

MGP INGREDIENTS, INC.
STOCK OWNERSHIP GUIDELINES

1. Purpose.

The Board of Directors (“Board”) of MGP Ingredients, Inc. (“MGP” or the “Company”) believes that executive officers and directors of the Company should own and hold MGP common stock to further align their interests with the long-term interests of stockholders and further promote the Company’s commitment to sound corporate governance.

2. Scope.

All executive officers (i.e., all Section 16 reporting officers) and directors of the Company are subject to these stock ownership guidelines for as long as they continue to serve as an executive officer or director of the Company, as the case may be.

3. Definitions.

“closing price” means the closing price of MGP common stock as reported on NASDAQ market on the trading date immediately prior to the date of calculation.

“guideline level” means the individual stock ownership guideline level applicable to an individual executive officer or director.

“net shares” means those shares that remain after shares are sold or withheld, as the case may be, to (i) pay any applicable exercise price for an equity award (e.g, stock options) or (ii) satisfy any tax obligations, including withholding taxes, arising in connection with the exercise, vesting or payment of an equity award (e.g., restricted stock units, restricted stock).

4. Executive Officer Stock Ownership Guidelines.

Calculation of Guideline Level

The individual guideline level for each executive officer of the Company is determined as the number of shares equivalent to (a)(i) five (5) times annual base salary for the Chief Executive Officer, (ii) two and one-half (2.5) times annual base salary for the Chief Financial Officer, and (iii) two (2) times base salary for all other executive officers, divided by (b) the average closing price, rounded to the nearest 100 shares.

The individual guideline level for each executive officer is initially calculated using the executive officer’s base salary as of the date the person is first appointed as an executive officer. This guideline level is then recalculated at each January 1st.

Requirement to Retain Net Shares Until Guideline Level is Satisfied

Unless an executive officer has satisfied his or her applicable guideline level, the executive officer is required to retain an amount equal to 50% of the net shares received as the result of the exercise, vesting or payment of any MGP equity awards granted to the executive officer. This amount is calculated using the closing price of MGP common stock as reported on NASDAQ on

the trading day immediately preceding the date of exercise, vesting or payment of the equity award. See Exhibits A and B for sample calculations.

Executive officers are expected to be in compliance with his or her guideline level within five (5) years of the later of (a) becoming an executive officer and (b) implementation of this policy.

5. Non-Employee Director Stock Ownership Guidelines.

Calculation of Guideline Level

The individual guideline level for each non-employee director of the Company is determined as the number of shares equivalent to (a) three (3) times the annual retainer payable to such director, divided by (b) the closing price, rounded to the nearest 100 shares.

The guideline level is calculated using the annual retainer due the director when first elected to the Board. This guideline level is then recalculated at each January 1st.

Directors are required to satisfy their guideline level within five (5) years of joining the Board, and are expected to continuously own sufficient shares to satisfy the guideline once attained for so long as they remain a member of MGP's Board.

6. Shares Counted.

Shares that count toward satisfaction of the stock ownership guidelines for executive officers and directors include the following:

- Shares owned outright by the executive officer or director, or his or her immediate family members residing in the same household;
- Shares held in trust for the benefit of the executive officer or director, or his or her immediate family members;
- Vested shares of restricted stock; and
- Vested shares of restricted stock units.

For the avoidance of doubt, the following do not count towards satisfaction of the stock ownership guidelines for executive officers and directors:

- Unvested shares of restricted stock or restricted stock units;
- Shares pledged as collateral for a loan;
- Unexercised stock options (whether vested or unvested); and
- Incentive performance awards that may be settled in cash (whether vested or unvested).

7. **Exceptions.**

The stock ownership guidelines may be waived, at the discretion of the Human Resources and Compensation Committee (“Committee”), for directors joining the Board from government, academia, or similar professions. The stock ownership guidelines may also be waived for executive officers or directors, at the discretion of the Committee, if compliance would create severe hardship or prevent an executive officer or director from complying with a court order, as in the case of a divorce settlement. It is expected that these instances will be rare. If an exception is granted in whole or in part, the Committee will, in consultation with the affected executive officer or director, develop an alternative stock ownership guideline for such individual that reflects both the intention of this policy and such individual’s particular circumstances.

8. **Reminder Regarding Section 16 Short-Swing Profit Rules.**

In purchasing shares of Company common stock to satisfy these stock ownership guidelines, executive officers and directors should be mindful of the short-swing profit rules under Section 16 of the Securities Exchange Act. Under those rules, any non-exempt purchase of MGP common stock by an executive officer or director may be matched against his or her sales of MGP common stock within six (6) months of that purchase, and will give rise to liability equal to the difference between the highest sale and lowest purchase during the six-month period.

9. **Administration.**

The stock ownership guidelines shall be administered, interpreted, and construed by MGP’s Committee, which shall have the authority to implement and carry out these guidelines in accordance with their terms and conditions. The Committee has the authority to amend the stock ownership guidelines or approve exceptions, including as described in Section 7. In administering the stock ownership guidelines, the Committee will annually review the extent to which each executive officer and director of the Company has complied with this policy.

Adopted: April 1, 2014

EXHIBIT A

Sample Calculation – Sale of Company Shares Received Upon Stock Option Exercise

Assumptions

- An executive officer seeks to exercise a stock option for 10,000 shares of MGP Ingredients, Inc. common stock with a strike price of \$10.00 per share.
- The prior day's closing price of the Company's common stock was \$20.00 per share.
- The executive officer's withholding tax rate is 39%.
- The option exercise is structured as a same-day sale (i.e., cashless exercise)
- The executive officer has not yet met his or her applicable guideline level

Calculations

Pre-tax gain on option exercise = number of shares * (closing price – strike price) = 10,000 * (\$20.00 - \$10.00)	\$100,000
Less taxes withheld on option exercise = withholding tax rate * pre-tax gain on option exercise = 39% * \$100,000	(\$39,000)
After-tax gain on option exercise = pre-tax gain – taxes withheld = \$100,000 – 39,000	\$61,000
50% of after-tax gain on option exercise	\$30,500
Net shares required to be retained = 50% of after-tax gain on option exercise/closing price on immediately prior trading day (with quotient rounded down) = \$30,500 / \$20.00	1,525 shares

The executive officer is required to retain 1,525 shares of Company stock.

EXHIBIT B

Sample Calculation – Sale of Shares of Company Common Stock Received Upon RSU Vesting

Assumptions

An executive officer receives 25,000 shares of Company common stock upon vesting of his/her restricted stock Units (after the Company withholds/repurchases shares to satisfy associated tax withholding obligation).

The executive officer has not yet met his or her applicable guideline level.

Calculation

The executive officer is required to retain 12,500 shares of common stock (50% of 25,000).