one of the three largest bulk sellers of grain neutral spirits, vodka and gin in the United States. The Company's principal competitors in the beverage alcohol market are Grain Processing Company of Muscatine, Iowa and Archer Daniels Midland of Decatur, Illinois. Competition is based primarily upon price and service, and in the case of gin, formulation. The Company believes that the centralized location of its Illinois and Kansas distilleries and the capacity of its dual production facilities combine to provide the Company with a customer service advantage within the industry.

INDUSTRIAL ALCOHOL. Food grade alcohol which is not sold as beverage alcohol is marketed as food grade industrial alcohol. Food grade industrial alcohol is sold as an ingredient in foods (e.g., vinegar and food flavorings), personal care products (e.g., hair sprays and deodorants), cleaning solutions, biocides, insecticides, fungicides, pharmaceuticals, and a variety of other products. Although grain alcohol is chemically the same as petroleum-based or synthetic alcohol, certain customers prefer a natural grain-based alcohol. Food grade industrial alcohol is sold in tank truck or rail car quantities direct to a number of industrial processors from both the Atchison and Pekin plants.

The Company is a minor competitor in the total United States market for food grade industrial alcohol, which is dominated by petroleum-based or synthetic alcohol. Food grade industrial alcohol prices are normally consistent with prices for synthetic industrial alcohol.

FUEL GRADE ALCOHOL

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

Although ethanol can be blended directly with gasoline as an oxygenate to enable it to reduce toxic air emissions, it also increases the volatility of gasoline or its tendency to evaporate and release volatile organic compounds ("VOC's"). This latter characteristic has precluded it from meeting certain Clean Air Act requirements for gasoline that pertain to nine of the smoggiest U. S. metropolitan areas during the summer months (May 1 through September 15). As a consequence, the demand for ethanol typically increases during the period from August through March of each fiscal year as gasoline blenders acquire stocks for blending with gasoline to be marketed in the period September 16 through April 30.

Since the adoption of the Clean Air Act, the gasoline industry has relied primarily upon methyl tertiary butyl ether (MTBE) to reduce toxic emissions of air pollutants to meet the requirements of the Act and related EPA regulations. Ethanol is also used to a lesser extent during the cooler months of the year. However, the EPA has concluded that the use of MTBE has created a "significant and unacceptable risk to drinking water and groundwater resources." Concerns have also been raised as to the effectiveness of MTBE versus the effectiveness of Ethanol as a reducer of air pollutants. As the result of these concerns, the EPA commissioned a "Blue Ribbon Panel" to investigate the matter and recommend solutions. In March 2000, the EPA announced the recommendations of the Panel. The recommendations proposed that the Clean Air Act be amended to provide the EPA with authority to significantly

reduce or eliminate the use of MTBE, and to "replace the 2 percent oxygenate requirement in the Clean Air Act with a renewable fuel annual average content for all gasoline at a level that maintains the current level of renewable fuel (1.2 percent of the gasoline supply) and allows for sustained growth over the next decade ."

According to the Renewable Fuels Association, several states also have begun to take action to curb the use of MTBE. These states include California, Connecticut, Illinois, Michigan, New York and Ohio. In June of 2001, the Bush Administration denied California's request for a waiver from the clean octane provisions of the Clean Air Act that require oxygenates in gasoline. As a result of such actions, certain producers increased capacity and/or built inventories of ethanol in anticipation of the expanded market for ethanol in California and elsewhere. However, the governor of California delayed the state's ban on MTBE for a year, from January 2003 to January 2004, causing a surplus of fuel alcohol and the resulting softening in prices At the end of fiscal 2002, prices began to improve as various gasoline suppliers to California announced plans to switch to ethanol-blended fuels prior to the effective date of the delayed ban on MTBE.

In the long-term, the Company believes the future for ethanol remains promising. This expectation is partially based on the U.S. Senate's passage of a comprehensive energy bill in April of 2002 that includes a provision for establishing a renewable fuels standard. Based on information published by the Renewable Fuels Association, this provision could triple the use of ethanol to 5 billion gallons annually by 2012. The energy bill must now be considered by the U.S. House-Senate Conference Committee and could be forwarded to the President by the end of 2002. However, there can be no assurance that the bill will be enacted in its present form, if at all.

The cost of producing ethanol has historically exceeded the cost of producing gasoline and gasoline additives, such as MTBE, all of which are derived from fossil non-renewable fuels such as petroleum. Accordingly, to encourage the production of ethanol for use in gasoline, the Federal government and various states have enacted tax and other incentives designed to make ethanol competitive with gasoline and gasoline additives. In December, 2000, the U.S. Department of Agriculture initiated a program to provide a cash incentive for ethanol producers who increase their grain usage over comparable quarters in the prior year to raise fuel alcohol production. The Company presently satisfies the program's eligibility requirements and began receiving payments in the third quarter of fiscal 2001. It received payments of approximately $1.6 million in fiscal 2001 and approximately $4.1 million in fiscal 2002 under this program. The program extends through September 2006, with funding determined annually. The Company's eligibility to participate in the program is determined quarter to quarter.

Under the internal revenue code, and until the end of 2007, gasoline that has been blended in qualifying proportions with ethanol provide sellers of the blend with certain income tax credits and excise tax reductions that amount to up to $0.54 per gallon of ethanol that is mixed with the gasoline (the "Federal Tax Credit"). A mix of at least 10% ethanol by volume is required to receive the maximum credit. Although the Federal Tax Credit is not directly available to the Company, it allows the Company to sell its ethanol at prices competitive with less expensive additives and gasoline. From time to time, legislation is proposed to eliminate, reduce or extend the tax benefits enjoyed by the ethanol industry and indirectly by producers of the grain that is converted into ethanol. During 1998, legislation was enacted that extended the credit through 2007, with the credit being reduced to $0.51 per gallon beginning in 2005.

The Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund, which has been extended to 2011, provides incentives for sales of ethanol produced in Kansas to gasoline blenders. After 2004, incentives will be paid only for increased production over base year (calendar year 2000) sales. No producer may receive payments for more than seven years under the program. Fiscal 2002 payments to the Company out of the fund totaled $544,000 for the ethanol produced by the Company at the Atchison plant during that year.

The fuel grade alcohol market is dominated by Archer Daniels Midland, with the Company being among the smaller of a few other larger second tier ethanol producers. The Company competes with other producers of fuel grade alcohol on the basis of price and delivery service.

DISTILLERY BY-PRODUCTS. The bulk of fiscal 2002 sales of alcohol by-products consisted of distillers feeds. Distillers feeds are the residue of corn, milo and wheat from alcohol processing operations. The residue is dried and sold primarily to processors of animal feeds as a high protein additive. The Company competes with other distillers of alcohol as well as a number of other producers of animal food additives in the sale of distillers feeds and mill feeds.

The balance of alcohol by-products consists primarily of carbon dioxide. During the production of alcohol, the Company traps carbon dioxide gas that is emitted in the fermentation process. The gas is purchased and liquefied on site by two principal customers, one at the Atchison Plant and one at the Pekin Plant, who own and operate the carbon dioxide processing and storage equipment under long term contracts with the Company. The liquefied gas is resold by these processors to a variety of industrial customers and producers of carbonated beverages.

TRANSPORTATION

The Company's output is transported to customers by truck, rail and barge transportation equipment, most of which is provided by common carriers through arrangements made by the Company. The Company leases 244 rail cars which may be dispatched on short notice. Shipment by barge is offered to customers through barge loading facilities on the Missouri and Illinois Rivers. The barge facility on the Illinois River is adjacent to the Pekin plant and owned by the Company. The facility on the Missouri River, which is not company-owned, is approximately one mile from the Atchison plant.

RAW MATERIALS

The Company's principal raw material is grain, consisting of wheat, which is processed into all of the Company's products, and corn and milo, which are processed into alcohol, animal feed and carbon dioxide. Grain is purchased directly from surrounding farms, primarily at harvest time, and throughout the year from grain elevators. The Company purchases approximately 70% of its grain at spot market prices. To assure supplies, the Company may enter into contracts to take future delivery within 30 days. These are fixed price contracts which are based on prices of future contracts and specify the amount, type and class of grain and the price. The Company can call for delivery at any time within thirty days of the contract. The Company does not have any long-term contracts with any suppliers.

Historically, the cost of grain is subject to substantial fluctuations depending upon a number of factors which affect commodity prices in general, including crop conditions, weather, government programs, and purchases by foreign governments. Such variations in grain prices have had and are expected to have from time to time significant adverse effects on the results of the Company's operations. This is primarily due to a variety of factors. From time to time it has been difficult for the Company to compensate for increases in grain costs through adjustments in prices charged for the Company's vital wheat gluten due to the surge of subsidized European Union wheat gluten, whose artificially low prices are not affected by such costs. Now that the quota has been lifted, the Company expects it will be more difficult to do so. Also, fuel grade alcohol prices, which historically have tracked the cost of gasoline, do not usually adjust to rising grain costs. Similarly, prices of commodity wheat starches generally track the prices of corn starch and usually do not adjust to rising wheat prices.

During fiscal 2002, market prices for grain remained reasonable. The average Kansas City market price per bushel for corn and milo was $1.96 during 2002 and $1.88 during 2001 while the average Kansas City market price for a bushel of wheat was $2.90 during 2002 versus $2.87 during 2001.

The Company engages in the purchase of commodity futures to hedge economic risks associated with fluctuating grain and grain products prices. During fiscal 2002, the Company hedged approximately 48% of corn processed, compared to 8% in 2001. Of the wheat processed by the Company, none was hedged in fiscal 2002 compared to 9% in fiscal 2001. The contracts are accounted for as hedges and, accordingly, gains and losses are deferred and recognized in cost of sales as part of contract costs when contract positions are settled and related products are sold. For fiscal 2002, raw material costs included a net hedging loss of approximately $1.8 million on contracts settled during the year compared to a net loss of $1.2 million for fiscal 2001. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - MARKET RISK" in the Annual Report.

ENERGY

Because energy comprises a major cost of operations, the Company seeks to assure the availability of fuels for the Pekin and Atchison plants at competitive prices.

The Company needs fuel to operate boilers that it uses to make steam heat. In Atchison, the Company can use either oil or natural gas and switch from one to the other when prices dictate. Natural gas for the Atchison plant is procured in the open market from various suppliers. The Company can purchase contracts for the delivery of gas in the future or can purchase future contracts on the exchange. Depending on existing market conditions, the Company has the ability to transport the gas through a gas pipeline owned by a wholly-owned subsidiary of the Company. In Pekin, the Company only uses natural gas, which it can either procure through Central Illinois Light Company or through other suppliers. The Company has a multi-year agreement with Central Illinois Light Company under which the utility will transport gas to the Company's plant on the utility's pipeline. The Company may purchase gas from Central Illinois Light Company on a negotiated basis or on a fixed price basis for up to 24 months. In order to control energy costs, the Company has a risk management program whereby, at pre-determined prices, the Company will purchase a portion of its natural gas requirements for future delivery.

In 1995, the Company entered into a long-term arrangement with Central Illinois Light Company and its subsidiary, CILCORP Development Services Inc. (collectively "CILCO"), with respect to its Pekin, Illinois plant. Under the arrangement, the Company has leased a portion of its plant facility to CILCO for a term ending in December 2009. CILCO constructed a new gas fired electric and steam generating facility on ground leased from the Company and agreed to provide steam heat to the Company's plant. If the Company fails to renew the lease for 19 years at the end of the lease term, it must pay CILCO the book value of the boiler plant and cogeneration facility, which the Company estimates will be $10.6 million. Under a related steam heat service agreement, the Company has agreed to purchase its requirements for steam heat from CILCO until no earlier than December 2009. Either party may terminate the service agreement at the end of the initial term or thereafter upon two years notice. Also, if gas prices have risen to a level such that operating a steam facility with alternative fuel would be more attractive and the payback period for a new facility would be five years or less, the Company may terminate the service agreement prior to the end of the initial term upon two years notice by making a specified payment to CILCO, currently approximately approximately $1.5 million. The Company must make adjustable minimum monthly payments over the term of the service agreement, currently $70,265, with declining fixed charges for purchases in excess of minimum usage, and is responsible for fuel costs and certain other expenses. However, CILCO also uses the boilers to run electric generating units that it constructed on the leased site and pays the Company for a portion of the fuel costs that the Company incurs for the production of steam, based on savings realized by CILCO from generating electricity at the facility.

The Company also has a one year contract, which expires in April 2003, to purchase electricity from Central Illinois Light Company at fixed rates.

EMPLOYEES

As of June 30, 2002, the Company had 436 employees, 273 of whom are covered by two collective bargaining agreements with one labor union. One agreement, which was schedule to expire on August 31, 2002 but which has been extended to September 16, 2002, covers 185 employees at the Atchison Plant. The other agreement, which expires on October 31, 2003, covers 88 employees at the Pekin plant. As of June 30, 2001, the Company had 416 employees.

The Company considers its relations with its personnel to be good and has not experienced a work stoppage since 1978.

REGULATION

The Company's beverage and industrial alcohol business is subject to regulation by the Bureau of Alcohol, Tobacco and Firearms ("BATF") and the alcoholic beverage agencies in the States of Kansas and Illinois. Such regulation covers virtually every aspect of the Company's alcohol operations, including production facilities, marketing, pricing, labeling, packaging, and advertising. Food products are also subject to regulation by the Food and Drug Administration. BATF regulation includes periodic BATF audits of all production reports, shipping documents, and licenses to assure that proper records are maintained. The Company is also required to file and maintain monthly reports with the BATF of alcohol inventories and shipments.

The Company is subject to extensive environmental regulation at the federal, state and local levels. The

regulations include the regulation of water usage, waste water discharge, disposal of hazardous wastes and emissions of volatile organic compounds, particulates and other substances into the air. Under these regulations the Company is required to obtain operating permits and to submit periodic reports to regulating agencies. For the Atchison and Kansas City, Kansas plants, the air quality is regulated by both the U.S. Environmental Protection Agency ("EPA") and the Division of Environment of the Kansas Department of Health and Environment (the "KDHE"). The KDHE regulates all air emissions. The Company tests volatile organic compound emissions on a monthly basis at the Atchison plant, and must submit semi-annual reports regarding these emissions tests to the KDHE. The Company also was required to obtain an air operating permit from the KDHE and must obtain KDHE approval to make plant alterations that could modify the emission levels. The KDHE also regulates the discharge water quality at the Atchison plant. This includes process water, cooling water and storm water. The Company monitors process water and cooling water discharge on a daily basis and submits monthly reports to the KDHE documenting the test results from these water discharges. The EPA and KDHE also monitor hazardous waste disposal for the Atchison and Kansas City plants. The Company also is required to submit annual reports pursuant to the Kansas and Federal Emergency Planning Community Right-to-Know Acts. Local officials, such as the local emergency planning committees in the Atchison and Kansas City communities, also receive copies of these annual reports.

Similar environmental regulations apply to the Pekin, Illinois facility. Air quality at the Pekin plant is regulated by both the EPA and the Illinois Environmental Protection Agency (the "IEPA"). The IEPA regulates all air emissions. The Company has permits to make certain emissions, and the IPEA has the right to do on-site testing to verify that the Company's emissions comply with its permits. Also, the IEPA regulates waste water, cooling water and storm water discharge at the Pekin plant. The Company tests wastewater effluent quality twice each week and files monthly reports with the IEPA. The Company also files an Annual Emissions Report and a Toxic Release Inventory annually with the IEPA. The Pekin facility is also required to submit periodic reports pursuant to the Illinois and Federal Emergency Planning Community Right-to-Know Acts.

During 1997 the Illinois Environmental Protection Agency commenced an action against the Company with respect to alleged noncompliance of the Pekin Plant with certain air quality regulations. This action is further described under "Item 3. Legal Proceedings."

ITEM 2. PROPERTIES.

The Company maintains the following principal plants, warehouses and office facilities:

<TABLE>
<CAPTION>

<S> Location	Purpose	<C> Plant Area (in sq. ft.)	<C> Tract Area (in acres)
Atchison, Kansas	Principal executive offices, grain processing, warehousing, and research and quality control laboratories.	494,640	25
Kansas City, Kansas	Specialty protein and starch mixing facility and warehouse	83,200	12.5
Pekin, Illinois	Grain processing, warehousing, and quality control laboratories.	462,926	49

</TABLE>

The facilities mentioned above are generally in good operating condition, are currently in normal operation, are generally suitable and adequate for the business activity conducted therein, and have productive capacities sufficient to maintain prior levels of production. The Atchison and Pekin facilities are owned, and the Kansas City facility is leased from the Unified Government of Wyandotte County, Kansas City, Kansas pursuant to an industrial revenue bond financing consummated in August 2001. The Company has entered into loan agreements which contain covenants that limit its ability to pledge its facilities to others. The Company also owns transportation equipment and a gas pipeline described under "BUSINESS - TRANSPORTATION" and "ENERGY."

ITEM 3. LEGAL PROCEEDINGS.

On April 13, 1997, an administrative proceeding was filed against the Company's Illinois subsidiary before the Illinois Pollution Control Board (the "Board"), by the Illinois Attorney General on behalf of the Illinois Environmental Protection Agency (the "Agency"). The proceeding relates to the Company's installation and operation of two feed dryers at its facility in Pekin, Illinois. The Complaint alleges that the dryers exceed the particulate emission limitations specified in the construction permits for the units; that the dryers are being operated without operating permits; and that the dryers were constructed without a Prevention of Significant Deterioration (PSD) construction permit setting forth a best available control technology ("BACT") emission limitation. The Complaint seeks a Board order ordering the Company to cease and desist from violations of the Illinois Environmental Protection Act and associated regulations, assessing a civil penalty, and awarding the state its attorneys fees.

The Company has filed an Answer before the Board admitting that compliance tests have shown particulate emissions in excess of the limits set forth in the construction permits, but denying the remainder of the State's claims. Since the time operational problems were discovered with the dryers' pollution control equipment, the Company has been conferring and negotiating with the Agency on the issues involved in the Complaint. The Company and the Agency have been conducting air modeling to support the construction of new pollution control equipment for the dryers, which the Company estimates will cost approximately $1 million. It is anticipated that the new equipment will bring emissions into compliance with all applicable limitations. Currently, the modeling indicates that the addition of the pollution control equipment plus raising certain air emission stacks will be sufficient to bring emissions into compliance with all applicable limitations.

Proceedings under the Complaint are being held in abeyance by agreement of the parties pending completion of the air modeling and completion of the Company's compliance activities. The Company anticipates negotiating a settlement of the remainder of the State's claims shortly, including any penalties. The state has recently indicated that it may be asking for some penalty associated with the economic benefit of not installing the new pollution control equipment sooner. No penalty amount has been discussed, and the Company intends to contest any request for a penalty because the State's difficulty in completing its modeling has contributed to the delay in bringing emissions into compliance.

There are no other legal proceedings pending as of June 30, 2002 which the Company believes to be material.

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters have been submitted to a vote of stockholders during the fourth quarter of fiscal year covered by this report.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT.

Executive officers of the Company are as follows:

<TABLE>
<CAPTION>

<S> Name	<C> Age	<C> Position
Cloud L. Cray, Jr.	79	Chairman of the Board
Laidacker M. Seaberg	56	President, Chief Executive Officer
Sukh Bassi, Ph.D.	61	Vice President, New Products Innovation and Technology
Robert G. Booe	65	Vice President, Finance and Administration. Controller, Treasurer and Chief Financial Officer
Gerald Lasater	64	Vice President, International Marketing and Sales
Clodualdo "Ody" Maningat, Ph.D.	47	Vice President, Application Technology and Technical Services
Marta L. Myers	42	Secretary and Administrative Assistant to the President
Steven J. Pickman	49	Vice President, Corporate Communications and Marketing Services
David E. Rindom	47	Vice President, Human Resources
Randy M. Schrick	52	Vice President, Manufacturing and Engineering
Dennis E. Sprague	56	Vice President, Operations Services and Resource Planning
William R. Thornton	50	Vice President, Quality Management
Michael J. Trautschold	54	Executive Vice President, Marketing and Sales

</TABLE>

Mr. Cray, Jr. has served as Chairman of the Board since 1980. He served as Chief Executive Officer from 1980 to September, 1988, and has been an officer of the Company and its affiliates for more than thirty years.

Mr. Seaberg joined the Company in 1969 and has served as the President of the Company since 1980 and as Chief Executive Officer since September, 1988. He is the son-in-law of Mr. Cray, Jr.

Dr. Bassi has served as Vice President, New Products, Innovations and Technology since July 2002. He was Vice President, Research and Development from 1985 until July 2002 and Vice President Specialty Ingredients Marketing and Sales between 1998 and 2000. He also previously served as Technical Director from 1989 to 1998 and Vice President - Vital Wheat Gluten Marketing from 1992 to 1998. From 1981 to 1992 he was Manager of the Vital Wheat Gluten Strategic Business Unit. He was previously a professor of biology at Benedictine College for ten years.

Mr. Booe has served as Vice President, Treasurer and Chief Financial Officer of the Company since 1988. He joined the Company in 1966 as its Treasurer and became the Controller and Treasurer in 1980. In 1992 he was assigned the additional task of Vice President - Administration.

Mr. Lasater joined the Company in 1962. He has served as Vice President - International Marketing and Sales since 1998. Previously, he served as Vice President - Starch Marketing from 1992 to 1998. Prior to that he served as Vice President in charge of the Wheat Starch Strategic Business Unit.

Dr. Maningat joined the Company in 1986. He has served as Vice President of Application Technology and Technical Services since June 2002. Previously, he was Corporate Director of Research and Development and Technical Marketing from 1997 to 2002. He served as Corporate Director of Research and Development and Quality Control for the Company from 1993 to 1997.

Ms. Myers joined the Company in 1996. She has served as Secretary since October 1996 and as Administrative Assistant to the President since 1999. Previously she was executive secretary for Superintendent of Schools for Unified School District 409, Atchison, Kansas.

Mr. Pickman joined the Company in 1985. He has served as Vice President, Corporate Communications and Marketing Services since July 2002. He was Vice President, Corporate Relations from June 2000 until July 2002. Previously he was Executive Director of Corporate Relations from 1999 to June 2000 and prior to that Corporate Director of Public and Investor Relations. Between 1985 and 1989 he served as the Director of Public Relations and Marketing Administration for the Company's former subsidiary, McCormick Distilling Company, Weston, Missouri.

Mr. Rindom joined the Company in 1980. He has served as Vice President, Human Resources since June 2000. He was Corporate Director of Human Relations from 1992 to June 2000, Personnel Director from 1988 to 1992

and Assistant Personnel Director from 1984 to 1988.

Mr. Schrick, a Director since 1987, joined the Company in 1973. He has served as Vice President, Manufacturing and Engineering since July 2002. He served as Vice President - Operations from 1992 until July 2002. From 1984 to 1992 he served as Vice President and General Manager of the Pekin plant. From 1982 to 1984 he was the Plant Manager of the Pekin Plant. Prior to 1982, he was Production Manager at the Atchison plant.

Mr. Sprague joined the Company in October 1998. He has served as Vice President, Operations Services and Resource Planning since July 2002. He served as Vice President, Alcohol and Feed Products Sales from June 2000 until July 2002. Previously, he served as Vice President, Heritage Product Sales from June 1999 to June 2000 and as Vice President, Corporate Marketing and Sales from October 1998 to June 1999. Prior to joining the Company, he held a variety of management, sales and plant operations positions with Joseph E. Seagrams & Sons, Inc., last serving as Director of Production Operations and Planning from 1993 to 1998.

Mr. Thornton joined the Company in 1994. He has served as Vice President of Quality Management since June 2000. He was Corporate Director of Quality Management from 1997 to June 2000 and Corporate Director of Continuous Quality Improvement from 1994 to 1997.

Mr. Trautschold joined the Company in September 2000. He has served since then as Executive Vice President of Marketing and Sales. He was Vice President of Product Strategy in the Consumer Direct Division of Schwan's Sales Enterprises, Inc. from 1999 to September 2000, Vice President of Corporate Marketing Services for ConAgra, Inc. from 1994 to 1999 and President of ConAgra Brands, Inc. from 1997 to 1999.

PART II

ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS.

The Common Stock of the Company has been traded on the NASDAQ National Market System under the symbol MWGP since November 1988. Following the effective date of its name change to MGP Ingredients, Inc. on October 10, 2002, the Company's trading symbol will be MGPI. There will be no need for holders of

Common Stock to exchange their existing shares as a result of the name change. Certificates bearing the name Midwest Grain Products, Inc. will continue to be valid.

The following table below reflects the high and low closing prices of the Common Stock for each quarter of fiscal 2001 and 2002. The Company paid a cash dividend of $.10 per share in November 2000 and a dividend of $.15 per share in November 2001. Previously, cash dividends had not been paid since the end of 1995. Any future dividends will be paid at the discretion of the Board of Directors, which will consider various factors, including the Company's operating results and cash requirements, in making any decision respecting dividends.

	Sales Price	
	High	Low
2002:		
First Quarter	$ 11.05	$ 8.65
Second Quarter	12.18	9.01
Third Quarter	14.73	11.50
Fourth Quarter	14.60	12.40
2001:		
First Quarter	$ 11.00	$ 8.25
Second Quarter	10.25	8.75
Third Quarter	9.00	8.25
Fourth Quarter	11.25	8.13

At June 30, 2002 there were approximately 790 holders of record of the Company's Common Stock. It is believed that the Common Stock is held by approximately 1,960 beneficial owners.

The following is a summary of securities authorized for issuance under equity compensation plans as of June 30, 2002:

<TABLE>
<CAPTION>

<S>	<C> Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	<C> Weighted average of exercise price of outstanding options, warrants and rights (b)	<C> Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (1) (c)
Equity compensation plans approved by shareholders	805,560	$11.54	136,500
Equity compensation plans not approved by security holders	-	-	-
Total	805,560	$11.54	136,500

</TABLE>

(1) Of these securities, as of June 30, 2002 an aggregate of 86,500 shares may also be issued as performance or restricted stock awards under the terms of Stock Incentive Plan of 1996 and the 1998 Stock Incentive Plan for Salaried Employees.

ITEM 6. SELECTED FINANCIAL DATA.

Incorporated by reference to the information under "Selected Financial Information" on page 17 of the Annual Report, a copy of which page is included in Exhibit 13 to this Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Incorporated by reference to the information under "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" on pages 18 through 27 of the Annual Report, copies of which pages are included in Exhibit 13 to this Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Incorporated by reference to the information under "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - MARKET RISK" on page 26 of the Annual Report, a copy of which page is included in Exhibit 13 to this Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Incorporated by reference to the consolidated financial statements and related notes on pages 28 through 40 of the Annual Report, copies of which pages are included in Exhibit 13 to this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS OF THE REGISTRANT.

Incorporated by reference to the information under "ELECTION OF DIRECTORS" at pages 2 through 5 and "SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE" at page 18 of the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

Incorporated by reference to the information in the second paragraph under "CERTAIN INFORMATION CONCERNING THE BOARD AND ITS COMMITTEES" at page 5 of the Proxy Statement and under "EXECUTIVE COMPENSATION" on pages 8 through 11 of the Proxy Statement; the material under the captions "REPORT OF THE HUMAN RESOURCES COMMITTEE" on pages 13 to 15 and "PERFORMANCE OF THE COMPANY'S COMMON STOCK" on page 11 and 12 is not incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Incorporated by reference to the information under "PRINCIPAL STOCKHOLDERS" beginning on page 16 of the Proxy Statement and to the table in the last paragraph of Item 5 of this Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

The following documents are filed as part of this report:

(a) Financial Statements:

Auditors' Report on Financial Statements.
Consolidated Balance Sheets at June 30, 2002, 2001 and 2000.
Consolidated Statements of Income - for the Three Years Ended June 30, 2002, 2001 and 2000. Consolidated Statements of Stockholders' Equity for the Three Years Ended June 30, 2002, 2001 and 2000. Consolidated Statements of Cash Flow - for the Three Years Ended June 30, 2002, 2001 and 2000. Notes to Consolidated Financial Statements.

The foregoing have been incorporated by reference to the Annual Report as indicated under Item 8.

(b) Financial Statement Schedules:

Auditors' Report on Financial Statement Schedules:
VIII - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or the information is contained in the Consolidated Financial Statements or notes thereto.

(c) Exhibits:

Exhibit No.	Description
3(a)	Articles of Incorporation of the Company (Incorporated by reference to Exhibit

3(a) of the Company's Registration Statement No. 33-24398 on

Form S-1).

3(b) Bylaws of the Company (Incorporated by reference to Exhibit 3(b) of the Company's Registration Statement No. 33-24398 on Form S-1).

4(a) Copy of Note Agreement dated as of August 1, 1993, providing for the issuance and sale of $25 million of 6.68% term notes ("Term Notes") (incorporated by reference to Exhibit 4.1 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993 (file number 0-17196)).

4(b) Copy of Term Notes dated August 27, 1993 (incorporated by reference to Exhibit 4.2 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993 (file number 0-17196)).

4(c) Copy of Sixth Amended Line of Credit Loan Agreement providing for the Issuance of a Line of Credit Note in the amount of $20,000,000 (incorporated by reference to Exhibit 4.1 to the Company's Report on Form 10-Q for the quarter ended December 31, 1999 (file number 0-17196)).

4(d) Copy of Line of Credit Note Under Sixth Amended Line of Credit Loan Agreement (incorporated by reference to Exhibit 4.2 to the Company's Report on Form 10-Q for the quarter ended December 31, 1999 (file number 0-17196)).

4(e) In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, certain instruments respecting long-term debt of the Registrant have been omitted but will be furnished to the Commission upon request.

9(a) Copy of Cray Family Trust (incorporated by reference to Exhibit 1 of Amendment No. 1 to Schedule 13D of Cloud L. Cray, Jr. dated November 17, 1995).

10(a) Summary of informal cash bonus plan (incorporated by reference to Exhibit 10(a) to the Company's Form 10-K for the year ended June 30, 2001 (file number 0-17196).

10(b) Executive Stock Bonus Plan as amended June 15, 1992 (incorporated by reference to Exhibit 10(b) to the Company's Form 10-K for the year ended June 30, 1992 (file number 0-17196)).

10(c) Copy of Midwest Grain Products, Inc. Stock Incentive Plan of 1996, as amended as of August 26, 1996 (incorporated by reference to Exhibit A to the Company's Notice of Annual Meeting and Proxy Statement filed September 17, 1996).

10(d) Copy of amendment to Midwest Grain Products, Inc. Stock Incentive Plan of 1996 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).

10(e) Form of Stock Option with respect to stock options granted under the Midwest Grain Products, Inc. Stock Incentive Plan of 1996 (incorporated by reference to Exhibit 10(e) to the Company's Form 10-K for the year ended June 30, 1996 (file number 0-17196)).

10(f) Copy of Midwest Grain Products, Inc. 1996 Stock Option Plan for Outside Directors, as amended as of August 26, 1996 (incorporated by reference to Exhibit B to the Company's Notice of Annual Meeting and Proxy Statement filed September 17, 1996).

10(g) Copy of amendment to Midwest Grain Products, Inc. 1996 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).

10(h) Copy of Midwest Grain Products, Inc. 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Appendix A to the Company's Notice of Annual Meeting and Proxy Statement dated September 17, 1998, filed with the Securities and Exchange Commission on September 15, 1998).

10(i) Form of Stock Option with respect to stock options granted under the Midwest Grain Products, Inc. 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Exhibit 10(e) to the Company's Form 10-K for the year ended June 30, 1996 (file number 0-17196)).

10(j) Copy of amendments to Options granted under Midwest Grain Products, Inc. Stock Option Plans (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).

10(k) Form of Option Agreement for the grant of Options under the Midwest Grain Products, Inc. 1996 Stock Option Plan for Outside Directors, as amended (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).

10(l) Form of Amended Option Agreements for the grant of Options under the Midwest Grain Products, Inc. 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).

10(m) Form of Option Agreement for the grant of Options under the Midwest Grain Products, Inc. Stock Incentive Plan of 1996, as amended (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).

10(n) Form of Incentive Stock Option Agreement approved on December 7, 2000, for use thereafter under the Stock Incentive Plan of 1996 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended December 31, 2000 (file number 0-17196)).

10(o) Form of Incentive Stock Option Agreement approved on December 7, 2000 for use thereafter under the 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended December 31, 2000 (file number 0-17196)).

10(p) Form of Memorandum of Agreement Concerning Options approved on December 7, 2000 between the Company and certain members of senior management, including the following named executive officers: Ladd M. Seaberg, Randall M. Schrick, Robert G. Booe, Dennis E. Sprague and Dr. Sukh Bassi (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q for the quarter ended December 31, 2000 (file number 0-17196)).

10(q) Form of Lease Agreement dated as of August 1, 2001 among GE Public Finance, Inc., The Unified Government of Wyandotte County, Kansas City, Kansas, and Midwest Grain Products, Inc. (incorporated by reference to Exhibit 10.10 to the Company's Form 10-K for the year ended June 30, 2001 (file number 0-17196).

10(r) Form of Memorandum of Agreement Concerning Options approved on December 10, 2001 between the Company and certain members of senior management, including the following named executive officers: Ladd M. Seaberg, Robert G. Booe, Randall M. Schrick and Dr. Sukh Bassi (incorporated by reference to Exhibit 10 to the Company's form 10-Q for the quarter ended December 31, 2001 (file number 0-17196)).

*10(s) Lease dated December 16, 1993 between Midwest Grain Products, Inc. and Cilcorp Development Services Inc.

*10(t) Steam Heat Service Agreement dated December 16, 1993 between Midwest Grain Products, Inc. and Cilcorp Development Services Inc.

*10(u) Cogeneration Agreement dated December 16, 1993 among Midwest Grain Products, Inc., Central Illinois Light Company and Cilcorp Development Services Inc.

*13 Information contained in the Midwest Grain Products, Inc. 2001 Annual Report to Stockholders that is incorporated herein by reference.

22 Subsidiaries of the Company other than insignificant subsidiaries:

Subsidiary	State of Incorporation or Organization
Midwest Grain Pipeline, Inc.	Kansas
Midwest Grain Products of Illinois, Inc.	Illinois
Kansas City Ingredient Technologies, Inc.	Kansas

*23 Consent of BKD, LLP.

25 Powers of Attorney executed by all officers and directors of the Company who have signed this report on Form 10-K (incorporated by reference to the signature pages of this report).

*99.1 CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*99.2 CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

- ------------
* Filed herewith

The Company filed reports on Form 8-K on May 6 and May 7, 2002 reporting information under Item 9.

SIGNATURES

Pursuant to requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Atchison, State of Kansas, on this 6th day of September, 2002.

MIDWEST GRAIN PRODUCTS, INC.

By /s/ Laidacker M. Seaberg
Laidacker M. Seaberg, President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Cloud L. Cray, Jr., Laidacker M. Seaberg and Robert G. Booe and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all reports of the Registrant on Form 10-K and to sign any and all amendments to such reports and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities & Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities indicated on the dates indicated.
<TABLE>
<S> <C> <C>

Name	Title	Date
/s/Laidacker M. Seaberg Laidacker M. Seaberg	President (Principal Executive Officer) and Director	September 6, 2002
/s/Robert G. Booe Robert G. Booe	Vice President, Treasurer and Controller (Principal Financial and Accounting Officer)	September 6, 2002
/s/Michael Braude Michael Braude	Director	September 6, 2002
/s/Cloud L. Cray, Jr. Cloud L. Cray, Jr.	Director	September 6, 2002
/s/Michael R. Haverty	Director	September 6, 2002

Michael R. Haverty

/s/Linda E. Miller Linda E. Miller	Director	September 6, 2002
/s/Robert J. Reintjes Robert J. Reintjes	Director	September 6, 2002
/s/Randy M. Schrick Randy M. Schrick	Director	September 6, 2002

/s/Daryl R. Schaller Daryl R. Schaller	Director	September 6, 2002
/s/James A. Schlindwein James A. Schlindwein	Director	September 6, 2002

</TABLE>

CERTIFICATIONS

I, Laidacker M. Seaberg, certify that:

1. I have reviewed this annual report on Form 10-K of Midwest Grain Products, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

Date: September 6, 2002

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

I, Robert G. Booe, certify that:

1. I have reviewed this annual report on Form 10-K of Midwest Grain Products, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

Date: September 6, 2002

/s/ Robert G. Booe
Robert G. Booe
Vice President and Chief Financial Officer

MIDWEST GRAIN PRODUCTS, INC.

Consolidated Financial Statement Schedules
(Form 10-K)

June 30, 2002, 2001, and 2000
(With Auditors' Report Thereon)

BKD, LLP
Twelve Wyandotte Plaza
120 West 12th Street, Suite 1200
Kansas City, MO 64105-1936
bkd.com

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

Board of Directors and Stockholders
Midwest Grain Products, Inc.
Atchison, Kansas

In connection with our audit of the consolidated financial statements of MIDWEST GRAIN PRODUCTS, INC. for each of the three years in the period ended June 30, 2002, we have also audited the following financial statement schedule. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits of the basic financial statements. The schedule is presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and is not a required part of the consolidated financial statements.

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

/s/ BKD, LLP

Kansas City, Missouri
August 2, 2002
Member of Moores Rowland International

MIDWEST GRAIN PRODUCTS, INC.

VIII. VALUATION AND QUALIFYING ACCOUNTS

<TABLE>
<CAPTION>

<S>	<C> Balance, Beginning Of Period	<C> Charged to Costs and Expenses	<C> Charged to Other Accounts	<C> Write-Offs	<C> Balance, End of Period
		(In Thousands)			
Year Ended June 30, 2002 Allowance for doubtful accounts	$252	$473	--	$473	$252
Year Ended June 30, 2001 Allowance for doubtful accounts	252	82	---	82	252
Year Ended June 30, 2000 Allowance for doubtful accounts	285	202	---	235	252

</TABLE>

EXHIBIT INDEX

Exhibit No.	Description
3(a)	Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3(a) of the Company's Registration Statement No. 33-24398 on Form S-1).

3(b)	Bylaws of the Company (Incorporated by reference to Exhibit 3(b) of the Company's Registration Statement No. 33-24398 on Form S-1).
4(a)	Copy of Note Agreement dated as of August 1, 1993, providing for the issuance and sale of $25 million of 6.68% term notes ("Term Notes") (incorporated by reference to Exhibit 4.1 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993 (file number 0-17196)).
4(b)	Copy of Term Notes dated August 27, 1993 (incorporated by reference to Exhibit 4.2 to the Company's Report on Form 10-Q for the quarter ended September 30, 1993 (file number 0-17196)).
4(c)	Copy of Sixth Amended Line of Credit Loan Agreement providing for the Issuance of a Line of Credit Note in the amount of $20,000,000 (incorporated by reference to Exhibit 4.1 to the Company's Report on Form 10-Q for the quarter ended December 31, 1999 (file number 0-17196)).
4(d)	Copy of Line of Credit Note Under Sixth Amended Line of Credit Loan Agreement (incorporated by reference to Exhibit 4.2 to the Company's Report on Form 10-Q for the quarter ended December 31, 1999 (file number 0-17196)).
4(e)	In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, certain instruments respecting long-term debt of the Registrant have been omitted but will be furnished to the Commission upon request.
9(a)	Copy of Cray Family Trust (incorporated by reference to Exhibit 1 of Amendment No. 1 to Schedule 13D of Cloud L. Cray, Jr. dated November 17, 1995).
10(a)	Summary of informal cash bonus plan. (incorporated by reference to Exhibit 10(a) to the Company's Form 10-K for the year ended June 30, 2001 (file number 0-17196).
10(b)	Executive Stock Bonus Plan as amended June 15, 1992 (incorporated by reference to Exhibit 10(b) to the Company's Form 10-K for the year ended June 30, 1992 (file number 0-17196)).
10(c)	Copy of Midwest Grain Products, Inc. Stock Incentive Plan of 1996, as amended as of August 26, 1996 (incorporated by reference to Exhibit A to the Company's Notice of Annual Meeting and Proxy Statement filed September 17, 1996.
10(d)	Copy of amendment to Midwest Grain Products, Inc. Stock Incentive Plan of 1996 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).
10(e)	Form of Stock Option with respect to stock options granted under the Midwest Grain Products, Inc. Stock Incentive Plan of 1996 (incorporated by reference to Exhibit 10(e) to the Company's Form 10-K for the year ended June 30, 1996 (file number 0-17196)).
10(f)	Copy of Midwest Grain Products, Inc. 1996 Stock Option Plan for Outside Directors, as amended as of August 26, 1996 (incorporated by reference to Exhibit B to the Company's Notice of Annual Meeting and Proxy Statement filed September 17, 1996.
10(g)	Copy of amendment to Midwest Grain Products, Inc. 1996 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).
10(h)	Copy of Midwest Grain Products, Inc. 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Appendix A to the Company's Notice of Annual Meeting and Proxy Statement dated September 17, 1998, filed with the Securities and Exchange Commission on September 15, 1998).
10(i)	Form of Stock Option with respect to stock options granted under the Midwest Grain Products, Inc. 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Exhibit 10(e) to the Company's Form 10-K for the year ended June 30, 1996 (file number 0-17196)).

10(j)	Copy of amendments to Options granted under Midwest Grain Products, Inc. Stock Option Plans (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).
10(k)	Form of Option Agreement for the grant of Options under the Midwest Grain Products, Inc. 1996 Stock Option Plan for Outside Directors, as amended (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).
10(l)	Form of Amended Option Agreements for the grant of Options under the Midwest Grain Products, Inc. 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).
10(m)	Form of Option Agreement for the grant of Options under the Midwest Grain Products, Inc. Stock Incentive Plan of 1996, as amended (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q for the quarter ended September 30, 1998 (file number 0-17196)).
10(n)	Form of Incentive Stock Option Agreement approved on December 7, 2000 for use thereafter under the 1998 Stock Incentive Plan of 1996 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended December 31, 2000 (file number 0-17196)).
10(o)	Form of Incentive Stock Option Agreement approved on December 7, 2000 for use thereafter under the 1998 Stock Incentive Plan for Salaried Employees (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended December 31, 2000 (file number 0-17196)).
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*10(t)	Steam Heat Service Agreement dated December 16, 1993 between Midwest Grain Products, Inc. and Cilcorp Development Services Inc.
*10(u)	Cogeneration Agreement dated December 16, 1993 among Midwest Grain Products, Inc., Central Illinois Light Company and Cilcorp Development Services Inc.
*13	Information contained in the Midwest Grain Products, Inc. 2001 Annual Report to Stockholders that is incorporated herein by reference.
22	Subsidiaries of the Company other than insignificant subsidiaries:

Subsidiary	State of Incorporation or Organization
Midwest Grain Pipeline, Inc.	Kansas

	Midwest Grain Products of Illinois, Inc.	Illinois
	Kansas City Ingredient Technologies, Inc	Kansas
*23	Consent of BKD, LLP.	
25	Powers of Attorney executed by all officers and directors of the Company who have signed this report on Form 10-K (incorporated by reference to the signature pages of this report).	
*99.1	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
*99.2	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

- ------------
* Filed herewith

The Company filed reports on Form 8-K on May 6 and May 7, 2002 reporting information under Item 9.

Exhibit 10(t)

STEAM HEAT SERVICE AGREEMENT

This Agreement is entered into as of the 16th day of December, 1993, by and between MIDWEST GRAIN PRODUCTS, INC. ("MWG"), a Kansas corporation, and CILCORP DEVELOPMENT SERVICES INC. ("CILCORP"), an Illinois corporation.

WITNESSETH

WHEREAS, MWG operates a grain processing plant located on South Front Street in Pekin, Illinois, and

WHEREAS, in the operation of its processing plant, MWG utilizes large quantities of steam heat, which MWG has heretofore produced using its own boilers in a continuous operation.

WHEREAS, MWG is expanding its processing plant, and in connection therewith, will require increased amounts of steam heat, and MWG wishes to place its existing steam boilers on emergency standby, and purchase its requirements for steam heat from an outside source; and

WHEREAS, CILCORP is willing to construct, operate and maintain a Boiler Plant on property owned by MWG, with the Boiler Plant to be used to provide MWG's requirements for steam heat, provided that CILCORP's affiliate, CENTRAL ILLINOIS LIGHT COMPANY ("CILCO") is authorized by MWG to install and operate on the Leased Site electric generators which will be driven by the steam produced by the Boiler Plant; and

WHEREAS, the parties wish to enter into this Agreement to set forth the terms and conditions under which CILCORP will sell and MWG will purchase MWG's requirements for steam heat during the term of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements and undertakings hereinafter set forth, the parties hereto agree as follows:

ARTICLE I: DEFINITIONS

"Agreement" means this Steam Heat Service Agreement between MWG and CILCORP.

"Boiler Plant" means the boilers and the structure housing them which are to be installed and constructed on the Leased Site.

"Change in Law" means any amendments to or passage or repeal of statutes, ordinances, rules, or regulations, and any orders enforcing or applying the same, which relate to or affect the operation of the Boiler Plant.

"CILCO" means Central Illinois Light Company or its successors and assigns.

"CILCORP" means CILCORP Development Services Inc., a wholly owned subsidiary of CILCORP Inc., or its successors and assigns.

"Condensate" means steam condensate satisfying the specifications in Exhibit D attached hereto.

"Condensate Transfer Point" means the interconnection of MWG's condensate return piping with CILCORP's condensate return system.

"Extraordinary Improvement" means a capital expenditure for any improvement to the Boiler Plant installed on the Leased Site to supply steam heat to MWG, if the total cost of the improvement exceeds $25.000, and the improvement is required by a Change in Law.

"Heat Transfer Point" means the interconnection of CILCORP's steam piping with MWG's steam

system.

"Leased Site" means the property leased by MWG to CILCORP pursuant to the Lease Agreement.

"Lease Agreement" means the lease between MWG and CILCORP dated December 16, 1993, a copy of which is attached hereto as Exhibit A.

"MWG" means Midwest Grain Products, Inc. or its successors and assigns.

"MWG Plant" is the processing plant owned by MWG located on South Front Street in Pekin, Illinois.

"Steam Commencement Date" means December 31, 1994 or the date on which CILCORP notifies MWG that CILCORP is prepared to commence deliveries of steam on a full-time basis to meet MWG's requirements for steam heat, whichever comes later.

ARTICLE II: FACILITY DESIGN AND CONSTRUCTION

1. CILCORP's Obligations

(a) CILCORP shall finance, build, own, operate and maintain a Boiler Plant on the Leased Site. CILCORP shall be responsible for purchasing and installing all equipment and fixtures at the site, as well as all labor costs and overhead associated with constructing, operating, and maintaining the Boiler Plant.

(b) The Boiler Plant shall have two 185,000 pounds per hour gas-fired steam boilers and one 175,000 pounds per hour gas-fired steam boiler to provide steam heat to MWG. CILCORP, at its option, may install additional boilers on the Leased Site. Unless the parties otherwise agree in writing, such additional boilers shall not be deemed to be constructed to provide steam heat to MWG and may be used exclusively to produce steam for sale to or use by others. The parties agree that CILCO is authorized, pursuant to provisions of the Cogeneration Agreement among CILCORP, CILCO, and MWG dated December 16, 1993 and attached hereto as Exhibit B, to install, own, operate and maintain electric generating units on the Leased Site, which generating units will be driven by the steam produced by the boilers installed on the Leased Site, including those constructed to provide steam heat to MWG, provided such use does not unreasonably interfere with the delivery of steam to meet MWG's requirements for steam heat.

(c) CILCORP, at its own cost and expense, shall secure all permits necessary to construct the Boiler Plant, except to the extent such permits are obtainable only by MWG or MWG already has obtained construction or operating permits which CILCORP might use, in which event the permits shall be supplied by MWG without charge to CILCORP.

(d) CILCORP shall use reasonable efforts to have the Boiler Plant operational by December 31, 1994.

2. MWG's Obligations

(a) MWG shall execute the Lease Agreement attached hereto as Exhibit A, leasing to CILCORP the land necessary for the Boiler Plant and providing reasonable access to the Leased Site to permit CILCORP and CILCO to fulfill their obligations under this Agreement and the Cogeneration Agreement, including but not limited to, making necessary interconnections and operating their respective equipment.

(b) MWG shall provide CILCORP with such assistance as may be reasonably requested by CILCORP to obtain permits required for CILCORP's performance under this Agreement, and MWG agrees to transfer to CILCORP, without charge to CILCORP, any existing construction and/or operating permits for the project.

(c) Prior to the Steam Commencement Date, MWG shall purchase steam from the Boiler Plant, up to MWG's steam requirements, as necessary to support any Boiler Plant start-up testing. At such times MWG shall coordinate MWG's existing boiler plant operations with CILCORP's Boiler Plant operations.

(d) Subject to the provisions of Section 3 of Article III, MWG shall, beginning on the Steam Commencement Date and continuing during the remaining term of this Agreement, purchase from CILCORP MWG's requirements for steam heat at MWG's Plant.

3. Design and Construction Oversight

(a) MWG, at its sole discretion, may name a representative to the technical management team overseeing design and construction of the Boiler Plant.

(b) All design, equipment and material selections for the Boiler Plant may be reviewed by MWG but the final decisions shall be made solely by CILCORP.

ARTICLE III: TERMS AND CONDITIONS OF STEAM HEAT SERVICE

1. Existing Boilers

MWG's existing boilers shall be placed on emergency standby beginning on the Steam Commencement Date.

2. Term

(a) Unless otherwise terminated in accordance with the provisions of this Agreement, this Agreement shall be in effect for an initial term beginning on the date first set forth above and ending fifteen years after the Steam Commencement Date, and this Agreement shall automatically renew and continue in effect from year to year after such initial term unless terminated as provided herein.

(b) Either party hereto may terminate this Agreement as of the end of the initial term or any one-year term thereafter, by giving to the other party not less than two years' advance written notice of the date the Agreement is to terminate.

(c) MWG may terminate this Agreement effective as of the fifth anniversary of the Steam Commencement Date, or as of any subsequent anniversary of the Steam Commencement Date prior to the end of the initial term of this Agreement, by giving not less than two years' advance written notice of the date the Agreement is to terminate provided if at the time such notice is given, gas prices have risen to a level, when taking into account capital costs, interest charges, and depreciation, as well as additional operating and maintenance and fuel costs, that it becomes more attractive to construct a new facility to generate steam from an alternative fuel and that the payback period for such an alternative investment is five years or less.

(d) In the event that MWG terminates this Agreement pursuant to Article III, Section 2(c), CILCORP shall have the right, but not the obligation, to match the price, terms and conditions of any

alternative source of steam heat that would otherwise be utilized by MWG after such termination, and so long as CILCORP does match the price, terms, and conditions of any alternative supply, MWG shall purchase its requirements for steam heat from CILCORP.

(e) In the event that MWG terminates this Agreement pursuant to Article III, Section 2(c), MWG shall pay CILCORP, not less than six months prior to the effective date of termination, the applicable sums specified in Exhibit G attached to this Agreement.

3. Maximum Delivery

(a) Except as provided in this section, CILCORP shall not be obligated to deliver to MWG more than 350,000 pounds of steam per hour. If Condensate return is less than sixty percent (60%), CILCORP's maximum delivery shall be limited by the availability of make up water.

(b) If MWG requests that CILCORP provide steam in excess of 350,000 pounds per hour, on a continuous basis, CILCORP shall have 180 days to notify MWG whether it intends to meet this need.

(i) If CILCORP so notifies MWG and the parties reach agreement on price, terms and conditions, CILCORP shall use reasonable efforts to construct additional facilities to meet MWG's need.

(ii) If CILCORP elects not to meet MWG's additional needs or fails to notify MWG within 180 days of its intention to provide additional steam, or the parties are unable to reach agreement as to price, terms and conditions, MWG may provide for its steam needs above 350,000 pounds per hour from other sources.

4. Steam Quality

The steam delivered to MWG shall meet the specifications set forth in Exhibit C.

5. Fuel Supply

(a) Beginning on the Steam Commencement Date, MWG shall procure the gas required to fuel the Boiler Plant to the extent needed to produce the steam to meet MWG's requirements for steam heat.

(b) It is the intent of the parties that MWG shall be responsible only for the amount of gas that would be required to produce steam to meet MWG's requirements if the Boiler Plant were used for no other purpose. In the event the Boiler Plant is used to produce steam which drives electric generators, or to produce steam which is delivered to persons other than MWG, the amount of gas needed to produce steam to meet MWG's requirements for steam heat shall be calculated in accordance with the formula in Exhibit H attached hereto.

6. Steam Condensate and Water Return

(a) MWG shall return and deliver to CIILCORP at the Condensate Transfer Point, at MWG's sole cost, Condensate equivalent to approximately seventy percent (70%), but not less than sixty percent (60%), of the mass volume of the steam delivered to MWG. MWG at its expense shall properly dispose of all unreturned Condensate in compliance with all applicable laws and regulations. The returned Condensate shall be of a quality sufficient to allow CILCORP to operate two 185,000 pounds per hour boilers at 1250 psi and 950 degrees Fahrenheit in order to meet MWG's needs for steam heat.

(b) If any portion of the Condensate becomes contaminated prior to return to CILCORP, MWG shall (i) notify CILCORP promptly of such contamination, and (ii) correct the source or cause of

such contamination as expeditiously as reasonably practicable and dispose of such contaminated Condensate at MWG's sole cost and expense. CILCORP shall notify MWG promptly of any contaminated Condensate delivered to CILCORP by MWG, and MWG shall correct the source or cause of such contamination as expeditiously as reasonably practicable and dispose of such contaminated Condensate at MWG's sole cost and expense.

(c) MWG shall provide at its cost all boiler water treatment equipment purchased as of November 1, 1993. MWG shall reimburse CILCORP for the cost to install the equipment in the Boiler Plant.

(d) MWG represents and warrants that the steam delivered to MWG under this Agreement will be used solely for process heating and other heating purposes, and MWG will not consume or otherwise use such steam. The loss of a portion of the volumes delivered to MWG will result solely from (a) the failure to reclaim the Condensate from the steam which produces process heating, or (b) Condensate contaminated by MWG during processing which is captured and disposed of by MWG.

7. Deliveries

(a) CILCORP shall make steam deliveries to MWG at the valve and flange where the Boiler Plant steam delivery pipe connects to the point in the MWG Plant described in Exhibit E attached hereto (the "Heat Transfer Point').

(b) Condensate delivery to CILCORP shall occur when such Condensate has passed into the lines owned or operated by CILCORP, which point of passage (the "Condensate Transfer Point") is described in Exhibit F attached hereto.

8. Measurement

(a) CILCORP at its sole expense shall install or cause to be installed equipment suitable for accurately measuring the quality and quantities of steam delivered hereunder to the Heat Transfer Point and Condensate delivered to the Condensate Transfer Point. MWG shall provide access to such measurement systems to representatives of CILCORP at all reasonable times for the purposes of reading and inspecting said systems and for all other purposes required hereunder. Maintenance, testing, repair, replacement and adjustment of the instrumentation systems as needed shall be the responsibility of CILCORP. CILCORP shall test and calibrate the instrumentation systems by comparison with accurate standards from time to time, but not less frequently than at intervals of twelve (12) months, or whenever requested by MWG. The cost of all such tests shall be borne by CILCORP, provided, however, that if any meter test made at MWG's request shall disclose that the meters are recording accurately, MWG shall reimburse CILCORP for the cost of such test. Meters registering not more than two percent (2%) above or below 100% accuracy shall be deemed to be accurate.

(b) If any test reveals that a meter is more than two percent (2%) above or below 100% accuracy, and therefore, the meter is not deemed to be accurate, then adjustment shall be made and the parties shall make payments or provide credits, as applicable, to correct any underpayment or overpayment that was made as a result of inaccurate measurements. The adjustment shall be applied to volumes delivered during:

(i) The actual period during which inaccurate measurements were made, if the period can be determined, and if not:

(ii) The period immediately preceding the test equal to one-half (1/2) the time from the date of the last previous test, provided that in the event that the previous test occurred more than six (6) months prior to the current test, such previous test shall be deemed to have occurred six (6) months prior to the current test for purposes of this Section 8 of Article III.

9. Additional MWG Operating Responsibilities

(a) MWG shall provide, at MWG's expense, all materials and equipment (including piping, valves and pumps), and all service, repairs, replacements, and adjustments of such materials and equipment, on the MWG side of the Heat Transfer Point necessary to receive and utilize steam heat at the MWG Plant, and shall maintain the MWG plant in good operating condition, provided, however, to the extent that the need for any such service, repair, replacement or adjustment is caused solely by the negligent act of an employee, agent or contractor of CILCORP or an Affiliate thereof, CILCORP shall reimburse MWG for the reasonable cost of such service, repair, replacement or adjustment.

(b) MWG shall, without charge to CILCORP, provide CILCORP with such easements, licenses, access and other rights to MWG property as CILCORP may reasonably require in connection with the Boiler Plant and to provide the steam heat service provided for in this Agreement, and shall cooperate with CILCORP in obtaining, at CILCORP's expense, all other required easements, licenses and other rights; provided, however, MWG shall not be required to provide any easement, license or right which materially interferes with the operation of the MWG Plant.

10. Use of Waste Heat

MWG at its own expense may capture and use waste heat from the stack gases of the Boiler Plant dedicated to serve MWG to the extent such waste heat is not used by CILCORP to preheat the boiler water, provided such capture does not unreasonably interfere with the operation of the Boiler Plant.

11. Permits and Governmental Notices

(a) CILCORP, at its own cost and expense, shall secure all permits needed from time to time to deliver steam heat service to MWG hereunder, except to the extent the permits are obtainable only by MWG, in which event MWG shall obtain the permits at MWG's cost.

(b) MWG shall secure at its own cost all permits needed from time to time to deliver Condensate from the MWG Plant to the Condensate Transfer Point, and to operate and maintain the MWG Plant. CILCORP shall provide such assistance as MWG may reasonably request in obtaining such permits.

(c) If either party receives notice from any governmental authority regarding the operation of the Boiler Plant or the MWG Plant, that party shall as soon as practicable deliver a copy of the notice to the other party.

12. Shutdowns

CILCORP may shut down the Boiler Plant whenever the generation or delivery of steam could, in the reasonable judgment of CILCORP, cause material injury to or loss of persons, property or equipment. CILCORP shall seek to inform MWG of non-planned and/or emergency shutdowns prior to the action, if practicable.

13. Operating Committee

There shall be an operating committee consisting of one or more representatives of CILCORP and one representative of MWG to advise CILCORP on Boiler Plant operation and maintenance. This committee shall have an advisory function only, with CILCORP having sole responsibility for operation and maintenance of the Boiler Plant.

14. First Priority

If steam from the Boiler Plant is sold or delivered to persons other than MWG, MWG's needs shall always have first priority for steam produced by the boilers constructed to provide steam heat for MWG, up to the maximum of 350,000 pounds of steam per hour, or such greater amount as the parties may agree in writing.

ARTICLE IV: PRICING AND PAYMENT

1. MWG Obligation

(a) Prior to the Steam Commencement Date, MWG will purchase steam heat service from the Boiler Plant up to MWG's steam heat requirements as necessary to support the Boiler Plant start-up testing program. During this period the purchase price shall be equal to CILCORP's costs for the fuel and other operation and maintenance expenses associated with producing the steam.

(b) Beginning with the Steam Commencement Date, MWG shall pay CILCORP monthly all charges set forth in Sections 2 through 6 of this Article IV. It is the intent of this Agreement that the charges hereunder shall include all of CILCORP's fixed and variable costs of rendering steam heat service hereunder, including the amortization of the capital cost of the boilers constructed to provide steam heat to MWG and the structure to house them, plus a return on CILCORP's investment in the Boiler Plant.

2. Monthly Charge

(a) After the Steam Commencement Date, MWG shall pay to CILCORP each month a base monthly operating charge of $65,000. This base monthly operating charge shall be recalculated on January 25 of each year beginning on January 25, 1994, to reflect the rate of increase or decrease in the Producer Price Index (PPI), according to the following formula:

Revised charge = A * (B/C)

where

A = current base monthly operating charge

B = current PPI on the date of calculation

C = PPI twelve months ago

This revised charge will be reflected in the next monthly billing and in each monthly bill thereafter until recalculated in the following year.

In addition to the base monthly operating charge, MWG shall pay to CILCORP each month the following amounts:

(i) a charge of $48,845 per month for steam delivered to MWG equal to or less than 105,120,000 pounds of steam per month.

(ii) $0.17 per thousand pounds for all steam delivered to MWG in excess of 105,120,000 pounds per month up to and including 175,200,000 pounds of steam per month; and

(iii) $0.125 per thousand pounds for all steam delivered to MWG in excess of 175,200,000 pounds per month and up to and including 199,027,000 pounds of steam per month; and

(iv) $0.12 per thousand pounds for all steam delivered to MWG in excess of 199,027,000 pounds per month up to and including 210,240,000 pounds of steam per month; and

(v) $0.40 per thousand pounds for all steam deliveries in excess of 210,240,000 pounds of steam per month.

(b) MWG shall pay the base monthly operating charge and the minimum payment in subsections (a) and (a)(i) of section 2 of Article IV, whether or not the Boiler Plant generates or delivers steam to MWG, whether or not the Boiler Plant is capable of generating or delivering steam, and whether or not the MWG plant operates during the month. MWG shall receive a credit against this minimum charge in any billing month when the Boiler Plant could not have supplied, if requested by MWG, up to 105,120,000 pounds of steam unless CILCORP's failure to perform is caused by negligent or intentional act of MWG or its employees, agents or contractors. The credit shall be equal to a pro rata portion of the minimum charge as set forth in subsections (a) and (a)(i) of this section equal to the percent of 105,120,000 pounds of steam that the Boiler Plant could not have supplied if requested.

(c) In addition to all other charges specified in this Agreement, MWG shall pay CILCORP for water treatment a charge of $.0240 per thousand pounds of steam for all steam delivered to MWG. This charge shall increase or decrease in accordance with the PPI adjustments specified in Article IV, Section 2(a).

3. Add-On Charges

MWG shall also pay, in addition to all other charges specified in this Agreement, the actual amount of any add-on taxes and charges associated with the provision of service hereunder and imposed by any applicable law, regulation or rule, including, but not limited to, any sales, occupation, use, transaction, production, gathering, severance, or any other tax, assessment or charge on or measured by the steam delivered to MWG hereunder or the receipts therefrom (not including income, excess profits, capital stock, franchise or general property taxes).

4. Other Charges

(a) If CILCORP is required at any time to make any Extraordinary Improvement or is required by a Change in Law to incur additional operating and maintenance costs in excess of $1,000.00 per month for that part of the Boiler Plant constructed to provide MWG's requirements for steam heat, CILCORP, after consultation with MWG regarding alternative means of compliance, shall notify MWG in writing, stating the cost of such Extraordinary Improvement and such additional operating and maintenance costs, and the monthly charge shall be adjusted accordingly.

(b) In the event of an Extraordinary Improvement, the monthly charge shall be adjusted as follows: The cost of the Extraordinary Improvement shall be amortized in equal monthly amounts from the date of the expenditure through the end of the fifteenth year after the Steam Commencement Date, with a return on the unamortized balance equal to the prime rate established by First National Bank of Chicago on the last business day of the calendar month immediately preceding the adjustment plus four percentage points; the total of the equal monthly amortization and the return on the unamortized balance shall be added to the monthly charge determined pursuant to other provisions of this Article IV.

(c) In the event of an increase in excess of $1,000.00 per month in the operating and maintenance costs incurred to provide service hereunder as a result of a Change in Law, the amount of such increase shall be added to the monthly charge determined pursuant to other provisions of this Article IV.

(d) Other than the equal monthly amortization of Extraordinary Improvements, the amounts included in the monthly charge pursuant to this Section 4 shall be subject to adjustment to reflect changes in the PPI in the same manner as the monthly base operating charge, as specified in Subsection (a) of Section 2 of this Article IV.

(e) In the event MWG terminates this contract pursuant to Article III, Section 2 (c), the unamortized value of any Extraordinary Improvement, shall be added to the buyout cost contained in Exhibit G.

5. Changes Sought by MWG

If MWG requests any changes in any of the terms or conditions of this Agreement or seeks any changes in specifications or requests any additions to the Boiler Plant after CILCORP has signed the contracts to procure the Boiler Plant, CILCORP shall notify MWG as soon as practicable of any increases in the monthly charge which such changes would necessitate. If MWG agrees in writing to pay the increases, CILCORP shall use reasonable efforts to make the changes requested by MWG.

6. Energy Charge

In the event MWG fails to secure the gas required to produce steam to meet MWG's needs, MWG shall reimburse CILCORP monthly for actual burner tip prices CILCORP may incur for gas to produce MWG's requirements for steam. This reimbursement shall be in addition to all other charges under the Agreement.

7. Payment

(a) Bills calculated in accordance with the provisions of this Agreement shall be rendered monthly by CILCORP.

(b) MWG shall pay such bills promptly. Payment she be considered past due if not received by the due date, which will be not less than fourteen days after the postmark date of the bill. An amount equal to 1.5% per month shall be applied to any unpaid balance existing after the due date.

(c) CILCORP shall have the right to correct any error in prior billings within one year thereafter. MWG shall promptly pay CILCORP any additional charges resulting from such a revision and CILCORP will credit MWG's next billing(s) for the amount of any reduced charge.

(d) CILCORP, at its option, may terminate this Agreement when any payment which is due from MWG under this Agreement, and is not being disputed in good faith by MWG, is past due. The election to terminate shall be exercised by giving not less than 30 days' advance written notice to MWG specifying the overdue amount and date of termination, provided, however, if MWG pays the overdue amounts prior to such termination date, this Agreement shall not terminate pursuant to such notice. If this Agreement is terminated pursuant to this subsection, MWG shall remain liable for the base monthly operating charge and the minimum payment in subsections (a) and (a)(1) of section 2 of Article IV for the remaining term of this Agreement, as if no termination had occurred,

ARTICLE V: MISCELLANEOUS

1. Limitation on Liability

CILCORP shall not be liable to MWG for any damages which MWG may sustain by reason of any failure or interruption of service or diminished quality of steam furnished under this Agreement, except when caused by gross negligence on CILCORP's part; provided, however, in no event shall

CILCORP be liable for anyloss by MWG of production, revenues or profits or any consequential damages whatsoever on account of any failure or interruption of service or diminished quality of steam furnished under this Agreement. Nor shall CILCORP be liable for damages that may be incurred by the presence of CILCORP's property on MWG's premises.

2. Force Majeure

(a) Force Majeure shall mean an event or occurrence that is not reasonably foreseeable by a party, is beyond its reasonable control, and is not caused by its negligence or lack of due diligence, including, but not limited to, natural disasters, fire, lightning, wind, perils of the sea, flood, explosions, acts of God or the public enemy, failure of fuel supply to the facility, vandalism, blockages, insurrections, riots, war, sabotage, action of a court or public authority, or accidents to or failure of equipment or machinery. Notwithstanding anything else herein to the contrary, changes in market conditions or work stoppages caused by strikes or lockouts shall not constitute Force Majeure.

(b) In the event that MWG is rendered unable, by reason of an event of Force Majeure, to perform, wholly or in part, any obligation or commitment set forth in this Agreement, then, provided MWG gives prompt written notice describing the particulars of such event, including, but not limited to, the nature of the occurrence and its expected duration, and continues to furnish timely, regular reports with respect thereto during the period of the Force Majeure, the obligation of MWG, except for obligations to pay money, shall be suspended to the extent and for the period of such Force Majeure condition; provided, however, that (1) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure and (2) MWG shall use its reasonable efforts to perform its obligations hereunder and remedy its inability to perform.

3. Assignment

(a) Neither party hereto may assign this Agreement without the prior written consent of the other party, provided, however, CILCORP has the right without first having to obtain MWG's consent, to assign its interest under this Agreement to CILCO. If CILCORP assigns its interest in this Agreement to CILCO, CILCO may reassign this interest to CILCORP without MWG's consent. Any assignment authorized hereunder to be made without MWG's consent shall fully and completely discharge the assignor of any obligation hereunder for the term remaining after the assignment.

(b) Nothing in this Agreement shall prevent MWG from mortgaging, pledging, encumbering or hypothecating this Agreement provided that any such mortgage, pledge, encumbrance or hypothecation is made subordinate to this Agreement, and does not operate to diminish the obligations of MWG hereunder.

4. Further Assurances

Each party hereto shall execute, acknowledge, and deliver any further documents or instruments that are necessary or desirable to carry out the terms of this Agreement or that are reasonably requested by the other party, and shall take any other action reasonably necessary and proper to carry out the terms and provisions of this Agreement or consistent with the terms of this Agreement that may reasonably be requested by the other party, for the purpose of consummating the transactions described in this Agreement, including, without limitation, cooperating in obtaining any and all required approvals, consents, permits and authorizations.

5. Entire Agreement; Amendments

This Agreement and the documents made a part hereof contain the entire Agreement and understanding between the parties with respect to the subject matter of this Agreement and supersede all prior oral or written negotiations, understandings and agreements with respect to the same subject matter. Neither party shall be bound by or shall be deemed to have made any representations, warranties or commitments except those contained in this Agreement and the documents made a part hereof. No provision of this Agreement may be changed, waived, modified, discharged or terminated except by a written instrument executed by the parties hereto.

6. Severability

Should any provision of this Agreement for any reason be declared invalid or unenforceable, such decision shall not affect the validity of the remaining portions, which shall nevertheless remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances. If any provision of this Agreement is unenforceable under the law prevailing at a given time but becomes enforceable under the law prevailing at a subsequent time, then such originally unenforceable provision shall be deemed to take effect at the time it becomes enforceable. As used herein, the term "unenforceable" is used in its broadest and most comprehensive sense and includes the concepts of void or voidable.

7. Waiver

Either party's delay or failure to enforce or exercise any provision of this Agreement or rights existing hereunder shall not in any way be construed as or constitute a waiver of any such provision or right, or prevent that party thereafter from enforcing that provision or right and each and every other provision or right of this Agreement.

8. Survival of Obligations

Termination of this Agreement for any reason shall not relieve CILCORP or MWG of any obligation accruing or arising prior to such termination.

9. Notices

Except as provided herein to the contrary, any notice or other communication required or permitted hereunder shall be in writing, and shall be deemed to have been given when actually delivered, when received by telephone facsimile (provided such receipt is verified by telephone), or when deposited in the United States mails, postage prepaid, for mailing by certified or registered mail, return receipt requested, addressed as follows:

If to MWG:
Midwest Grain Products of Illinois
1301 South Front Street
P.O. Box 1069
Pekin, Illinois 61554

If to CILCORP:
CILCORP Development Services Inc.
300 Hamilton Blvd. Suite 300
Peoria, Illinois 61602

Or to such other person or address as the party entitled to notice may specify from time to time in a notice given as provided herein.

10. Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

11. Venue

Venue for any judicial action arising from this Agreement shall be in Tazewell County, Illinois.

12. No Partnership or Joint Venture

MWG does not in any way or for any purpose become, by reason or this Agreement, an agent, partner or joint venturer of CILCORP and CILCORP shall not be deemed an agent, partner or joint venturer of MWG for any purpose.

13. Compliance with Laws

Each party shall, at its own cost and expense (except as herein otherwise specifically provided), obey and comply with all laws, ordinances, rules, requirements, regulations and orders of the federal, state, and local governments, or any of them, and of any and all of their departments and bureaus, and of any other competent authority, as they may pertain to the Boiler Plant or the MWG Plant, to the protection and maintenance thereof, to the business operated therein, or the sanitary conditions thereof, or otherwise to the performance of either party under this Agreement.

In WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first hereinabove written.

MIDWEST GRAIN PRODUCTS, INC.

By: /s/ Ladd M. Seaberg
Name: Ladd M. Seaberg
Title: President and CEO
Witness: /s/ Brian T. Cahill

CILCORP DEVELOPMENT SERVICES INC.

By: /s/ Lawrence H. Haynes
Name: Lawrence H. Haynes
Title: President
Witness: /s/ illegible signature

EXHIBIT A - LEASE AGREEMENT

EXHIBIT B - COGENERATION AGREEMENT

EXHIBIT C - STEAM SPECIFICATIONS

The steam delivered to MWG shall meet the following specifications at MWG's distribution manifold:

Steam pressure:	170 psi
Temperature:	450 degrees Fahrenheit

CILCORP understands that steam delivered to MWG shall be used in food processing. As such, the potential exists for incidental contact where steam or steam condensate could mix with the food products in process by MWG. Therefore CILCORP shall only use those boiler chemicals approved by the U.S. Food and Drug Administration for incidental contact with food.

Chemicals approved for water treatment under Section 21 CFR 173.310 include, but are not limited to:

Sodium Hydroxide
Sodium Hexametaphoshate
Ascorbate

EXHIBIT D - CONDENSATE SPECIFICATIONS

1. Ph	5.0-10
2. Conductivity	< 15 micro mhos
3. Sodium	< 0.2 ppm
4. Total Hardness	< 2.0 ppm
5. Iron	<.3 ppm
6. Silica	< 05 ppm
7. Total Suspended Solids	< 1.5 ppm
8. Total Organic Compounds	< 5.0 ppm
9. Total Dissolved Solids	< 5.0 ppm
10. Turbidity	< 6 NTU
11. Chloride	< 0.1 ppm
12. Copper	< 0.4 ppm

Values shown are maximum unless otherwise noted.

EXHIBIT E - HEAT TRANSFER POINT

The interconnection of CILCORP's steam delivery piping with MWG's steam condensation system (the "Heat Transfer Point") shall be made within the MWG boiler house at a mutually agreed upon location on the discharge header common to the existing boilers.

EXHIBIT F - CONDENSATE TRANSFER POINT

The interconnection of MWG's condensate return piping with CILCORP's condensate return system (the "Condensate Transfer Point") shall be made within the MWG boiler house at a mutually agreed upon location on the MWG process condensate return header.

CILCORP's condensate return system shall include any collection tank, transfer pumps, controls, meters, and valves necessary to return acceptable Condensate to CILCORP's facility and to return unacceptable Condensate to MWG.

EXHIBIT G - CONTRACT BUYOUT

Beginning of Year 6	$1,640,000
Beginning of Year 7	1,476,000
Beginning of Year 8	1,312,000
Beginning of Year 9	1,148,000
Beginning of Year 10	984,000
Beginning of Year 11	820,000
Beginning of Year 12	656,000
Beginning of Year 13	492,000
Beginning of Year 14	328,000
Beginning of Year 15	164,000

EXHIBIT H - ALLOCATION MECHANISM

[Omitted]

Exhibit 10(u)

COGENERATION AGREEMENT

THIS AGREEMENT is entered into as of the 16th day of December, 1993, by and among MIDWEST GRAIN PRODUCTS, INC. ("MWG"), a Kansas corporation, CENTRAL ILLINOIS LIGHT COMPANY ("CILCO"), an Illinois corporation, and CILCORP DEVELOPMENT SERVICES INC. ("CILCORP"), an Illinois corporation.

WITNESSETH:

WHEREAS, MWG operates a processing plant located on South Front Street in Pekin, Illinois; and

WHEREAS, CILCO is engaged, among other things, in the generation and sale of electricity in the State of Illinois and is a public utility subject to the jurisdiction of the Illinois Commerce Commission ("Commission"); and

WHEREAS, CILCOPR is an affiliate of CILCO, and CILCORP and MWG have entered into a Steam Heat Service Agreement dated December 16, 1993, under which CILCORP will construct, operate and maintain a Boiler Plan on MWG's property leased to CILCORP, from which CILCORP will supply MWG's requirements for steam heat at MWG's Plant; and

WHEREAS, the steam produced by the Boiler Plan can also be used by CILCO to operate electric generators, and the parties hereto wish to enter into this Agreement to set forth the terms and conditions under which CILCO will be authorized to install, operate and maintain electric generators on the Leased Site.

NOW, THEREFORE, in consideration of the promises and undertakings hereinafter set forth and the execution by MWG and CILCORP of the Steam Heat Service Agreement, the parties hereto agree as follows:

Article I: Definitions

"Agreement" means this Cogeneration Agreement.

"Boiler Plant" means the boilers and the structure housing them which are to be constructed, operated and maintained pursuant to the provisions of the Steam Heat Service Agreement.

"Facility" means the electric generating units and related fixtures and equipment to be installed, operated and maintained by CILCO on the Leased Site.

"Lease Agreement" means the lease between MWG and CILCORP dated December 16, 1993, a copy of which is attached to the Steam Heat Service Agreement.

"Leased Site" means the property leased to CILCORP pursuant to the Lease Agreement.

"MWG Plant" is the processing plant owned by MWG located on South Front Street in Pekin, Illinois.

"Steam Heat Service Agreement" means the contract entered into between MWG and CILCORP under date of December 16, 1993 for the construction of the Boiler Plant on the Leased Site, a copy of which contract is attached hereto as Exhibit A and made a part hereof.

Article II: Cogeneration Units

1. CILCO's Obligations

(a) Subject to the prior approval of the Commission, CILCO shall finance, build, own, operate and maintain on the Leased Site electric generating units which shall be driven by steam produced by

the Boiler Plant. CILCO shall be solely responsible for acquiring and installing all generating equipment and related fixtures on the Leased Site and for all costs of interconnecting, operating and maintaining the generating equipment and related fixtures.

(b) CILCO, at its own cost and expense, shall secure all permits and authorizations necessary to install, operate and maintain the Facility, except to the extent such permits and authorizations are obtainable only by MWG or CILCORP, in which event MWG or CILCORP, as applicable, shall obtain the permits and authorizations at its own expense.

2. MWG's Obligations

(a) MWG shall execute the Steam Heat Service Agreement and the Lease Agreement attached to the Steam Heat Service Agreement and shall provide at no expense to CILCORP or CILCO reasonable access and easements to the Leased Site and surrounding areas owned by MWG as are reasonably necessary for CILCO to install, operate and maintain the Facility and interconnect the same with CILCO's electric transmission and distribution system, provided, however, such access and easements shall not unreasonably interfere with the operation of MWG's Plant or CILCORP's operation of the Boiler Plant.

(b) MWG shall provide such assistance as CILCO may reasonably request in obtaining any permits required for the performance of this Agreement.

(c) MWG shall cooperate in any audit by the Commission of the cost of the Boiler Plant and the Facility, and shall make available to CILCO and the auditors all data relating to such costs.

3. CILCORP's Obligations

(a) CILCORP shall allow CILCO access to the Boiler Plant for the purposes of installing, interconnecting, operating and maintaining the Facility, and CILCORP shall provide the steam required to operate the Facility.

(b) Upon approval of this Agreement by the Commission, and payment by CILCO to CILCORP of the book value of CILCORP's investment in the Boiler Plan, CILCORP shall assign to CILCO all CILCORP's rights, duties, claims and obligations under this Agreement, the Steam Heat Service Agreement and the Lease Agreement, and all CILCORP's rights and interest in and to the Boiler Plant. As used herein, "book value" shall have the same meaning such term has under generally accepted accounting principles, after deducting straight line depreciation over the life of the property or thirty-four years, whichever is less. Notice of such assignment shall be given to MWG, whereupon CILCO shall assume and have all the rights, duties, claims and obligations of CILCORP under this Agreement, the Steam heat Service Agreement and the Lease Agreement for the period after the assignment, and CILCORP shall have no further rights, duties, claims or obligations under those contracts for any period after the assignment. No approval of MWG shall be required in connection with such assignment.

(c) CILCORP shall cooperate in any audit by the Commission of the costs of the Boiler Plant and the Facility, and shall make available to CILCO and the auditors all data relating to such costs.

4. Operation of Facility

(a) Any electric power generated from the Facility will be supplied to CILCO's transmission and distribution system.

(b) CILCO shall procure and be solely responsible for the cost of any gas required to produce steam from the Boiler Plant to the extent such gas exceeds the amount that would have been required to operate the Boiler Plant pursuant to the Steam Heat Service Agreement if the Facility had not

been in operation. In determining CILCO's responsibility for gas used to produce steam, the gas shall be allocated between the requirements of the Boiler Plant as a stand-alone plant and the additional requirements for gas because the Facility is operating, in accordance with the formula specified in Exhibit H to the Steam Heat Service Agreement. For regulatory purposes, that part of the capital investment in the Boiler Plant that is incurred to increase steam production to meet the requirements of the Facility and, to that extent, exceeds the capital investment that would have been required solely to meet the steam heat requirements of MWG's Plant, shall be included in CILCO's electric rate base. The balance of the capital investment in the Boiler Plant shall be deemed to be related solely to the production of steam heat for MWG's plant.

(c) It is CILCO's intention to operate the Facility as a dispatchable unit, and to generate electricity from the Facility when the cost of such electricity is less than the cost of electricity from other sources available to CILCO, but CILCO shall be under no obligation to operate or refrain from operation of the Facility at any time, and CILCO retains sole discretion as to when and whether to operate the Facility.

5. Commission Approval

(a) CILCO's obligations under this Agreement are subject to the approval of the Commission, and CILCO shall promptly seek Commission approval of this Agreement.

(b) If the Commission fails to approve this Agreement, or approves the Agreement subject to conditions that are unacceptable to CILCO or that materially change the rights or obligations of any other party to this Agreement, CILCO or such other party as the case may be, shall have the option, within thirty days after the Commission's final action approving the Agreement with such conditions, to terminate this Agreement by giving written notice of such termination to the other parties. Failure to give notice of termination within such thirty-day period shall preclude any party from terminating this Agreement under this Subsection (b) of Section 5, Article II.

(c) If, for any reason, the Facility is not constructed, that failure shall not impair or release the respective rights and obligations of CILCORP and MWG under the Steam Heat Service Agreement and the Lease Agreement.

Article III: Terms and Conditions

1. Term of Agreement

This Agreement shall become effective on the date first set forth above, and shall terminate upon the expiration of the Lease Agreement.

2. Payments by CILCO of Fuel Cost

(a) CILCO acknowledges that because the Boiler Plant will be used to produce steam to meet the steam heat requirements of MWG, authorization for CILCO to use steam from the Boiler Plant to operate the Facility will in many cases reduce the cost of fuel that would otherwise be incurred by CILCO to generate the same quantity of electric energy from its other generating units. Therefore, as further consideration for authorization by MWG to install, operate and maintain the Facility and connect it to the Boiler Plan, CILCO agrees to pay MWG for a portion of the fuel costs incurred by MWG for production of steam in the Boiler Plant. The payment shall be related to the net savings actually realized by CILCO during any calendar month by generating electricity from the Facility and delivering it to CILCO's electric transmission and distribution system. The monthly payment, if any, toward MWG's share of the fuel costs shall be calculated according to the following formula:

Payment = (A-B) x C x .333

where

A = the average variable production cost per kwh of CILCO's electric generating stations, other than the Facility, during the calendar month for which the payment is being calculated.

B = the average variable production cost (fuel, operating and maintenance expense) per kwh of the Facility during the calendar month for which the payment is being calculated.

C = the number of kilowatt-hours produced by the Facility and delivered to CILCO's electric transmission and distribution system during the month for which the payment is being calculated.

Provided, however, in no event shall the payments by CILCO to MWG under this Section 2 exceed the actual fuel costs incurred by MWG for the operation of the Boiler Plant for the month for which the payment is given.

(b) The payment due to MWG under this Section 2 of Article III shall be made in the month immediately following the month for which the payment was calculated. The amount of the payment shall be recovered by CILCO through its fuel adjustment clause.

(c) No payment shall be provided under this Section 2 until the first full calendar month after CILCO synchronizes the Facility with CILCO's electric grid.

3. Further Assurances

Each party hereto shall execute, acknowledge, and deliver any further documents or instruments that are necessary or desirable to carry out the terms of this Agreement, including, without limitation, a consent or consents to assignment or similar documents, and shall take any other action reasonably necessary and proper to carry out the terms and provisions of this Agreement or consistent with the terms of this Agreement that may reasonably be requested by the other party, for the purpose of consummating the transactions described in this Agreement, including, without limitation, cooperating in obtaining any and all required approvals, consents, permits and authorizations.

4. Successors and Assigns

All of the terms and provisions of this Agreement and the parties' respective rights and obligations hereunder shall be binding upon and inure to the benefit of the parties hereto and their respective and permitted successors and assigns. Except as specifically provided herein, this Agreement is not assignable by any party herein without the prior written approval of the other parties.

5. Entire Agreement; Amendments

This Agreement and the documents made a part hereof contain the entire agreement and understanding between the parties with respect to the subject matter of this Agreement and supersede all prior oral or written negotiations, understandings and agreements. No party shall be bound by or shall be deemed to have made any representations, warranties or commitments except those contained in this Agreement and the documents made a part hereof. No provision of this Agreement may be changed, waived, modified, discharged, or terminated except by a written instrument executed by the parties hereto.

6. Waiver

Either party's delay or failure to enforce or exercise any provision of this Agreement or rights existing hereunder shall not in any way be construed as or constitute a waiver of any such provision or right, or prevent that party thereafter from enforcing that provision or right and each and every other provision or right of this Agreement.

7. Survival Of Obligations

Termination of this Agreement for any reason shall not relieve, MWG, CILCORP or CILCO of any obligation accruing or arising prior to such termination.

8. Notices

Except as provided herein to the contrary, any notice or other communication required or permitted hereunder shall be in writing, and shall be deemed to have been given when delivered in person, when received by telephone facsimile (provided such receipt is verified by telephone), or when deposited in the United States mails, postage prepaid, for mailing by certified or registered mail, return receipt requested, addressed as follows:

If to MWG:

Midwest Gain Products, Inc.
1301 South Front Street
P.O. Box 1069
Pekin, IL 61554

If to CILCO:

Central Illinois Light Company
300 Liberty Street
Peoria, IL 61602

If to CILCORP:

CILCORP Development Services Inc.
300 Hamilton Blvd.
Suite 300
Peoria, IL 61602

Or to such other person or address as the party entitled to notice may specify from time to time in a notice duly given as provided herein.

9. Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

10. Venue

Venue for any judicial action arising from this Agreement shall be in Tazewell County, Illinois.

11. No Partnership or Joint Venture

MWG does not in any way or for any purpose become, by nature of this Agreement, an agent, partner or joint venturer of CILCORP or CILCO and CILCORP and CILCO shall not be deemed agents, partners or joint venturers of MWG for any purpose.

12. Compliance with Laws

Each party shall, at its own cost and expense (except as herein otherwise specifically provided), obey and comply with all laws, ordinances, rules, requirements, regulations and orders of the federal, state, and local governments, or any of them, and of any and all of their departments and bureaus, and of any other competent authority, as they may pertain to the Boiler Plant or the MWG Plant or the Facility, to the protection and maintenance thereof, to the business operated therein, or the sanitary conditions thereof, or otherwise to the performance of any party under this Agreement.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first hereinabove written.

MIDWEST GRAIN PRODUCTS, INC.

By: /s/ Ladd M. Seaberg
Name: Ladd M. Seaberg
Title: President & CEO
Witness: /s/ Brian T. Cahill

CILCORP DEVELOPMENT SERVICES INC.

By: /s/ Lawrence H. Haynes
Name: Lawrence H. Haynes
Title: President
Witness: /s/ illegible signature

CENTRAL ILLINOIS LIGHT COMPANY

By: /s/ Terrence Kurtz
Name: Terrence Kurtz
Title: Vice President
Witness: /s/ Stan E. Ogden

EXHIBIT A: THE STEAM HEAT SERVICE AGREEMENT

Exhibit 13

Selected Financial Information

<TABLE>
<CAPTION>
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Year ended June 30	2002	2001	2000	1999	1998
(in thousands, except per share amounts)					
Income Statement Data:					
Net sales:	$214,528	$229,241	$231,880	$216,101	$223,254
Cost of sales	193,325	212,058	210,978	200,622	214,453
Gross profit	21,203	17,183	20,902	15,479	8,801
Selling, general and administrative expenses	(14,689)	(13,545)	(12,109)	(11,908)	(11,363)
Other operating income	4,865	1,326	39	136	100
Income from operations	11,379	4,964	8,832	3,707	(2,462)
Other income, net	226	780	719	350	658
Interest expense	(1,237)	(1,347)	(1,469)	(1,959)	(1,887)
Income (Loss) before income taxes	10,368	4,397	8,082	2,098	(3,691)
Provision (Credit) for income taxes	4,109	1,737	3,192	828	(1,455)
Net income (Loss)	$ 6,259	$ 2,660	$ 4,890	$ 1,270	$ (2,236)
Earnings (Loss) per common share	$ .77	$ 0.32	$ 0.54	$ 0.13	$ (0.23)
Cash dividends per common share	.15	.10			
Weighted average common shares outstanding	8,086	8,397	9,122	9,609	9,700
Balance Sheet Data:					
Working capital	$ 48,383	$ 47,490	$ 45,089	$ 43,053	$ 39,825
Total assets	166,218	174,450	155,779	157,370	161,978
Long-term debt, less current maturities	18,433	22,420	18,181	21,099	25,536
Stockholders' equity	104,678	100,544	102,378	105,445	106,325

</TABLE>

Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies

The policies discussed below are considered by management to be critical to an understanding of the Company's financial statements. The application of certain of these policies places significant demands on management's judgment, with financial reporting results relying on estimations about the effects of matters that are inherently uncertain. For all of these policies, management cautions that future events rarely develop as forecast, and estimates routinely require adjustment and may require material adjustment.

USDA GRANT: As discussed in Note 17 to the financial statements, the Company received a grant from the United States Department of Agriculture totaling approximately $26 million over the two-year period June 1, 2001 to May 31, 2003.

The funds are to be used for research, marketing, promotional and capital costs related to value-added wheat gluten and starch products. Funds applied to current operating costs are considered revenue as those costs are incurred. Funds applied to capital expenditures will be recognized in income over the periods during which applicable projects are depreciated.

HEDGING ACTIVITIES: The Company enters into commodity contracts to reduce the risk of future grain price increases. Additionally, the Company enters into futures contracts for the sale of fuel grade alcohol to protect its selling price to the customer. These contracts are accounted for as hedges and, accordingly, gains and losses are deferred and recognized in cost of sales as part of product cost when contract positions are settled and as related products are sold.

SELF-INSURED PLAN: Under its self-insurance plan, the Company accrues the estimated expense of health care and workers' compensation claims costs based on claims filed subsequent to year-end and an additional amount for incurred but not yet reported claims based on prior experience. Claims payments based on actual claims ultimately filed could differ materially from these estimates.

VALUATION OF LONG-LIVED ASSETS: The Company reviews long-lived assets, mainly equipment, whenever events or circumstances indicate that usage may be limited and carrying values may not be recoverable. If events indicate the assets cannot be used as planned, the realization from alternative uses or disposal is compared to the carrying value. If an impairment loss is measured, this estimate is recognized. A significant change in the assumptions could result in a different determination of impairment loss and/or the amount of any impairment.

OTHER SIGNIFICANT ACCOUNTING POLICIES: Other significant accounting policies, not involving the same level of measurement uncertainties as those discussed above, are nevertheless important to an understanding of the financial statements. These policies require difficult judgments on complex matters that are often subject to multiple sources of authoritative guidance. See Note 1 to the consolidated financial statements, which discusses accounting policies that must be selected by management when there are acceptable alternatives.

Operations

The Company is a fully integrated producer of wheat-based products and distillery products and has two reportable segments, wheat-based products and distillery products. Wheat-based products consist of specialty ingredients, including specialty, or value-added, wheat proteins and wheat starches, commodity ingredients, including vital wheat gluten and commodity wheat starch, mill feeds and other mill products. Distillery products consist of food grade alcohol, including beverage alcohol and industrial alcohol, fuel grade alcohol, commonly known as ethanol, and distillers feed and carbon dioxide, which are by-products of the Company's distillery operations.

The Company processes its products at plants located in Atchison, Kansas and Pekin, Illinois. The Company also operates a wheat protein and wheat starch mixing facility in

Kansas City, Kansas. Wheat is purchased directly from local and regional farms and grain elevators and milled into flour and mill feeds. The flour is processed with water to extract vital wheat gluten, a portion of which is further processed into specialty wheat proteins. Vital wheat gluten and most wheat protein products are dried into powder and sold in packaged or bulk form. The starch slurry which results after the extraction of the gluten and wheat proteins is further processed to extract premium wheat starch, which is also dried into powder and sold in packaged or bulk form, either as commodity wheat starch or, after further processing, as specialty wheat starch. The remaining slurry is mixed with mill feeds, corn and/or milo and water and then cooked, fermented and distilled into alcohol. The residue of the distilling operations is dried and sold as a high protein additive for animal feed. Carbon dioxide, which is produced during the fermentation process, is trapped and sold. Mill feeds not used in the distilling process are sold to feed manufacturers.

The following is a summary of revenues and pre-tax profits/(loss) allocated to each reportable operating segment for the last three fiscal years:

	(dollars in thousands) 2002	2001	2000
Wheat-Based Products			
Net sales	$ 66,232	$ 79,703	$ 102,857
Pre-Tax income	4,562	2,089	16,058
Distillery Products			
Net sales	$ 148,296	$ 149,538	$ 129,023
Pre-Tax income	7,824	3,257	(6,746)

Fiscal 2002 Compared to Fiscal 2001

General

The Company had net income of $6,259,000 in fiscal 2002 compared to net income of $2,660,000 in fiscal 2001. This improvement was due to several factors, including funds allocated under a United States Department of Agriculture Commodity Credit Corporation program to support the development of value-added wheat protein and wheat starch products, as well as a Department of Agriculture cash incentive program for ethanol producers. Details of these programs, which are helping the Company evolve its business in both of its operating segments, are provided below. Another significant cause for the improvement was a reduction in energy costs resulting from an approximately 40% decrease in the average per unit price for natural gas compared to the prior year. Grain costs decreased because of lower average unit prices for corn and milo and reduced wheat purchases compared to the prior year. Due to abnormally hot and dry weather conditions across much of the U.S., prices for grain on a per unit basis are expected to be higher in fiscal 2003 compared to fiscal 2002.

WHEAT-BASED PRODUCTS. Sales of wheat-based products, consisting primarily of specialty and commodity starches and proteins, were lower than the prior year due to a planned reduction in sales of commodity wheat starch and vital wheat gluten, a protein that is used mainly as an ingredient in bread products. However, sales of specialty wheat-based ingredients increased almost 14% over the prior year to over $37 million for the year and accounted for more than 56% of the Company's combined wheat-based product sales for the year.

The increase in specialty wheat-based ingredient sales was due mainly to expanded marketing programs and heightened customer interest. The reduction in commodity wheat starch sales resulted from the Company's decision to emphasize specialty and modified starch sales over commodity wheat starch sales. The reduction in vital wheat gluten sales occurred because the Company elected to curtail production due to pricing pressures from artificially low priced gluten imports from the European Union. Competitive pressures from the E.U. increased following the expiration of the three-year-long quota on wheat gluten imports in early June 2001. Unless future conditions warrant otherwise, the Company plans to maintain a reduced presence in the more traditional wheat gluten and commodity wheat starch markets while continuing to expand its presence in specialty wheat protein and starch markets.

In June 2001, the White House approved a two-year program to support the development of value-added wheat gluten and wheat starch products to assist wheat gluten producers in adjusting to import competition. This program was implemented in lieu of an extension to a three-year long gluten import quota that began in June, 1998. Administered by the U.S. Department of Agriculture's Commodity

Credit Corporation, the program is scheduled to end May 31, 2003. Under the program, the Company is eligible for approximately $26 million of the program total of $40 million. On June 29, 2001, the Company received approximately $17,280,000 for the first year of the program. The Company received the balance of the award for the second year of the program in July, 2002. The Company must submit quarterly reports to the Commodity Credit Corporation listing costs incurred and activities conducted to date and an annual performance report after each year of the program explaining its activities. The Commodity Credit Corporation may ask for a refund with interest of some or all of the funds allocated to the Company if it determines that the Company has not made significant progress in completing its stated activities. Based on its contacts with Commodity Credit Corporation personnel through the quarterly reporting process, the Company believes that it is making satisfactory progress.

The funds allocated under the Commodity Credit Corporation program are to be used for capital, research, marketing and promotional costs related to value-added wheat protein and wheat starch products. Funds received are recognized in income during the period in which they are expended for a permitted purpose. However, funds that are used for capital expenditure projects will be recognized in income over the periods during which those projects are depreciated. They are not intended to be used to reduce production and marketing related costs for commodity vital wheat gluten and wheat starches that could extend the U.S. industry's participation in these markets.

Approximately 80% of the first year's allotment under the program was used for capital projects, including the $8.3 million expansion project described below. The remaining 20% of the first year's funds were applied toward research and marketing-related costs and, therefore, are reflected in earnings. Similar allocations are expected for the second year's funds. As reported to the Commodity Credit Corporation, during fiscal 2002, approximately $13.6 million (including funds for capital projects that began in fiscal 2002 and are scheduled for completion in fiscal 2003) was applied to capital projects and $3.7 million was applied to research- and marketing-related costs.

On October 10, 2001, the Company's Board approved plans for an $8.3 million expansion project at the Company's Atchison plant that is expected to substantially strengthen production and sales capabilities for certain of the Company's specialty value-added wheat protein products. The expansion is scheduled for completion in early fiscal 2003. The project involves the installation of additional processing and drying equipment for the production of ingredients for bakery, pasta and noodle and related food markets, both domestically and abroad. The cost of this project is expected to be offset by funds provided through the U.S. Department of Agriculture Commodity Credit Corporation program described above.

DISTILLERY PRODUCTS. Total sales of distillery products, consisting of food grade and fuel grade alcohol and alcohol by-products, principally feed, were slightly less than sales the prior year. Sales of fuel grade alcohol, commonly known as ethanol, increased as the result of higher unit sales during all four quarters of the year and higher selling prices during the first half of the year. This partially offset a reduction in sales of food grade alcohol caused by lower unit sales. Selling prices for food grade alcohol for both beverage and industrial applications, meanwhile, improved over the prior year. Selling prices for the Company's fuel grade alcohol decreased significantly in the second half of fiscal 2002, primarily due to increased ethanol supplies throughout the industry. The average price of fuel alcohol for the entire year was below the prior year's average.

The increased supplies of fuel alcohol in the marketplace occurred because certain producers added capacity and/or built inventories in anticipation of an expanded market for grain-based ethanol as a replacement for methyl tertiary butyl ether (MTBE) in California and elsewhere. However, the Governor of California delayed the state's ban on MTBE for a year, from January, 2003 to January, 2004, causing the surplus of fuel alcohol and the resulting softening in prices during the latter part of fiscal 2002. At the end of fiscal 2002, prices began to improve as various gasoline suppliers to California announced plans to switch to ethanol-blended fuels much earlier than the delayed ban on MTBE becomes effective. Although fuel alcohol prices during fiscal 2003 are expected to be lower than the average experienced in the first half of fiscal 2002, the Company believes that in the

long-term the future for ethanol remains promising. This expectation is partially based on the U.S. Senate's passage of a comprehensive energy bill in April, 2002 that includes a provision for establishing a renewable fuels standard. Based on information published by the Renewable Fuels Association, this provision could triple the use of ethanol to 5 billion gallons annually by 2012. The energy bill is being considered by the U.S. House-Senate Conference Committee and could be forwarded to the President by the end of 2002. However, there can be no assurance that the bill will be enacted in its present form, if at all.

Currently, the Company is participating in a program that was developed by the U.S. Department of Agriculture and initiated in December, 2000 to provide a cash incentive for ethanol producers who increase their grain usage over comparable quarters to raise fuel alcohol production. The Company presently satisfies the program's eligibility requirements and began receiving payments in the third quarter of fiscal 2001. In fiscal 2002, the Company received payments totaling approximately $4.1 million. The program extends through September, 2006, with funding determined annually. The Company's eligibility to participate in the program is determined from quarter to quarter.

In the final quarter of fiscal 2002, the Company completed the installation of a new distillery feed dryer and related equipment at its Pekin, Illinois plant. Installed at a cost of approximately $7 million, the new dryer expands the plant's feed processing capacity and should improve alcohol production output and efficiencies at that location.

Sales

Net sales in fiscal 2002 decreased by approximately $14.7 million below net sales in fiscal 2001. This decrease resulted mainly from an 18% reduction in sales of wheat-based products.

The decline in sales of wheat-based products was due to planned reductions in sales of commodity wheat starch and vital wheat gluten. Sales of vital wheat gluten also dropped due to reduced selling prices. Commodity wheat starch sales declined primarily due to a reduction in unit sales. However, sales of specialty wheat-based ingredients increased in the aggregate by nearly 14% over the prior year to more than $37 million for the year and accounted for over 56% of the Company's wheat-based product sales for the year. This increase was due primarily to higher unit sales of specialty proteins, which offset a decrease in unit sales of specialty starches.

Distillery product sales were slightly lower than the prior year. Lower sales of food grade alcohol resulted from decreased unit sales in both the beverage and industrial markets, which offset higher selling prices in both markets. However, sales of fuel grade alcohol rose compared to fiscal 2001 as the result of higher unit sales in all four quarters of the year and higher selling prices in the first and second quarters. For fiscal 2002 as a whole, the average sales price of fuel alcohol was lower than in the prior year. Sales of distillers feeds, the principal by-product of the alcohol production process, increased as a result of higher unit sales.

Cost of Sales

The cost of sales in fiscal 2002 decreased by approximately $19 million below the cost of sales in the prior fiscal year. This principally was due to a decrease in energy costs resulting from a decline in natural gas prices and, to a lesser extent, to a decline in raw material costs resulting from reduced average prices for corn and milo and lower wheat purchases compared to the prior year. In addition, the Company received approximately $4.1 million in pre-tax income from the U.S. Department of Agriculture's cost incentive program for ethanol producers and approximately $500,000 in pre-tax income from a similar program provided by the State of Kansas. The funds from these programs are not included in sales, but they reduce cost of sales and, therefore, are reflected in pre-tax income.

In connection with the purchase of raw materials, principally corn and wheat, for anticipated operating requirements, the Company enters into commodity contracts to reduce or hedge the risk of future grain price increases. During fiscal 2002, the Company hedged approximately 48% of corn processed, compared to 8% in fiscal 2001. Of the wheat processed by the Company in fiscal 2002, no wheat was hedged compared to 9% that was hedged in fiscal 2001. Additionally, the Company uses gasoline futures to hedge fuel alcohol sales made under contracts with price terms based on gasoline futures. In fiscal 2002, raw material costs included a net hedging loss of $1.8 million compared to a net hedging loss of $1.2 million in the prior fiscal year.

In order to control energy costs, the Company has developed a risk management program whereby, at pre-determined prices, the Company will purchase a portion of its natural gas requirements for future delivery.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in fiscal 2002 were approximately $1.1 million, or 8.5%, higher than selling, general and administrative expenses in fiscal 2001. The increase was due largely to various factors, including higher research and development costs and higher marketing-related expenses. A bad debt expense of approximately $310,000 in the first quarter of fiscal 2002 and a bad debt expense of approximately $148,000 in the fourth quarter also contributed to the increase.

Other Operating Income

The increase in other operating income relates to the recognition of $5 million of pre-tax income from the previously discussed U.S. Department of Agriculture Commodity Credit Corporation program for value-added wheat protein and wheat starch products.

Taxes and Inflation

The consolidated effective income tax rate is consistent for all periods. The general effects of inflation were minimal.

Net Income

As the result of the foregoing factors, the Company experienced net income of $6,259,000 in fiscal 2002 compared to net income of $2,660,000 in fiscal 2001.

FY 2001 Compared to Fiscal 2000

General

The Company had net income of $2,660,000 in fiscal 2001 compared to net income of $4,890,000 in fiscal 2000. This decline was largely due to abnormally high energy costs resulting from a dramatic rise in natural gas prices. A reduction in sales of wheat-based products was also an affecting factor. The recognition of income from a United States Department of Agriculture Commodity Credit Corporation program, which is discussed above, helped to partially offset the decrease.

The severe spike in natural gas prices was caused by low gas reserves and increased demand across the nation, especially during the winter months. After reaching record levels in January, gas prices began to fall, dropping substantially in the fourth quarter. Additionally, the Company was able to satisfy a portion of the energy requirements at its Atchison, Kansas plant with lower priced fuel oil, a situation that prevented energy costs from being affected even more severely during the year.

WHEAT-BASED PRODUCTS. Wheat-based product sales, consisting primarily of specialty and commodity starches and proteins, were lower than the prior year due mainly to a planned reduction in sales of vital wheat gluten. This occurred as the Company elected to curtail production due to pricing pressures from artificially low priced gluten imports from the European Union (E.U.). However, sales of the Company's specialty wheat-based ingredients increased by 4% compared to the prior year. The Company believes that competitive pressures from the E.U. in the vital wheat gluten market would have been even more intense but for a three-year-long quota that was placed on gluten imports by former President Clinton in 1998. The quota helped reduce the extent of injuries caused to U.S. producers by excess amounts of low priced gluten imports from subsidized E.U. producers.

With the expiration of the import quota in June, 2001, vital wheat gluten prices in the U.S. became subjected to increased downward pressures from E.U. suppliers. In anticipation of the quota's end, the Company elected to reduce wheat gluten production and sales even further in the final quarter of fiscal 2001.

Due principally to increased customer interest and the effects of intensified marketing programs, demand for the Company's specialty wheat proteins continued to strengthen in fiscal 2001. As a result, sales of these products showed an improvement over the prior fiscal year.

In February, 2001, the Company was named the successful bidder on a state-of-the-art manufacturing facility owned by a Kansas City, Kansas firm that entered Chapter 11 bankruptcy proceedings. The Company is using the facility, which is operated by its subsidiary, Kansas City Ingredient

Technologies, Inc., primarily for the production of Wheatex(R), Midwest Grain's unique line of textured wheat proteins that are sold to enhance the flavor and texture of vegetarian and extended meat products, as well as wheat-based bio-polymers. Finalized in the third quarter of fiscal 2001 at a cost of approximately $6.5 million, the purchase replaced the Company's earlier plan to build a Wheatex(R) plant at a similar cost. The acquisition allowed it to increase the production of textured wheat proteins and bio-polymers at a more accelerated rate. Also, in addition to providing more space than was incorporated into the design for a new plant, the facility provides greater flexibility for producing other lines of value-added specialty wheat proteins.

The Company's wheat starch sales in fiscal 2001 were down due to lower unit sales of specialty starches resulting mainly from a reduction in sales for export. Sales of commodity wheat starches were approximately even with commodity starch sales the prior year.

Although slightly higher than they were during the prior fiscal year, per unit raw material costs for grain continued to remain relatively low in fiscal 2001.

DISTILLERY PRODUCTS. Total sales of distillery products were approximately 16% higher than the prior year. Increased demand for fuel grade alcohol, or ethanol as it is commonly known, drove up sales of this product compared to the prior fiscal year. The heightened market interest was partially attributable to the Environmental Protection Agency's proposal to phase out MTBE, a competing fuel oxygenate that is synthetically derived and has been shown to be harmful to groundwater supplies. In response to the increased demand, the Company raised fuel alcohol production levels, while also experiencing substantial upward price adjustments. The Company also experienced improved selling prices for its food grade alcohol for beverage and industrial applications. However, the unit volume of food grade alcohol for beverage uses declined compared to fiscal 2000 due largely to the Company's decision to reduce sales to export markets.

As discussed above, a program developed by the U.S. Department of Agriculture and initiated in December, 2000 provides a cash incentive for ethanol producers who increase their grain usage by specified amounts to raise fuel alcohol production. The Company began experiencing the program's effects in the third quarter of fiscal 2001 and received approximately $1.6 million in pre-tax income for the year. Additionally, the installation of new distillery columns to replace older equipment at the Company's Atchison, Kansas plant during the first quarter allowed the Company to improve food grade alcohol production efficiencies at that location. This project has also allowed the Company to serve beverage alcohol customers with an even higher purity, higher quality premium product.

In fiscal 2001, the Company's Board of Directors approved a $2.1 million distillery improvement project at the Atchison plant to enhance food grade alcohol production and strengthen the Company's fuel grade alcohol production capabilities. The Board also approved the installation of a new feed dryer at Midwest Grain's Pekin, Illinois plant to improve alcohol production efficiencies at that location.

Sales

Net sales in fiscal 2001 decreased approximately $2.6 million below net sales in fiscal 2000. A decrease in sales of wheat-based products, resulting mainly from reduced sales of vital wheat gluten, were only partially offset by increased alcohol sales, primarily fuel grade alcohol.

Total wheat-based product sales declined compared to the prior year. Sales of vital wheat gluten dropped due to reductions in both unit sales and selling prices. Specialty wheat starch sales declined primarily due to lower unit sales compared to the prior year. These decreases were partially offset by increased unit sales of the Company's specialty wheat proteins. Meanwhile, sales of commodity wheat starch were approximately even with the prior year.

Total distillery product sales increased over the prior year. Sales of fuel grade alcohol rose compared to fiscal 2000 as the result of higher unit sales and substantially higher prices caused by increased demand. Sales of food grade alcohol fell as the result of decreased unit sales in the beverage market. Meanwhile, selling prices for food grade alcohol for both beverage and industrial applications improved. Sales of distillers feed were approximately even with the prior year's level as a slight decrease in selling prices offset a small increase in unit sales.

Cost of Sales

The cost of sales in fiscal 2001 rose by approximately $1.1 million above the cost of sales in the prior fiscal year. This principally was due to a significant increase in energy costs resulting from higher natural gas prices. Non-recurring costs related to the final installation of new distillation equipment at the Company's Atchison plant in the first quarter also contributed to the increase. Lower raw material costs for grain, due mainly to lower grain requirements resulting from reduced vital wheat gluten production, partially offset the higher costs resulting from the above.

During fiscal 2001, the Company hedged approximately 8% of corn processed, compared to 22% in fiscal 2000, and 9% of wheat processed, compared to 22% in fiscal 2000. Additionally, the Company uses gasoline futures to hedge fuel alcohol sales made under contracts with price terms based on gasoline futures. In fiscal 2001, raw material costs included a net hedging loss of $1.2 million compared to a net hedging loss of $1.3 million on contracts in fiscal 2000.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in fiscal 2001 were approximately $1.4 million higher than selling, general and administrative expenses in fiscal 2000. The increase was due largely to an increase in costs associated with employee-related benefits, industry-related fees and a combination of various other factors, including increased marketing-related expenses and higher technology costs.

Other Operating Income

The increase in other income relates to the recognition of $1.35 million of income from the previously discussed United States Department of Agriculture program for value-added wheat protein and wheat starch products.

Taxes and Inflation

The consolidated effective income tax is consistent for all periods. The general effects of inflation were minimal.

Net Income

As the result of the foregoing factors, the Company experienced net income of $2,660,000 in fiscal 2001 compared to net income of $4,890,000 in fiscal 2000.

Quarterly Financial Information

Generally, the Company's sales have not been seasonal except for variations affecting fuel grade alcohol, beverage alcohol and vital wheat gluten sales. In recent years, demand for fuel grade alcohol has tended to increase during the fall and winter to satisfy clean air standards during those periods. Historically, beverage alcohol sales tend to peak in the fall as distributors order stocks for the holiday season, while vital wheat gluten sales tend to increase during the second half of the fiscal year as demand increases for hot dog buns and similar bakery products. However, vital wheat gluten sales declined in fiscal 2002 due to the expiration of the annual quota on imports of foreign wheat gluten and the Company's decision to curtail the production of this product. The table below shows quarterly information for each of the years ended June 30, 2002 and 2001.

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<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>
Quarter Ending	Sept. 30	Dec. 31	March 31	June 30	Total

(dollars in thousands, except per share amounts)

Fiscal 2002					
Sales:	$ 54,294	$ 54,394	$55,403	$50,437	$214,528
Gross profit	6,990	6,894	4,111	3,208	21,203
Net Income (Loss)	2,444	2,551	709	555	6,259
Earnings (Loss) per share	.30	.32	.09	.06	.77
Fiscal 2001					
Sales:	$ 58,287	$ 58,489	$ 55,434	$57,021	$229,241
Gross profit	2,765	6,153	2,541	5,724	17,183
Net Income (Loss)	(395)	1,724	(218)	1,549	2,660
Earnings (Loss) per share	(.05)	.20	(.03)	.19	.32

</TABLE>

Market Risk

The Company produces its products from wheat, corn and milo and, as such, is sensitive to changes in commodity prices. Grain futures and/or options, which are accounted for as cash flow hedges, are used as a hedge to protect against fluctuations in the market. Fluctuations in the volume of hedging transactions are dictated by alcohol sales and are based on corn and gasoline prices. The Company has a risk management committee, comprised of senior management members, that meets weekly to review futures contracts and positions. This group sets objectives and determines when futures positions should be held or terminated. A designated employee makes trades authorized by the risk management committee. The futures contracts that are used are exchange-traded contracts. The Company trades on the Kansas City and Chicago Boards of Trade and the New York Mercantile Board of Exchange. For inventory and open futures, the table below presents the carrying amount and fair value at June 30, 2002 and 2001. The Company includes the fair values of open contracts in inventories or accounts payable in the balance sheet.

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>
	2002		2001	
As of June 30	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(dollars in thousands)				
Inventories				
Corn	$1,308	$1,098	$1,598	$1,603
Milo	346	333	169	171
Wheat	2,576	2,496	2,377	2,375
	Expected Maturity*	Fair Value	Expected Maturity*	Fair Value
Corn Futures (long)				
Contract Volumes (bushels)	6.3 million		2.90 million	
Weighted Average Price	$2.32		$2.07	
Contract Amount	$15.181 million	$15.780 million	$6.011 million	$5.720 million

</TABLE>

*The latest expected maturity date occurs within one year from date indicated.

The Company also contractually sells a portion of its fuel grade alcohol at prices that fluctuate with gasoline futures. Gasoline futures are used as a hedge to protect against these fluctuations. The table below presents information about open futures contracts as of June 30, 2002 and 2001.

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>
	2002		2001	
As of June 30	Expected Maturity*	Fair Value	Expected Maturity*	Fair Value
Gasoline Futures (short)				
Contract Volumes (gallons)	6.3 million		2.23 million	
Weighted Average Price	$0.072		$0.86	
Contract Amount	$4.515 million	$4.825 million	$1.92 million	$1.614 million

</TABLE>

*The latest expected maturity date occurs within one year from date indicated.

The Company's outstanding long-term debt at June 30, 2002 carries fixed interest rates which limit its exposure to increases in market rates. The Company's line of credit provides for interest at variable rates. There were no borrowings on this line at June 30, 2002.

Liquidity and Capital Resources

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

	2002	2001
(dollars in thousands)		
Cash and cash equivalents	$ 28,736	$ 33,454
Working capital	48,383	47,490
Amounts available under lines of credit	10,000	5,500
Notes payable and long-term debt	21,634	26,693
Stockholders' equity	104,678	100,544

The high cash flow provided by operations in fiscal 2001 was largely the result of the $17.3 million USDA grant received at the end of the year. In fiscal 2002, cash flow generated from operations, exclusive of the effects of the grant, was generally comparable to the preceding year. Cash flow provided from operations combined with excess cash from last year was used for equipment additions, reductions in debt, acquisition of treasury stock and dividend payments.

The Company made open market purchases of 147,200 shares of its common stock during the year. These purchases were made to fund the Company's stock option plans and for other corporate purposes. As of June 30, 2002, the Board of Directors has authorized the purchase of an additional 267,282 shares of the Company's common stock. During the year, 47,940 shares of the treasury stock were sold as employees exercised options under the Company's stock option plans.

At June 30, 2002, the Company had $9.0 million committed to improvements, including completion of the expansion project relating to the Company's specialty value-added wheat protein products, and replacements of existing equipment.

Contractual obligations at June 30, 2002 are as follows:

Year	Long term Debt	Operating Leases
2003	3,201	1,187
2004	3,201	607
2005	3,201	439
2006	3,201	174
2007	3,201	39
Thereafter	5,629	

In connection with the Company's long-term loan agreements, it is required, among other covenants, to maintain certain financial ratios, including a current ratio of 1.5 to 1, minimum consolidated tangible net worth of $84 million, debt to tangible net worth not to exceed 2.5 to 1, and a debt service coverage ratio of 1.5 to 1.

The Company's line of credit for $10 million extends to November, 2003.

The Company has added to its normally strong equity and working capital positions while continuing to generate strong earnings before interest, taxes, and depreciation. Management believes the Company is well positioned to effectively expand its production of specialty products as well as supply customer needs for all its other products.

Forward-Looking Information

This report contains forward-looking statements as well as historical information. Forward-looking statements are identified by or are associated with such words as "intend," "believe," "estimate," "expect," "anticipate," "hopeful" and similar expressions. 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. The forward-looking statements are based on many assumptions and factors, including those relating to grain prices, energy costs, product pricing, competitive environment and related market conditions, operating efficiencies, access to capital and actions of governments. Any changes in the assumptions or factors could produce materially different results than those predicted and could impact stock values.

Independent Accountants' Report

Board of Directors and Stockholders
Midwest Grain Products, Inc.
Atchison, Kansas

We have audited the accompanying consolidated balance sheets of MIDWEST GRAIN PRODUCTS, INC. as of June 30, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MIDWEST GRAIN PRODUCTS, INC. as of June 30, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP
Kansas City, Missouri
August 2, 2002

Consolidated Statements of Income

<TABLE>
<CAPTION>

<S> Years ended June 30	<C> 2002	<C> 2001	<C> 2000
(in thousands,except per share amounts)			
Net sales	$ 214,528	$ 229,241	$ 231,880
Cost of sales	193,325	212,058	210,978
Gross profit	21,203	17,183	20,902
Selling, general & administrative expenses	(14,689)	(13,545)	(12,109)
Other operating income	4,865	1,326	39
Income from operations	11,379	4,964	8,832
Other income, net	226	780	719
Interest expense	(1,237)	(1,347)	(1,469)
Income before income taxes	10,368	4,397	8,082
Provision (Credit) for income taxes	4,109	1,737	3,192
Net income	$ 6,259	$ 2,660	$ 4,890
Earnings per common share	$ 0.77	$ 0.32	$ 0.54
Other comprehensive income			
Net income	$ 6,259	$ 2,660	$ 4,890
Other comprehensive income, net of tax:			
Loss on cash flow hedge	2,356	1,201	
Reclassification adjustment for (losses) included in net income	(2,517)	(1,216)	
Other comprehensive income	161	15	
Comprehensive income	$ 6,420	$ 2,675	$ 4,890

See Notes to Consolidated Financial Statements
</TABLE>

Consolidated Balance Sheets
<TABLE>

<CAPTION>
<S> <C> <C>

Years ended June 30	2002	2001
(in thousands,except per share amounts)		
Assets		
Current Assets		
Cash and cash equivalents	$ 28,736	$ 33,454
Receivables (less allowance for doubtful accounts; 2002 and 2001-$252)	24,071	26,109
Inventories	20,755	18,230
Prepaid expenses	550	1,625
Deferred income taxes	284	2,451
Refundable income taxes	585	299
Total Current Assets	74,981	82,168
Property & equipment, at cost	258,501	245,305
Less accumulated depreciation	167,486	153,181
Property & equipment, net	91,015	92,124
Other Assets	222	158
Total Assets	$ 166,218	$ 174,450
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of long-term debt	$ 3,201	$ 4,273
Accounts payable	8,681	10,446
Accrued expenses	3,745	4,008
Deferred income	10,971	15,951
Total Current Liabilities	26,598	34,678
Long-term debt	18,433	22,420
Post-retirement benefits	5,922	6,034
Deferred income taxes	10,587	10,774
Stockholders' equity		
Capital Stock		
Preferred, 5% non-cumulative, $10 par value; authorized 1,000 shares; issued and outstanding 437 shares	4	4
Common, nopar; authorized 20,000,000 shares; issued 9,765,172 shares	6,715	6,715
Additional paid-in capital	2,601	2,485
Retained earnings	110,916	105,878
Accumulated other comprehensive income cash flow hedges	176	15
	120,412	115,097
Treasury stock, at cost		
Common; 2002-1,684,778 shares, 2001-1,585,518 shares	(15,734)	(14,553)
Total stockholders' equity	104,678	100,544
Total liabilities and stockholders' equity	$ 166,218	$ 174,450

</TABLE>
See Notes to Consolidated Financial Statements

Consolidated Statements of Stockholders' Equity
<TABLE>
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Years ended June 30	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income Cash Flow Hedges	Treasury Stock	Total
(in thousands)							
Balance, June 30, 1999	$ 4	$ 6,715	$ 2,485	$ 99,183		$ (2,942)	$ 105,445
Purchase of treasury stock						(7,957)	(7,957)
2000 net income				4,890			4,890
Balance, June 30, 2000	4	6,715	2,485	104,073		(10,899)	102,378

Purchase of treasury stock						(3,654)	(3,654)
2001 net income				2,660			2,660
Dividends paid				(855)			(855)
Unrealized gain on cash flow hedge					15		15
Balance, June 30, 2001	4	6,715	2,485	105,878	15	(14,553)	100,544
Purchase of treasury stock						(1,628)	(1,628)
Stock options exercised			116			447	563
2002 net income				6,259			6,259
Dividends paid				(1,221)			(1,221)
Unrealized gain on cash flow hedge					161		161
Balance, June 30, 2002	$ 4	$ 6,715	$ 2,601	$ 110,916	$ 176	$ (15,734)	$ 104,678

</TABLE>

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

Years Ended June 30	2002	2001	2000
Cash Flows from Operating Activities			
Net income	$ 6,259	$ 2,660	$ 4,890
Items not requiring (providing) cash:			
Depreciation	14,308	13,627	13,515
(Gain) loss on sale of assets		6	
Deferred income taxes	1,980	1,163	1,995
Gan on retirement of long-term debt			(603)
Changes in:			
Accounts receivable	2,038	4,163	(3,616)
Inventories	(2,364)	1,031	5,204
Accounts payable	(1,992)	226	1,334
Deferred revenue	(4,980)	15,951	
Income taxes (receivable) payable	(286)	(1,251)	495
Other	636	(251)	(838)
Net cash provided by operating activities	15,599	37,325	22,376
Cash Flows from Investing Activities			
Additions to property & equipment	(12,972)	(13,384)	(8,127)
Proceeds from sale of equipment		55	12
Net cash used in investing activities	(12,972)	(13,329)	(8,115)
Cash Flows from Financing Activities			
Purchase of treasury stock	(1,628)	(3,654)	(8,112)
Sale of treasury stock	563		
Principal payments on long-term debt	(3,047)	(2,273)	(2,475)
Proceeds from issuance of long-term debt	6,500		
Net proceeds (payment) on line of credit	(8,512)	8,512	
Dividends paid	(1,221)	(855)	
Net cash provided by (used in) in financing activities	(7,345)	1,730	(10,587)
Increase (Decrease) in Cash & Cash Equivalents	(4,718)	25,726	(3,674)
Cash & Cash Equivalents, Beginning of Year	33,454	7,728	4,054
Cash & Cash Equivalents, End of Year	$ 28,736	$ 33,454	$ 7,728

</TABLE>

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS. The activities of Midwest Grain Products, Inc. and its subsidiaries consist of the processing of wheat, corn and milo into a variety of products through an integrated production process. The process produces wheat protein products, which include vital wheat gluten and specialty wheat proteins; premium wheat starch, which includes specialty and commodity wheat starches; alcohol products; and flour mill products. The Company sells its products on normal credit terms to customers in a variety of industries located primarily throughout the United States. Through its wholly owned subsidiaries, the Company operates in Atchison, Kansas and Pekin, Illinois (Midwest Grain Products of Illinois, Inc.). Additionally, Midwest Grain Pipeline, Inc., another wholly-owned subsidiary, supplies natural gas to the Company's Atchison plant, and Kansas City Ingredient Technologies, another wholly-owned subsidiary, supplies labor expertise and operates as a protein and starch mixing facility in manufacturing specialty products.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION. The consolidated financial statements include the accounts of Midwest Grain Products, Inc. and all subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

INVENTORIES AND DERIVATIVES. Inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. In connection with the purchase of raw materials, principally corn and wheat, for anticipated operating requirements, Midwest Grain Products, Inc. enters into readily marketable exchange-traded commodity futures contracts to reduce the risk of future grain price increases. Additionally, the Company enters into futures contracts for the sale of fuel grade alcohol to hedge the selling price to its customers. These contracts are designated as cash flow hedges of specific volumes of commodities to be purchased or sold. The changes in the market value of the Company's futures contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in the price movements of the hedged items, and the amount representing ineffectiveness is immaterial. The fair value of the open and closed hedging transactions is recorded in inventory or accounts payable with the related gains and losses deferred in other comprehensive income, net of applicable income taxes. Gains and losses are recognized in the statement of income as the finished goods related to the hedged transactions are sold. If grain requirements fall below anticipated needs and open contract levels, then gains and losses are recognized immediately for the excess open contract levels. Gains and losses resulting from the hedged transactions will be recognized in the statement of income within the next year.

PROPERTY AND EQUIPMENT. Depreciation is computed using both straight-line and accelerated methods over the following estimated useful lives:

Buildings and improvements	20-30 years
Transportation equipment	5-6 years
Machinery and equipment	10-12 years

EARNINGS PER COMMON SHARE. Earnings per common share data is based upon the weighted average number of common shares totaling 8,085,847 for 2002, 8,397,308 for 2001 and 9,122,717 for 2000. The effect of employee stock options, which were the only potentially dilutive securities held by the Company, were anti-dilutive in all three years.

CASH EQUIVALENTS. The Company considers all liquid investments with maturities of three months or less to be cash equivalents.

INCOME TAXES. Deferred tax liabilities and assets are recognized for the tax effect of the differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

REVENUE RECOGNITION. Revenue from the sale of the Company's products is recognized as products are delivered to customers.

Income from various government incentive grant programs is recognized as it is earned. In the case of the ethanol incentive program, income is based on grain usage for fuel alcohol production measured in each quarter. In the case of the USDA grant, income is recognized as costs are incurred or, in connection with capital projects, as those projects are depreciated.

ADVERTISING. Advertising costs are expensed as incurred. These costs totaled $810,000, $527,000 and $660,000 for June 30, 2002, 2001 and 2000, respectively.

RESEARCH AND DEVELOPMENT. Research and development costs are expensed as incurred. These costs totaled approximately $1.8 million, $1.1 million and $1.3 million for June 30, 2002, 2001 and 2000, respectively.

NOTE 2: INVENTORIES

Inventories consist of the following:

June 30,	2002	2001
(in thousands)		
Alcohol	$ 2,816	$ 4,216
Unprocessed grain	7,861	5,745
Operating supplies	4,747	4,486
Wheat-based ingredients	4,989	3,393
By-products and other	342	390
	$20,755	$18,230

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

June 30,	2002	2001
(in thousands)		
Land, buildings and improvements	$ 22,422	$ 20,553
Transportation equipment	1,183	1,155
Machinery and equipment	223,475	219,822
Construction in progress	11,421	3,775
	258,501	245,305
Less accumulated depreciation	167,486	153,181
	$ 91,015	$ 92,124

NOTE 4: ACCRUED EXPENSES

Accrued expenses consist of the following:

June 30,	2002	2001
(in thousands)		
Excise taxes	$ 82	$ 337
Employee benefit plans (Note 10)	1,543	1,795
Salaries and wages	727	704
Property taxes	805	596
Insurance	5	20
Interest	443	528
Other expenses	140	28
	$3,745	$4,008

NOTE 5: LONG-TERM DEBT

Long-term debt consists of the following:

June 30,	2002	2001
(in thousands)		
Senior notes payable	$15,908	$18,181
Industrial revenue bond	5,726	
Lines of credit		8,512
	21,634	26,693
Less current maturities	3,201	4,273
Long-term portion	$18,433	$22,420

The unsecured senior notes are payable in annual installments of $2,273,000 from 2002 through 2008 with the final principal payment of $2,270,000 due in 2009. Interest is payable semiannually at 6.68% per annum for the fifteen-year term of the notes.

Industrial development revenue bonds were issued by The Unified Government of Wyandotte County, Kansas City, Kansas; principal payments to bondholder of $77,381 plus interest at 5.23% are due monthly. The bonds are secured by a security interest in the project as defined in the lease agreement.

At June 30, 2002, the Company had a $10 million unsecured revolving line of credit expiring on November 30, 2003, with interest at 1% below prime on which there were no borrowings at June 30, 2002.

In connection with the above borrowings, the Company, among other covenants, is required to maintain certain financial ratios, including a current ratio of 1.5 to 1, minimum consolidated tangible net worth of $84 million, debt to tangible net worth not to exceed 2.5 to 1, and a debt service coverage ratio of 1.5 to 1.

Aggregate annual maturities of long-term debt at June 30, 2002 are as follows:

(in thousands)	
2003	$ 3,201
2004	3,201
2005	3,201
2006	3,201
2007	3,201
Thereafter	5,629
	$21,634

NOTE 6: INCOME TAXES

The provision (credit) for income taxes is comprised of the following:

June 30,	2002	2001	2000
(in thousands)			
Income taxes currently payable	$2,129	$ 574	$1,197
Income taxes deferred	1,980	1,163	1,995
	$4,109	$1,737	$3,192

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

June 30,	2002	2001
(in thousands)		
Deferred tax assets:		
Accrued employee benefits	$ 148	$ 149
Post-retirement liability	2,309	2,353
Insurance accruals	163	226
State operating loss carryforwards	302	744
Alternative minimum tax	956	2,411
Other	370	486
	4,248	6,369
Deferred tax liabilities:		
Accumulated depreciation	(13,223)	(14,130)
Deferred gain on involuntary conversion	(235)	(247)
Deferred income from federal grant	(827)	(315)
Futures contracts	(113)	
Other	(153)	
	(14,551)	(14,692)
Net deferred tax liability	$ (10,303)	$ (8,323)

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

June 30,	2002	2001
(in thousands)		
Deferred tax asset - current	$ 284	$ 2,451
Deferred tax liability - long-term	(10,587)	(10,774)
Net deferred tax liability	$(10,303)	$ (8,323)

No valuation allowance has been recorded at June 30, 2002 or 2001.

A reconciliation of the provision for income taxes at the normal statutory federal rate to the provision (credit) included in the accompanying consolidated statements of income is shown below:

June 30, (in thousands)	2002	2001	2000
"Expected" provision (credit) at federal statutory rate (34%)	$3,525	$1,495	$2,748
Increases (decreases) resulting from:			
Effect of state income taxes	442	139	176
Other	142	103	268
Provision (credit) for income taxes	$4,109	$1,737	$3,192

NOTE 7: CAPITAL STOCK

The Common Stock is entitled to elect four out of the nine members of the Board of Directors, while the Preferred Stock is entitled to elect the remaining five directors. Holders of Common Stock are not entitled to vote with respect to a merger, dissolution, lease, exchange or sale of substantially all of the Company's assets, or on an amendment to the Articles of Incorporation, unless such action would increase or decrease the authorized shares or par value of the Common or Preferred Stock, or change the powers, preferences or special rights of the Common or Preferred Stock so as to affect the holders of Common Stock adversely.

NOTE 8: OTHER OPERATING INCOME (EXPENSE)

Other operating income (expense) consists of the following:

June 30, (in thousands)	2002	2001	2000
CCC value-added program	$ 4,981	$ 1,329	
Truck operations	(146)	(79)	(53)
Warehousing and storage operations	(25)	(10)	(35)
Miscellaneous	55	86	127
	$ 4,865	$ 1,326	$ 39

NOTE 9: ENERGY COMMITMENT

During fiscal 1994, the Company negotiated a 15-year agreement to purchase steam heat and electricity from a utility for its Illinois operations. Steam heat is being purchased for a minimum monthly charge of $119,000, with a declining fixed charge for purchases in excess of the minimum usage. Electricity purchases will occur at fixed rates through April 30, 2003. In connection with the agreement, the Company leased land to the utility company for 15 years so it could construct a co-generation plant at the Company's Illinois facility. The Company has also agreed to reimburse the utility for the net book value of the plant if the lease is not renewed for an additional 19 years. The estimated net book value of the plant would be $10.6 million at that date.

NOTE 10: EMPLOYEE BENEFIT PLANS

EMPLOYEE STOCK OWNERSHIP PLANS. The Company and its subsidiaries have employee stock ownership plans covering all eligible employees after certain requirements are met. Contributions to the plans totaled $426,000, $409,000 and $880,000 for the years ended June 30, 2002, 2001 and 2000, respectively. Contributions are made in the form of cash and/or additional shares of common stock.

401(K) PROFIT SHARING PLANS. During 1998, the Company and its subsidiaries formed 401(k) profit sharing plans covering all employees after certain eligibility requirements are met. Contributions to the plans totaled $789,000, $740,000 and $392,000 for the years ended June 30, 2002, 2001 and 2000, respectively.

POST-RETIREMENT BENEFIT PLAN. The Company and its subsidiaries provide certain post-retirement health care and life insurance benefits to all employees. The liability for such benefits is unfunded.

The status of the Company's plans at June 30, 2002 and 2001 was as follows:

June 30,	2002	2001
(in thousands)		
Accumulated post-retirement benefit obligations:		
Retirees	$ 2,640	$ 3,044
Active plan participants	3,302	3,207
Unfunded accumulated obligation	5,942	6,251
Unrecognized actuarial gain (loss)	(20)	(217)
Accrued post-retirement benefit cost	$ 5,922	$ 6,034

Net post-retirement benefit cost included the following components:

June 30,	2002	2001	2000
(in thousands)			
Service cost	$ 212	$ 177	$ 138
Interest cost	389	407	355
(Gain) loss amortization	(15)	(16)	
	$ 586	$ 568	$ 493

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is assumed to be 8.50% (compared to 8.75% assumed for 2001) reducing to 7.50% over four years and 6.0% over 10 years. A one percentage point increase in the assumed health care cost trend rate would have increased the accumulated benefit obligation by $420,000 at June 30, 2002, and the service and interest cost by $60,000 for the year then ended.

A weighted average discount rate of 7.50% was used in determining the accumulated benefit obligation.

STOCK OPTIONS. The Company has three stock option plans, the Stock Incentive Plan of 1996 ("The 1996 Plan"), the Stock Option Plan for Outside Directors ("The Directors Plan"), and the 1998 Stock Incentive Plan for Salaried Employees ("The Salaried Plan"). These Plans permit the issuance of stock awards, stock options and stock appreciation rights to salaried employees and outside directors of the Company. The Company accounts for these plans under APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost been determined consistent with FASB Statement No. 123, the Company's 2002, 2001 and 2000 net income and earnings per share would have been reduced to the following pro forma amounts:

June 30,	2002	2001	2000
Net Income (loss):			
As Reported	$ 6,259	$ 2,660	$ 4,890
Pro Forma	$ 5,450	$ 1,979	$ 4,206
Basic Earnings Per Share:			
As Reported	$ .77	$ .32	$ .54
Pro Forma	$ .67	$ .24	$ .46

Under the 1996 Plan, the Company may grant incentives for up to 600,000 shares of the Company's common stock to key employees. The term of each award is determined by the committee of the Board of Directors charged with administering the 1996 Plan. Under the terms of the 1996 Plan, options granted may be either nonqualified or incentive stock options and the exercise price may not be less than the fair value on the date of the grant. Through June 30, 2002, the Company has granted incentive stock options to purchase 489,125 shares. The options become exercisable in yearly increments through June, 2005. They have ten-year terms and have exercise prices equal to fair market value on the date of grant.

Under the Directors Plan, each non-employee or "outside" director of the Company receives on the day after each annual meeting of stockholders an option to purchase 1,000 shares of the Company's common stock at a price equal to the fair market value of the Company's common stock on such date. Options become exercisable on the 184th day following the date of grant and expire not later than ten years after the date of grant. Subject to certain adjustments, a total of 90,000 shares are reserved for annual grants under the Plan. Through June 30, 2002, the Company had granted options to purchase 40,000 shares, all of which were exercisable as of June 30, 2002.

Under the Salaried Plan, the Company may grant stock incentives for up to 300,000 shares of the Company's common stock to full-time salaried employees.

The Salaried Plan provides that the amount, recipients, timing and terms of each award be determined by the Committee of the Board of Directors charged with administering the Salaried Plan. Under the terms of the Salaried Plan, options granted may be either nonqualified or incentive stock options and the exercise price may not be less than the fair value on the date of the grant. Through June 30, 2002, the Company has granted incentive stock options on 276,435 shares. The options become exercisable in yearly increments through January, 2004. They have ten-year terms and have exercise prices equal to fair market value on the date of grant.

A summary of the status of the Company's three stock option plans at June 30, 2002, 2001 and 2000 and changes during the years then ended is presented below:

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	2002		2001		2000	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding Beginning of Year	793,820	$11.65	729,360	$12.30	544,860	$13.74
Granted	128,680	12.39	133,460	9.33	184,500	8.03
Cancelled	(69,000)	15.25	(69,000)	14.00		
Exercised	(47,940)	10.29				
Outstanding End of Year	805,560	$11.54	793,820	$11.65	729,360	$12.30

</TABLE>

These are comprised as follows:

	Shares	Exercise Price	Remaining Contractual Lives (Years)	Shares Exercisable at June 30, 2002
1996 Plan				
	21,000	14.00	3.50	21,000
	17,500	15.25	4.50	17,500
	69,000	13.75	5.50	69,000
	88,625	12.50	6.50	66,469
	80,000	8.00	7.50	40,000
	34,000	9.31	8.50	8,500
	69,000	9.31	9.00	17,250
	41,000	11.90	9.50	
	69,000	12.89	10.00	
Directors' Plan				
	7,000	16.25	4.25	7,000
	7,000	14.25	5.25	7,000
	7,000	11.75	6.25	7,000
	6,000	9.00	7.25	6,000
	6,000	9.63	8.25	6,000
	7,000	11.15	9.25	7,000
Salaried Plan				
	169,785	13.50	5.67	169,785
	74,500	8.00	7.50	37,250
	20,470	9.31	8.50	5,118
	11,680	11.90	9.50	
	805,560			491,872

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for the year ended June 30, 2002: Risk-free interest rate of 4.79; expected dividend yield of 0%; expected volatility of 36%, expected life of ten years.

NOTE 11: OPERATING LEASES

The Company has several noncancelable operating leases for railcars and other equipment, which expire from December, 2002 through May, 2007. The leases generally require the Company to pay all service costs associated with the railcars. Rental payments include minimum rentals plus contingent amounts based on mileage.

Future minimum lease payments at June 30, 2002 are as follows:

(in thousands)	
2003	$ 1,187
2004	607
2005	439
2006	174

2007	39
Future minimum lease payments	$2,446

Rental expense for all operating leases with terms longer than one month totaled $1,880,543, $2,385,777 and $2,458,096 for the years ended June 30, 2002, 2001 and 2000, respectively.

NOTE 12: SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain significant concentrations. Those matters include the following:

- A majority of the Company's labor force is covered by collective bargaining agreements which expire August 31, 2002 at the Atchison plant and on October 31, 2003 at the Pekin plant.

- Under its self-insurance plan, the Company accrues the estimated expense of health care and workers' compensation claims costs based on claims filed subsequent to year-end and an additional amount for incurred but not yet reported claims based on prior experience. An accrual for such costs of $5,105 is included in the accompanying 2002 financial statements. Claims payments based on actual claims ultimately filed could differ materially from these estimates.

- During the year ended June 30, 2002, the Company had sales to two customers accounting for approximately 26% of consolidated sales. In 2001 and 2000, the Company had sales to one customer accounting for 9% and 13%, respectively.

NOTE 13: OPERATING SEGMENTS

The Company is a fully integrated producer of wheat-based products and distillery products. The operations are classified into two reportable segments: wheat-based products and distillery products. Wheat-based products consist of specialty ingredients, including specialty, or value-added, wheat proteins and starches, commodity ingredients, including vital wheat gluten and commodity wheat starch, and mill feeds. Distillery products consist of food grade alcohol, including beverage alcohol and industrial alcohol, fuel grade alcohol, and distillers feed and carbon dioxide, which are by-products of the Company's distillery operations.

The operating profit for each segment is based on net sales less identifiable operating expenses. Interest expense, investment income and other general miscellaneous expenses have been excluded from segment operations and classified as Corporate. Receivables, inventories and equipment have been identified with the segments to which they relate. All other assets are considered as Corporate.

Segment Information

June 30,	2002	2001	2000
Sales to Customers			
Wheat-based products	$ 66,232	$ 79,703	$ 102,857
Distillery products	148,296	149,538	129,023
	$ 214,528	$ 229,241	$ 231,880
Depreciation			
Wheat-based products	$ 5,002	$ 4,620	$ 4,435
Distillery products	8,286	8,076	8,514
Corporate	1,020	931	566
	$ 14,308	$ 13,627	$ 13,515
Income before Income Taxes			
Wheat-based products	$ 4,562	$ 2,089	$ 16,058
Distillery products	7,824	3,257	(6,746)
Corporate	(2,018)	(949)	(1,230)
	$ 10,368	$ 4,397	$ 8,082
Identifiable Assets			
Wheat-based products	$ 49,812	$ 46,635	$ 52,643
Distillery products	57,813	71,184	74,020
Corporate	58,593	56,631	29,116
	$ 166,218	$ 174,450	$ 155,779

NOTE 14: FAIR VALUE OF FINANCIAL INVESTMENTS

The following table presents estimated fair values of the Company's financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows, which method involves significant judgments by management and uncertainties. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether

the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

June 30,	2002		2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$28,736	$28,736	$33,454	$33,454
Accounts receivable	24,071	24,071	26,109	26,109
Unrealized gains on futures contracts	598	598	306	306
Financial liabilities:				
Long-term debt	21,634	22,734	26,693	25,374
Unrealized losses on futures contracts	310	310	291	291

NOTE 15: ADDITIONAL CASH FLOWS INFORMATION

Years Ended June 30,	2002	2001	2000
(in thousands)			
Investing and Non-cash Financing Activities:			
Purchase of property and equipment in accounts payable	$ 227	$ 343	$ 255
Additional Cash Payment Information:			
Interest paid	$1,535	$1,388	$1,542
Income taxes paid	2,500	1,825	704

NOTE 16: CONTINGENCIES

There are various legal proceedings involving the Company and its subsidiaries. Management considers that the aggregate liabilities, if any, arising from such actions would not have a material adverse effect on the consolidated financial position or operations of the Company.

NOTE 17: USDA GRANT

During the fourth quarter of fiscal 2001, the United States Department of Agriculture developed a grant program for the gluten industry in place of a two-year extension of a wheat gluten import quota that took effect on June 1, 1998. Over the life of the program, which is scheduled to end May 31, 2003, the Company is eligible to receive nearly $26 million of the program total of $40 million. For the first year of the program, approximately $17.3 million has been allocated to the Company with the remainder allocated in July, 2002. The funds are to be used for research, marketing, promotional and capital costs related to value-added gluten and starch products. Funds allocated on the basis of current operating costs will be recognized in income as those costs are incurred. Funds allocated based on capital expenditures will be recognized in income as the capital projects are depreciated.

NOTE 18: FUTURE CHANGES IN ACCOUNTING PRINCIPLES

The Financial Accounting Standards Board (FASB) has issued four new accounting pronouncements that will become effective in the fiscal year commencing July 1, 2002.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill (and intangible assets deemed to have indefinite lives) will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives. SFAS

No. 143, "Accounting for Asset Retirement Obligations," was issued in August, 2001 and deals with the recognition and remeasurement of obligations associated with the retirement of tangible long-lived assets. SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued in October, 2001 and applies to all long-lived assets, other than goodwill, and discontinued operations and develops one accounting model for long-lived assets that are to be disposed of by sale. The adoption of these statements is not expected to have a material impact on the Company's financial statements.

Exhibit 23

BKD, LLP
Certified Public Accountants
Twelve Wyandotte Plaza
120 West 12th Street, Suite 1200
Kansas City, MO 64105-1936

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CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Midwest Grain Products, Inc.
Atchison, Kansas

We consent to the incorporation by reference in Registration Statement No. 333-51849 on Form S-8 and the related Prospectus dated May 5, 1998, of Midwest Grain Products, Inc. of our report dated August 2, 2002, on our audit of the consolidated balance sheets of Midwest Grain Products, Inc. as of June 30, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2002, which report is incorporated by reference in the Annual Report on Form 10-K of Midwest Grain Products, Inc. for the fiscal year ended June 30, 2002, and of our report dated August 2, 2002, with regard to the financial statement schedule that is included in such Form 10-K for the year ended June 30, 2002. We also consent to the reference to our firm under the heading "Experts" in the Prospectus to the Registration Statement.

/s/ BKD, LLP

Kansas City, Missouri
August 27, 2002

Exhibit 99.1

CERTIFICATION
OF
PERIODIC REPORT

I, Laidacker M. Seaberg, President and Chief Executive Officer of Midwest Grain Products, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the period ended June 30, 2002, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 6, 2002

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

Exhibit 99.2

CERTIFICATION
OF
PERIODIC REPORT

I, Robert G. Booe, Vice President and Chief Financial Officer of Midwest Grain Products, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the period ended June 30, 2002, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 6, 2002

/s/ Robert G. Booe
Robert G. Booe
Vice President and Chief Financial
Officer

Exhibit 10(s)

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease Agreement") is made this 16th day of December, 1993, by and between MIDWEST GRAIN PRODUCTS, INC., a Kansas corporation ("Lessor"), and CILCORP DEVELOPMENT SERVICES INC., an Illinois corporation ("Lessee"), for the lease of a certain portion of Lessor's premises.

WITNESSETH:

WHEREAS, Lessor owns certain property located on South Front Street in Pekin, Illinois (the "Premises"), which is more particularly described on Exhibit A attached hereto and incorporated herein; and

WHEREAS, Lessor operates a processing plant on the Premises; and

WHEREAS, Lessor and Lessee have entered into a Steam Heat Service Agreement dated December 16, 1993 (the "Steam Heat Service Agreement") which provides, among other things, for Lessee to construct a Boiler Plant ("the Boiler Plant") on the Premises to provide steam heat to Lessor's plant; and

WHEREAS, Lessor, Lessee and Lessee's affiliate, Central Illinois Light Company ("CILCO"), have entered into a Cogeneration Agreement dated December 16, 1993 (the "Cogeneration Agreement"), which gives CILCO the right to install, operate and maintain electric generating equipment (the "Facility") on the Premises; and

WHEREAS, Lessor desires to lease to Lessee a certain portion of the Premises upon which the Boiler Plant and the Facility are to be located (the "Leased Site"), which Leased Site is more particularly described hereinafter, and to grant such other rights to Lessee and CILCO as are necessary for Lessee and CILCO to perform their respective obligations under the Steam Heat Service Agreement and the Cogeneration Agreement (collectively, the "Agreements").

NOW, THEREFORE, in consideration of the promises and the mutual covenants, conditions and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, each intending to be legally bound, hereby agree as follows:

1. LEASE OF SITE. Lessor hereby leases the Leased Site to Lessee, and hereby grants, bargains and conveys to Lessee, any easements, rights-of-way and rights of ingress and egress over, under, across and through the Premises and the Leased Site which Lessee and its affiliate CILCO may at any time require, for the purpose of performing any one or more of the activities contemplated herein and in the Agreements, provided, that the use of such easements, right-of-way and rights shall not unreasonably interfere with the operation of Lessor's processing plant on the Premises. Lessor hereby agrees to execute and record such documents as may be reasonably requested by Lessee and CILCO to evidence such easements, rights-of-way, and rights of ingress an egress.

2. TERM.

(a) The initial term of this Lease Agreement shall begin on the date first set forth above and shall continue until the fifteenth anniversary of the Steam Commencement Date described in the Steam Heat Service Agreement. When the Steam Commencement Date is determined pursuant to the Steam Heat Service Agreement, the date shall be set forth in a document which shall be designated Exhibit B to this Lease Agreement, signed by the parties hereto, and thereby made a part of this Lease Agreement.

(b) On or about the twelfth anniversary of the Steam Commencement Date, the Lessor and Lessee shall enter into negotiations to extend both the Steam Heat Service Agreement and the Lease Agreement. No later than the thirteenth anniversary of the Steam Commencement Date, Lessor shall notify Lessee in writing that it will either: (i) terminate the Lease Agreement at the end of the initial term of this Lease Agreement and pay Lessee and CILCO an amount equal to the book value of the Boiler Plant and the Facility (including all capital investments made in machinery, equipment, structures, foundations, buildings and other items located on the Leased Site for the purpose of the performing the Agreements) plus the cost of removing such property of Lessee and CILCO from the Leased Site and restoring the Leased Site to a clear and level condition, or (ii) extend the Lease Agreement to enable CILCO to continue to generate electricity on the site for an additional nineteen years beyond the lease's initial fifteen year period.

If Lessor does not notify Lessee of its intention by the thirteenth anniversary of the Steam Commencement Date, Lessor shall be deemed to have chosen option (ii). As used herein, "book value" shall have the same meaning such term has under generally accepted accounting principles, after deducting straight line depreciation over the life of the property or thirty-four years, whichever is less.

(c) Within one year after expiration of this Lease Agreement or extension thereof, Lessee shall remove from the Leased Site all improvements, machinery, equipment, structures, buildings and other items placed thereon by Lessee and CILCO, and Lessee shall, upon the request of MWG, restore the Leased Site to a clear and level condition.

3. DESCRIPTION OF LEASED SITE. The Leased Site consists of three-fourths (0.75) of an acre, more or less, of the Premises. The Boiler Plant and Facility shall be constructed on the Leased Site. The Legal description of the Leased Site is as set forth in Exhibit A.

4. CONSIDERATION. Lessee shall pay to Lessor, as rent for use of the Lease Site during the term of this Lease Agreement, the sum of One Dollar ($1.00) per annum, payable in advance at the execution of this Lease Agreement, and annually thereafter on the anniversary date of such execution so long as this Lease Agreement shall be in effect.

5. WARRANTIES AND REPRESENTATIONS OF LESSOR.

(a) Warranty of Authority: Lessor warrants and represents that Lessor is duly authorized to enter into this Lease Agreement and perform Lessor's duties and obligations hereunder. Lessor

further warrants and represents that there are no conditions, rights, easements, liens, covenants or restrictions, whether of record or otherwise, nor are there any zoning, building or other land use restrictions, regarding the Leased Site, which would prohibit Lessor or CILCO from entering upon the Leased Site and performing their respective obligations under the Agreements, or wold unreasonably interfere with the activities contemplated herein and in the Agreements. Lessor, at its own expense, will order a preliminary title commitment from Chicago Title & Trust Company, showing all matters of record involving the Leased Site and the Premises.

(b) Warranty of Fitness for Purpose and Environmental Matters. Lessor warrants and represents that the Leased Site which is the subject hereof is in good condition and is fit for the purposes contemplated herein and in the Agreements. Furthermore, the Lessor hereby warrants and represents to the Lessee that:

(i) the Lessor is not now nor has it been in violation of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including, without limitation, those arising under the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, the Federal Water Pollution Control Act, the Toxic Substances Control Act, or any other federal, state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment (hereinafter, the "Environmental Laws");

(ii) the Lessor has not received, nor does it contemplate receiving, notice that it has been identified by the United States Environmental Protection Agency as a potentially responsible party under CERCLA with respect to the Leased Site being listed on the National Priorities List under the Environmental Laws; nor does it contemplate receiving notification, that any hazardous waste, as defined by the Environmental Laws ("Hazardous Waste") or any toxic or hazardous substance, hazardous materials, oil, or other chemicals or substances regulated or defined by any Environmental Laws ("Hazardous Substances") have been found at the Leased Site by a federal, state or local agency which is conducting a remedial investigation or other action pursuant to any Environmental Laws; and

(iii) that a) no portion of the Leased Site has been used or is being used for the handling, processing, storage or disposal of Hazardous Waste of Hazardous Substances and no underground tank or other underground storage receptacle for Hazardous Waste or Hazardous Substances was or is located on the Leased Site; b) neither the Lessor nor others have generated nor are generating nor have permitted to be generated any Hazardous Waste or Hazardous Substances on the Leased Site; and c) there have been no releases, including, without limitation, any past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping, or Hazardous Waste of Hazardous Substances

by the Lessor or others including prior occupants or other third parties, on, upon, or into the Leased Site. In addition, to the best of the Lessor's knowledge, there have been no such releases on, upon, or into any real property in the vicinity of any of the real properties of the Lessor which, through soil or groundwater contamination, may have come to be located on the Leased Site.

(c) Warranty of Quiet Enjoyment: Lessor warrants and represents that, as of the date of execution of this Lease Agreement, Lessor has good right and full and marketable title, in fee simple, to the Premises and the Leased Site, with full right to lease the Leased Site to Lessee for the purpose and uses stated in this Lease and the Agreements and Lessee, upon complying with and properly performing all covenants and conditions of this Lease Agreement upon its part to be performed, shall have and quietly enjoy the Leased Site for the full Term of this Lease Agreement. Lessor warrants and represents that it will take no action to prevent Lessee from having quiet and peaceable possession and enjoyment of the Leased Site during the Term of the Lease Agreement.

(d) Warranty Regarding Liens: Lessor warrants and represents to Lessee that the leasehold estate granted to Lessee by this Lease Agreement will be free from all liens, encumbrances, claims, penalties, restrictions and obligations of any nature whatsoever as of the date of the execution hereof, and that Lessor's title to the Leased Site is free and clear, and will remain free and clear, from all liens, encumbrances, claims, penalties, restrictions and obligations except those set forth on Exhibit C hereto. Lessor warrants and represents that during the Term of this Lease, Lessor will not take any action having the effect of altering Lessor's title to the Site as warranted and represented in this Section.

(e) Indemnity: It is expressly understood and agreed to by the parties hereto that Lessee, in executing this Lease Agreement, does so in reliance on the foregoing and representations, and that the breach, falsity or invalidity of any one of them shall, at Lessee's option, be deemed a total breach of this Lease Agreement unless corrected or rectified within thirty (30) days after written notice thereof to Lessor. Lessor agrees to defend, protect, indemnify and save harmless Lessee and its affiliate CILCO, and their respective agents and employees, of and from any loss, claim, damage, liability, cost or expense, including attorney's fees, arising out of the existence of any substance located on the Leased Site or the Premises on or prior to the date first set forth above, or arising out of the breach, falsity or invalidity of any one or more of the warranties and representations contained in this Section and elsewhere in this Lease Agreement, which indemnity Lessor agrees shall survive any termination of this Lease Agreement.

6. ENCUMBRANCES. During the Term of this Lease, Lessor shall not encumber, in any manner whatsoever, all or any portion of Lessor's interest in this Lease or Lessor's fee interest in the land constituting the Leased Site without Lessee's prior written consent, which consent shall not be unreasonably withheld.

7. FURTHER ASSURANCES. If either Lessee or Lessor reasonably determines or is reasonably advised that any further instruments or any other things are necessary or desirable to carry out the terms of this Lease Agreement, including any documents necessary for Lessee or CILCO to obtain construction or permanent project financing for the construction and operation of the Boiler Plant or Facility, the other party will execute and deliver all such instruments and assurances and do all things reasonably necessary and proper to carry out the terms of this Lease Agreement.

8. GENERAL LIABILITIES. Lessee has obtained general liability insurance (not less than $1,000,000 per person or $2,000,000 per accident for bodily injury or death; $1,000,000 for property damage) against losses caused by or originating out of this Lease, and further Lessee shall maintain Workers Compensation insurance in no less than statutory provided limits.

9. DEFAULT. In the event of default hereunder by any party, the non-defaulting party may exercise any and all remedies that ------- are available to it at law or in equity.

10. RECORDING. This Lease Agreement, or a Memorandum of Lease reflecting the terms and conditions of this Lease Agreement, may, --------- at Lessee's discretion, be recorded at any time upon or following execution of this Lease Agreement. Lessee shall pay all costs of recording, including recording taxes, if any.

11. REAL PROPERTY TAXES AND OTHER MATTERS. All property taxes and assessments levied or assessed against the Leased Site and the improvements thereon by a governmental authority, including any special assessments imposed on or against said Leased Site for the construction or improvement of public works in, on, or about said Leased Site, shall be paid, before they become delinquent, by Lessor. If Lessor shall fail to pay any taxes or assessments by their due dates, or shall fail to keep current all payments due on mortgages or other encumbrances, Lessee may perform any act or make any payment which Lessee deems necessary for the preservation of the Lease Agreement and Lessee's interest therein, and may cure any and all defaults of Lessor in making payments with respect to the Leased Site and the Premises.

All sums so paid or incurred by Lessee, together with interest at ten percent

(10%) per annum, and any reasonable legal fees incurred by Lessee in connection therewith shall be payable to Lessee by Lessor on demand. The performance of any act or payment by Lessee, as aforesaid, shall not be deemed a waiver or release of any obligation or default on the part of Lessor.

12. UTILITIES. Lessor, at its expense, shall provide the Lease Site with connections to its well water system, fire protection system, storm water and sewer system and electric system as well as the city water system. The actual hookup of the Leased Site to each system shall be at Lessee's expense.

13. STORM WATER; PLANT WASTES.

(a) Lessee shall be allowed to discharge runoff water into Lessor's existing storm water system.

(b) Lessee shall have the right to discharge boiler blowdown and other plant wastes into Lessor's waste water treatment system, provided Lessor can accept the plant wastes under Lessor's waste water treatment permits.

14. OWNERSHIP OF PROPERTY. All machinery, equipment, structures, fixtures, and other improvements and items placed upon the Leased Site by Lessee or by CILCO shall at all times be and remain the respective property of Lessee and CILCO, and may be removed by Lessee or CILCO, as the case may be, at any time and from time to time, up to and including one year after the termination of this Lease Agreement. This paragraph shall not be construed to relieve Lessee of its obligations under the Steam Heat Service Agreement.

15. CONSTRUCTION STORAGE. Lessor grants Lessee and CILCO the right and license to store equipment, material, machinery and tools temporarily during initial construction of the Boiler Plant and Facility on the off-site area noted in Exhibit D. Lessor grants Lessee and CILCO unrestricted access to and from this area during the construction period.

16. ASSIGNMENT. This Lease Agreement shall not be assignable by either party hereto without the prior written consent of the other party, provided, however, in conjunction with any assignment of the Steam Heat Service Agreement to CILCO, Lessee may assign its interest in this Lease Agreement to CILCO without the consent of Lessor, and in the event of re-assignment of the Steam Heat Service Agreement to Lessee by CILCO, this Lease Agreement may be re-assigned to Lessee without Lessor's consent. Any assignment which may be made hereunder without Lessor's consent shall release the assignor of all duties and obligations under this Lease Agreement for the period after the assignment.

17. SUCCESSORS AND ASSIGNS. All of the terms and provisions of this Lease Agreement, and the parties' respective rights and obligations hereunder, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

18. INTEGRATION AND AMENDMENT. The exhibits attached to this Lease Agreement are a part of this Lease Agreement. The Agreements and this Lease Agreement constitute the entire agreement of the parties and may not be modified except by written instrument signed by the parties in interest at the time of the modification.

19. NOTICES. Except as provided herein to the contrary, any notice or other communication required or permitted under this Lease Agreement shall be in writing, and shall be deemed to have been given when actually delivered, when received by telephone facsimile (provided such receipt is verified by telephone), or when deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, addressed as follows:

If to Lessor: Midwest Grain Products, Inc.
South Front Street
P.O. Box 1069
Pekin, IL 61554

If to Lessee: CILICORP Development Services Inc.
300 Hamilton Boulevard
Suite 300
Peoria, IL 61602

Or to such other person or address as the party entitled to notice may specify from time to time in a notice duly given as provided herein.

20. SEVERABILITY. If any provision of the Lease Agreement is in violation of any law or regulation, this Lease Agreement shall be interpreted by striking the provision or provisions which violates said law or regulation, and the remainder of the Lease Agreement shall be enforceable as though the stricken

provision or provisions did not exist.

21. COVENANTS TO RUN WITH LAND AND SECURITY. The parties hereto intent that each and every covenant contained herein shall be appurtenant to and run with the land generally described and discussed herein as the Leased Site and the Premises, and all obligations of Lessor shall be secured thereby.

22. GOVERNING LAW. This Lease Agreement shall be governed by the laws of the State of Illinois.

23. VENUE. The venue for any judicial action regarding this Lease Agreement shall be Tazewell County, Illinois.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed by their duly authorized officers as of the date first hereinabove written.

MIDWEST GRAIN PRODUCTS, INC.

By: /s/ Ladd M. Seaberg
Name: Ladd M. Seaberg
Title: President and CEO
Witness: /s/ Brian T. Cahill

CILICORP DEVELOPMENT SERVICES, INC.

By: /S/ Lawrence H. Haynes
Name: Lawrence H. Haynes
Title: President
Witness: /s/ illegible signature

EXHIBIT A: LEGAL DESCRIPTION OF THE PREMISES AND LEASED SITE

EXHIBIT B: STEAM COMMENCEMENT DATE [reserved]

EXHIBIT C: ENCUMBRANCES

EXHIBIT D: AREA FOR CONSTRUCTION STORAGE

STATE OF ILLINOIS)
) SS
COUNTY OF TAZEWELL)

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Ladd M. Seaberg personally known to me to be the President and CEO of MIDWEST GRAIN PRODUCTS, INC. and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that as such delivered the said instrument as such , pursuant to authority granted by such corporation, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and official Notarial Seal this 16th day of December, 1993.

/s/ Margaret E. Simpson
[SEAL] Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF TAZEWELL)

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Lawrence H. Haynes personally known to me to be the President of CILCORP DEVELOPMENT SERVICES INC. and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that as such delivered the said instrument as such , pursuant to authority granted by such corporation, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and official Notarial Seal this 16th day of December, 1993.

/s/ Wilma E. Ward
Notary Public

[SEAL]