

MGP INGREDIENTS INC
Form PREC14A
June 05, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☐ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

MGP Ingredients, Inc.

(Name of Registrant as Specified In Its Charter)

Karen Seaberg
Laidacker M. Seaberg
Cloud L. Cray, Jr.
Cray Family Management LLC
Cray MGP Holdings LP
John P. Bridendall
M. Jeannine Strandjord

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION, DATED JUNE [], 2013

**2013 ANNUAL MEETING OF STOCKHOLDERS
OF
MGP INGREDIENTS, INC.**

PROXY STATEMENT

OF

**KAREN SEABERG
LAIDACKER M. SEABERG
CLOUD L. CRAY, JR.
CRAY FAMILY MANAGEMENT LLC
CRAY MGP HOLDINGS LP
JOHN P. BRIDENDALL
M. JEANNINE STRANDJORD**

To Our Fellow MGP Stockholders:

This Preliminary Proxy Statement and the accompanying [GOLD] proxy card are being furnished to stockholders ("Stockholders") of MGP Ingredients, Inc. ("MGP" or the "Company") in connection with the solicitation of proxies by the Participants (as hereinafter defined), to be used at the 2013 Annual Meeting (the "Annual Meeting") of Stockholders of MGP and at any adjournments, postponements, continuations or reschedulings thereof, or any other meeting of the Stockholders in lieu thereof. The Annual Meeting was originally scheduled for May 23, 2013. The meeting on May 23 lacked a quorum of preferred stockholders as a result of a revocation of proxies by the Cray Group (as defined below), so the meeting was adjourned to a later date and time that have not yet been disclosed by the Company. This Preliminary Proxy Statement and the [GOLD] proxy card are first being furnished to Stockholders on or about June [], 2013.

PARTICIPANTS IN SOLICITATION OF PROXIES

The participants in the solicitation of proxies (the "Participants") from Stockholders of MGP include: Karen Seaberg, her husband, Laidacker M. Seaberg, her father, Cloud L. Cray, Jr., and Cray Family Management LLC ("Management") and Cray MGP Holdings LP (the "Partnership"), which were formed for estate planning purposes (the foregoing collectively being the members of the "Cray Group"). John P. Bridendall and M. Jeannine Strandjord are also Participants by virtue of being Nominees of the Cray Group. References to "we," "us" or "our" refer only to the Cray Group.

Annex A attached hereto sets forth, as to the Nominees and the Participants, certain information regarding the Nominees and Participants, including all purchases and sales in securities of MGP effected during the past two years and their beneficial ownership of securities of MGP.

With respect to each Participant (including the Nominees), except as set forth herein or in any of the Annexes attached hereto, (i) such Participant is not, nor was within the past year, a party to any contract, arrangement or understanding with any person with respect to any securities of MGP, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits, or the giving or withholding of proxies; and (ii) neither such Participant nor any of such Participant's associates have any arrangement or understanding with any person with respect to (A) any future employment by MGP or its affiliates or (B) any future transactions to which MGP or any of its affiliates will or may be a party.

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THIS SOLICITATION IS BEING MADE BY THE PARTICIPANTS AND NOT ON BEHALF OF THE BOARD.

The Participants are seeking your proxy for the Annual Meeting, when reconvened, regarding the following matters:

1.
To vote **FOR** the election to the Board of Directors of MGP (the "Board") each of John P. Bridendall, M. Jeannine Strandjord and Cloud L. Cray, Jr. (each a "Nominee", and collectively, the "Nominees").
2.
To vote **FOR** the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ended December 31, 2013;
3.
To vote **AGAINST** the Company's proposed resolution endorsing, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement;
4.
To vote **FOR** the Cray Group's proposal requesting the Board of Directors to approve an amendment to the Company's Articles of Incorporation to de-stagger the Board and permit any director to be removed with or without cause by Stockholders holding a majority of the voting power required to elect such director, and to submit such amendment to the Company's Stockholders for approval;
5.
To vote **FOR** the Cray Group's proposal to amend the Company's bylaws ("Bylaws") to provide a right for Stockholders holding 10% or more of the outstanding common stock or outstanding preferred stock to call a special meeting of Stockholders;
6.
To vote **FOR** the Cray Group's proposal to amend the Bylaws to require that any vacancies on the Board be filled only by the Stockholders and not by the Board; and
7.
To vote **FOR** the repeal of any provision of or amendments to the Bylaws adopted by the Board without the approval of a majority of the shares of common stock and preferred stock voting thereon after April 3, 2013 and on or before the date of the Annual Meeting.

Each of John P. Bridendall, M. Jeannine Strandjord and Cloud L. Cray, Jr. has consented to being named as a Nominee in this Proxy Statement and to serve as a director of MGP, if elected. Cloud L. Cray, Jr., who has been nominated by the Board, has been included as a nominee in this proxy statement and solicitation of proxies because it is possible that the Board may remove him as one of the director nominees to the Board due to his participation in this solicitation of proxies from Stockholders.

The Nominees and each of the other Participants have no interest in MGP other than through the beneficial ownership (if any) of shares of Class A Common Stock, no par value, of MGP (the "Common Stock") and shares of Class B Preferred Shares, par value of \$10.00 per share, of MGP (the "Preferred Stock") of MGP as disclosed herein, and, in the case of Karen Seaberg and Cloud L. Cray, Jr., both are current directors of MGP.

Ms. Strandjord and Mr. Bridendall have each entered into a nominee agreement (the "Nominee Agreement") with Mrs. Seaberg, Mr. Seaberg, Mr. Cray, Management and the Partnership (the "Cray Group") pursuant to which Ms. Strandjord and Mr. Bridendall have agreed to be nominated and the Cray Group has agreed to indemnify each of them with respect to certain costs incurred by them in connection with the proxy contest relating to the Annual Meeting. The form of Nominee Agreement is attached hereto as Annex B.

JOHN P. BRIDENDALL, M. JEANNINE STRANDJORD AND CLOUD L. CRAY, JR. ARE COMMITTED TO ACTING IN THE BEST INTEREST OF THE STOCKHOLDERS OF MGP AND IN ACCORDANCE WITH THEIR FIDUCIARY DUTIES. WE URGE YOU TO VOTE YOUR [GOLD]

PROXY CARD FOR JOHN BRIDENDALL, M. JEANNINE STRANDJORD AND CLOUD L. CRAY, JR. AND AS RECOMMENDED ABOVE, WHICH WILL BE SENT TO YOU WITH OR AFTER OUR DEFINITIVE PROXY STATEMENT IS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

BACKGROUND

We are soliciting proxies through this Proxy Statement only reluctantly, and solely because we believe that changes in the composition of the Board and management of the Company, together with improved corporate governance, are necessary in order to advance the interests of the Company and its Stockholders, employees and other constituencies. The Cray Group includes Mr. Cray and Mrs. Seaberg, the son and the granddaughter of the Company's founder, each of whom has long been involved in the Company's affairs. Mr. Cray served as Chairman of the Board of the Company from 1980 until 2006, as Chief Executive Officer of the Company from 1980 to September 1988 and has been an officer and director of the Company for more than 50 years. Mrs. Seaberg has been a director of the Company since August 2009. We believe that all Stockholders deserve a Board that listens to them and that, consistent with the Board's fiduciary obligations, appropriately responds to their concerns. In addition to Mr. Cray, the Cray Group has identified two new high-quality and independent nominees Ms. Strandjord and Mr. Bridendall who we believe are committed to good governance and to listening to all of the Company's Stockholders, and will add great value to the Board. We believe the election of Ms. Strandjord and Mr. Bridendall, and the reelection of Mr. Cray, will further efforts to improve the Company's business and financial performance, achieve profitable growth, ensure accountability to Stockholders, restore a positive corporate culture, avoid the loss of key employees and build long-term stockholder value.

If the Nominees are elected they, together with Ms. Seaberg, will not constitute a majority on the Board and there can be no assurance that we will be successful in persuading other members of the Board to adopt the changes we are proposing, including the proposed amendment to the Articles of Incorporation to de-stagger the Board described in Proposal 4, below. Nonetheless, we intend to press the Board to improve the Company's corporate governance practices, including the adoption of the amendment to the Articles of Incorporation, so that the Board is more responsive and accountable to Stockholder concerns.

IMPORTANT

According to the Company's Articles of Incorporation and Bylaws, and applicable law, the election of the Nominees requires the affirmative vote of a plurality of the votes cast by the holders of MGP's Common Stock or of MGP's Preferred Stock, as applicable and as further described below, at a meeting at which a quorum of both common stockholders and preferred stockholders is present in person or represented by proxy. As a result, your vote is extremely important. We urge you to mark, sign, date, and return the [GOLD] proxy card to vote FOR the election of each Nominee, which will be sent to you with or after our Definitive Proxy Statement is filed with the Securities and Exchange Commission.

WE URGE YOU NOT TO SIGN ANY PROXY CARD SENT TO YOU BY MGP. IF YOU HAVE ALREADY DONE SO, YOU MAY REVOKE YOUR PROXY BY DELIVERING A LATER-DATED [GOLD] PROXY CARD IN THE POSTAGE-PREPAID ENVELOPE, OR BY VOTING BY TELEPHONE, BY INTERNET OR IN PERSON BY BALLOT AT THE ANNUAL MEETING, WHICH, IN EACH CASE, WILL BE SENT TO YOU OR MAY BE ACCOMPLISHED AFTER WE SEND YOU OUR DEFINITIVE PROXY STATEMENT. SEE "VOTING PROCEDURES" AND "PROXY PROCEDURES" BELOW.

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If you have any questions or require any assistance in executing your proxy, please call or e-mail:

D.F. King & Co., Inc.
Stockholders call toll-free: (800) 859-8509
Banks and Brokerage Firms call: (212) 269-5550
E-mail: mgpi@dfking.com

Only holders of record of MGP's voting securities as of the close of business on April 3, 2013 (the "Record Date") are entitled to notice of, and to attend and to vote at, the Annual Meeting and any adjournments, postponements, continuations or reschedulings thereof, or any other meeting of Stockholders in lieu thereof. According to the proxy statement of MGP filed with the Securities and Exchange Commission on April 11, 2013 ("MGP's Proxy Statement" or the "Company's proxy statement"), as of March 1, 2013, there were 17,934,233 shares of Common Stock and 437 shares of Preferred Stock outstanding. Stockholders of record at the close of business on the Record Date will be entitled to one vote at the Annual Meeting for each share of Common Stock of MGP held on the Record Date, and preferred stockholders will be entitled to one vote at the Annual Meeting for each share of Preferred Stock of MGP held on the Record Date.

As of the Record Date, the Participants and their affiliates beneficially owned an aggregate of 4,940,101 shares of Common Stock, representing approximately 27.5% of the outstanding shares of Common Stock, and 404 shares of Preferred Stock, representing approximately 92.4% of the outstanding shares of Preferred Stock. The Cray Group and their affiliates intend to vote such shares:

FOR the election to the Board of each of the Nominees.

FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ended December 31, 2013;

AGAINST the Company's proposed resolution endorsing, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement;

FOR the Cray Group's proposal requesting the Board of Directors to approve an amendment to the Company's Articles of Incorporation to de-stagger the Board and permit any director to be removed with or without cause by Stockholders holding a majority of the voting power required to elect such director, and to submit such amendment to the Company's Stockholders for approval;

FOR the Cray Group's proposal to amend the Company's bylaws ("Bylaws") to provide a right for Stockholders holding 10% or more of the outstanding common stock or outstanding preferred stock to call a special meeting of Stockholders;

FOR the Cray Group's proposal to amend the Bylaws to require that any vacancies on the Board be filled only by the Stockholders and not by the Board; and

FOR the repeal of any provision of or amendments to the Bylaws adopted by the Board without the approval of a majority of the shares of common stock and preferred stock voting thereon after April 3, 2013 and on or before the date of the Annual Meeting.

WE URGE YOU TO VOTE FOR THE NOMINEES AND, IN THE MANNER SPECIFIED ABOVE, ON THE REMAINING PROPOSALS BY TELEPHONE, BY INTERNET, OR BY MARKING, SIGNING, DATING AND RETURNING THE [GOLD] PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED TO YOU, WHICH WILL BE SENT TO YOU WITH OR AFTER OUR DEFINITIVE PROXY STATEMENT IS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

**PROPOSAL 1
ELECTION OF DIRECTORS**

As described in MGP's proxy statement, the Board is divided into two groups, with the holders of Common Stock being entitled to vote for the persons nominated for the Group A position and the holders of Preferred Stock entitled to vote for the persons nominated for the Group B positions. A plurality of the votes cast by the applicable class of stock is required for the election of directors for the applicable group. Abstentions and withheld votes will have no effect on the outcome. In case of a broker non-vote, your broker may not vote your shares.

The Nominees, if elected, would serve terms and hold office until the 2016 annual meeting of Stockholders and until a successor has been duly elected and qualified. However, if the Board were to adopt an amendment to the Articles of Incorporation to declassify the Board in response to our precatory Proposal 4 and such amendment were approved by the holders of a majority of the outstanding shares of Preferred Stock, then the Nominees would serve a one-year term and hold office until the 2014 Annual Meeting of Stockholders and until a successor has been duly elected and qualified. Background information about each of the Nominees is set forth below.

John P. Bridendall and M. Jeannine Strandjord are each party to an agreement substantially in the form attached hereto as Annex B, pursuant to which the Participants have agreed to be nominated relating to the Annual Meeting (the "Nominee Agreement"). Cloud L. Cray, Jr. is a party to an agreement substantially in the form attached hereto as Annex C, pursuant to which he has agreed to be nominated. Except as disclosed in this Proxy Statement, including the Annexes attached hereto and as provided in the Nominee Agreement (which, among other things, provides for indemnification in certain circumstances), none of the Nominees receive any compensation from any of the Participants or any of their affiliates in connection with this proxy solicitation. John P. Bridendall and M. Jeannine Strandjord have an interest in the election of directors at the Annual Meeting pursuant to the Nominee Agreement relating to such Nominee. Cloud L. Cray, Jr. has an interest in the election of directors at the Annual Meeting indirectly through the beneficial ownership of securities, as described in Annex A. The Participants have an interest in the election of directors at the Annual Meeting indirectly through the beneficial ownership of securities by members of the Cray Group, as described in Annex A.

We believe that each of Ms. Strandjord, Mr. Bridendall and Mr. Cray would be considered independent under NASDAQ Rules 5606(a)(2)(A) and 5605(a)(2)(C).

Other than as disclosed in this Proxy Statement, including the Annexes attached hereto, (i) the Nominees are not, nor were they within the past year, a party to any contract, arrangement or understanding with any person with respect to any securities of MGP, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits, or the giving or withholding of proxies; and (ii) none of the Nominees nor any of their respective associates have any arrangement or understanding with any person with respect to (A) any future employment by MGP or its affiliates or (B) any future transactions to which MGP or any of its affiliates will or may be a party.

**GROUP A NOMINEE
(For a term expiring in 2016)**

JOHN P. BRIDENDALL

John P. Bridendall has since 2007 served as President of Bridendall & Co., a provider of advisory services to beverage alcohol industry participants. From 2001 to 2007, Mr. Bridendall served as Executive Vice President, Finance and Administration for Jackson Enterprises, Jackson Wine Estates International, and Kendall-Jackson Wine Estates, a family owned producer and marketer of many fine wines. Prior to joining Kendall-Jackson, Mr. Bridendall served as Senior Vice President, Director

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Corporate Development and Investor Relations for Brown-Forman Corporation, a multinational producer and marketer of well-known distilled spirits and fine wine. Prior to joining Brown-Forman in 1978, Mr. Bridendall was a certified public accountant with Peat, Marwick, Mitchell & Co., the predecessor to KPMG LLP.

In selecting Mr. Bridendall as a nominee for Director, the Cray Group considered his extensive industry experience and expertise in strategic planning, branding strategy, managing and overseeing growth organically and through mergers and acquisitions, as well as his background in finance and accounting.

GROUP B NOMINEES **(For terms expiring in 2016)**

M. JEANNINE STRANDJORD

M. Jeannine Strandjord has over 40 years of financial management experience and was employed in three different and diverse industries after starting in public accounting on the audit staff of Ernst and Whinney in 1968. For 20 years, beginning in 1985, she held several senior financial and related senior management roles at Sprint Corporation. She managed the successful transformation and restructuring of Sprint as Chief Integration Officer from 2003 until 2005 when she retired. She was Senior Vice President and Chief Financial Officer of Global Solutions, a \$9 billion division, from 1998 until 2003 and was Controller and then Treasurer for Sprint Corporation from 1986 to 1998. Ms. Strandjord, age 67, has been a director of American Century Mutual Funds (for six registered investment companies) since 1994, where she chairs the Compliance and Shareholder Relations Committee and is a member of the Executive Committee and Performance Committee. From 1996 through May 2012, she was a director of DST Systems, Inc., where she chaired the Audit Committee and sat on the Compensation Committee and Governance and Nominating Committee. Ms. Strandjord has been a director of the Euronet Worldwide, Inc. ("Euronet") since 2001. Ms. Strandjord has been Euronet's Lead Independent Director since 2010 and is currently the Chairman of Euronet's Audit Committee. She was a trustee for Rockhurst University for nine years and is currently on the Heartland Board of the National Association for Corporate Directors, which she chaired for two years and now co-chairs.

In selecting Ms. Strandjord as a nominee for Director, the Cray Group considered her valuable experience on the boards of various other public companies, as well as an extensive background in finance, accounting, corporate governance, restructuring, talent management, and compensation and benefits.

CLOUD L. CRAY, JR.

Mr. Cray, age 90, has been a director since 1957. He served as Chairman of the Board from 1980 until 2006 and as Chief Executive Officer from 1980 to September, 1988, and has been an officer or director of the Company for more than 50 years. He is the father of Karen Seaberg and the father-in-law of Laidacker Seaberg, Karen's husband. The Cray Group believes Mr. Cray's qualifications include his long history with the Company, including more than 50 years of service as an officer or director, his knowledge of the Company, its industries and its personnel and of the importance of restoring a positive corporate culture, and his significant stock ownership, which aligns his interests with those of other Stockholders.

WE STRONGLY URGE YOU TO VOTE FOR THE ELECTION OF JOHN P. BRIDENDALL, M. JEANNINE STRANDJORD AND CLOUD L. CRAY, JR. BY MARKING, SIGNING, DATING AND RETURNING THE [GOLD] PROXY CARD IN THE POSTAGE PAID ENVELOPE OR BY USING THE [GOLD] PROXY CARD TO VOTE BY TELEPHONE OR INTERNET, WHICH, IN EACH CASE, WILL BE SENT TO YOU OR MAY BE ACCOMPLISHED, AFTER WE SEND YOU OUR

DEFINITIVE PROXY STATEMENT. IF YOU HAVE SIGNED THE [GOLD] PROXY CARD AND NO MARKING IS MADE, YOU WILL BE DEEMED TO HAVE GIVEN A DIRECTION TO VOTE ALL THE SHARES REPRESENTED BY THE [GOLD] PROXY CARD FOR THE ELECTION OF M. JEANNINE STRANDJORD, JOHN P. BRIDENDALL AND CLOUD L. CRAY, JR.

OTHER MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

According to MGP's Proxy Statement, MGP is soliciting proxies with respect to two proposals other than the election of directors. Please refer to MGP's Proxy Statement for a detailed discussion of these proposals, including MGP's various arguments in favor of such proposals. These proposals are outlined below. **IF YOU HAVE NOT MARKED THE [GOLD] PROXY CARD BUT HAVE SIGNED IT AND SENT IT TO US AFTER IT IS SENT TO YOU, YOU WILL BE DEEMED TO HAVE GIVEN A DIRECTION TO VOTE ALL OF THE SHARES REPRESENTED BY YOUR [GOLD] PROXY CARD (I) FOR PROPOSAL 2 BELOW AND (II) AGAINST PROPOSAL 3 BELOW. YOU WILL ALSO BE DEEMED TO HAVE GIVEN A DIRECTION TO VOTE ALL OF THE SHARES REPRESENTED BY YOUR [GOLD] PROXY CARD, AFTER IT IS RECEIVED, SIGNED AND SENT TO US, FOR PROPOSALS 4, 5, 6, AND 7 BELOW. YOU WILL BE DEEMED TO HAVE GIVEN AUTHORITY TO THE PERSONS NAMED IN THE ENCLOSED [GOLD] PROXY CARD, AFTER IT IS RECEIVED, SIGNED AND SENT TO US, TO VOTE YOUR SHARES IN THEIR DISCRETION ON ADDITIONAL MATTERS NOT PRESENTLY KNOWN TO THE PARTICIPANTS AS OF THE DATE HEREOF, AS INDICATED ON THE [GOLD] PROXY CARD.**

**PROPOSAL 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

At the Annual Meeting, the Stockholders will be asked to vote to ratify the selection of KPMG LLP as MGP's independent registered public accounting firm. MGP's Board of Directors recommended a vote for this proposal. The Cray Group intends to vote, and recommend that you vote, for this proposal.

**PROPOSAL 3
SAY ON PAY**

As Proposal No. 3 for the 2013 Annual Meeting, the Company's proxy statement asks Stockholders to consider and vote upon the following non-binding resolution concerning the compensation of the Company's named executive officers ("NEOs"), as described in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure, set forth in the Company's 2013 Proxy Statement. This advisory vote on executive compensation is not binding on the Company's Board of Directors; however, we understand from the MGP Proxy Statement that the Board of Directors will take into account the result of the vote when determining future executive compensation arrangements.

We are asking Stockholders to vote AGAINST the following resolution proposed by the Company:

"RESOLVED, that the stockholders of MGP Ingredients, Inc. approve, on an advisory basis, compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Overview, compensation tables and narrative discussion."

We recommend that you vote AGAINST the adoption of the non-binding resolution concerning the compensation of the Company's named executive officers by checking the appropriate box and signing, dating and returning the enclosed [GOLD] proxy card.

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We believe the Company's compensation program with respect to the compensation of the Chief Executive Officer, Mr. Newkirk, does not link his pay with performance as measured by total stockholder returns, operating income or other measures that are truly in the interests of Stockholders. In particular, the Company's short-term incentive plan, pursuant to which Mr. Newkirk received a bonus of \$351,000 for 2012 due to the Company exceeding its "MEP" (for "modified economic profit") target, is not aligned with Stockholder interests. That Mr. Newkirk exceeded his target for performance and received any bonus, let alone one of that magnitude, in a year in which the Company had a loss from operations of \$944,000, according to the Company's Form 10-K for the fiscal year ended December 31, 2012, is simply unacceptable. Moreover, Institutional Shareholder Services, or ISS, reports that the Company's total stockholder return, reflecting price appreciation plus reinvestment of dividends (calculated monthly) and the compounding effect of dividends paid on reinvested dividends, is negative for the three-year period ended December 31, 2012 and for the five-year period ended December 31, 2012. According to ISS, the Company's TSR was -31.51% for the most recent year, -22.89% for the three-year period ended December 31, 2012, and -17.69% for the five-year period ended December 31, 2012. The Company's compensation program for its Chief Executive Officer has not responded to this poor performance.

Additionally, in 2012 John R. Spiers, the Board's chairman and Group A nominee for election at the Annual Meeting, received total fees of \$225,282, according to the Company's proxy statement, including \$165,000 in fees merely for his service as lead director and Chairman of the Board. According to data from the NACD's 2012-2013 Director Compensation Report, Mr. Spier's total compensation was more than 50% higher than the median total compensation for non-executive chairmen at similarly sized public companies. While Mr. Spiers is not a "named executive officer", the Cray Group understands that the rationale justifying his large compensation is his mentoring role with the Chief Executive Officer, Mr. Newkirk. In that sense, a significant portion of Mr. Spiers' compensation is attributable to Mr. Newkirk, which exacerbates the concerns the Cray Group has about the Company's compensation program as it relates to the compensation of the Chief Executive Officer.

WE RECOMMEND A VOTE "AGAINST" THE APPROVAL OF THE NON-BINDING SAY-ON-PAY PROPOSAL AND INTEND TO VOTE OUR SHARES "AGAINST" THIS PROPOSAL.

ADDITIONAL PROPOSALS BY THE CRAY GROUP

In addition to the proposal for electing directors and the two other proposals contained in MGP's proxy statement, the Cray Group is soliciting proxies for four additional proposals that the Cray Group wishes to bring before the Annual Meeting. These four additional proposals are described below and include (i) a precatory proposal asking the Board to adopt an amendment to MGP's articles of incorporation to de-stagger the Board and provide for the annual election of all directors and to permit the immediate removal, with or without cause, of any director, (ii) an amendment to MGP's bylaws to provide for the right of Stockholders holding 10% or more of either MGP's Common Stock or Preferred Stock to call a special meeting, (iii) an amendment to MGP's bylaws to prevent the Board from filling, and to give Stockholders the exclusive right to fill, vacancies on the Board and (iv) the repeal of any provision of or amendments to the Bylaws adopted by the Board without the approval of a majority of the shares of common stock and preferred stock voting thereon after April 3, 2013 and on or before the date of the Annual Meeting. **IF YOU HAVE NOT MARKED THE [GOLD] PROXY CARD BUT HAVE SIGNED IT AND SENT IT TO US AFTER IT IS SENT TO YOU, YOU WILL BE DEEMED TO HAVE GIVEN A DIRECTION TO VOTE ALL OF THE SHARES REPRESENTED BY YOUR [GOLD] PROXY CARD FOR PROPOSALS 4, 5, 6 AND 7 BELOW.**

PROPOSAL 4
ANNUAL ELECTION OF THE BOARD

At the meeting we will ask Stockholders to vote to urge the Company's Board of Directors (i) to approve an amendment to the Company's Articles of Incorporation, substantially in the form of Exhibit 1 attached hereto, to eliminate the classification of the Board of Directors and to provide that any director may be removed with or without cause by the holders of a majority of the voting power required to elect such director, and (ii) to submit such amendment to the Company's Stockholders for approval. The Company's Articles of Incorporation currently divide the Board into three classes, with each member of a class elected for a three-year term and with one-third of directors standing for election each year.

Declassification of the Company's Board of Directors would permit Stockholders to evaluate and register their views on the performance of directors at each annual meeting. Annual elections will make directors more accountable to the Company's Stockholders, which could thereby contribute to improving performance and increasing the Company's value. In recent years many public companies in the United States have eliminated their classified board structures in response to best practices in corporate governance and pressure from stockholders to do so. According to data from FactSet Research Systems, the number of S&P 500 companies with classified boards has declined by more than 60% since 2000, and the average percentage of votes cast in favor of stockholder proposals to declassify the boards of S&P 500 companies during 2011 and 2012 exceeded 75%.

The effect of the amendment we are recommending would be to eliminate the classification of directors and would result in the entire Board being elected each year. The amendment would provide, as permitted by Kansas law, that each director, including directors currently serving, could be removed at any time following the effectiveness of the amendment, with or without cause, by Stockholders holding a majority of the shares entitled to vote in an election for such director.

For the vote seeking approval of a resolution urging the Company's Board of Directors to approve an amendment to the Company's Articles of Incorporation to eliminate the classification of the Board of Directors and to provide that any director may be removed with or without cause, the affirmative vote of the holders of a majority of the shares of Preferred Stock and of the holders of a majority of the shares of Common Stock, present in person or by proxy and entitled to vote at the meeting, is required. Abstentions with respect to this vote will have the same effect as a vote against the proposal. In case of a broker non-vote, your broker may not vote your shares.

WE URGE STOCKHOLDERS TO VOTE "FOR" APPROVAL OF THE RESOLUTION URGING THE BOARD OF DIRECTORS TO APPROVE AN AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO ELIMINATE THE CLASSIFICATION OF THE BOARD AND TO PROVIDE THAT ANY DIRECTOR MAY BE REMOVED WITH OR WITHOUT CAUSE AND TO SUBMIT SUCH AMENDMENT TO THE COMPANY'S STOCKHOLDERS FOR APPROVAL.

PROPOSAL 5
STOCKHOLDER RIGHTS TO CALL SPECIAL MEETINGS

Section 2.2 of the Company's Bylaws currently provides that special meetings of Stockholders may be called only by the Board of Directors, the Chairman of the Board, or the President. The Cray Group recommends to Stockholders for approval an amendment to Section 2.2 of the Bylaws that would permit Stockholders who hold either 10% or more of the Company's common stock or 10% or more of the Company's preferred stock to call a special meeting of Stockholders by written request filed with the Secretary of the Company, provided that such written request is made in accordance with certain procedural and information requirements set forth in the Bylaws (as amended). The complete text of the proposed amendment to Section 2.2 of the Bylaws is attached as Exhibit 2 to this Proxy Statement, which is intended to replace, in its entirety, the current Section 2.2 of the Bylaws.

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The Cray Group believes that the amendment is responsive to the current corporate governance trend to provide an opportunity for Stockholders holding a significant stake in company the right to call a special meeting. The Cray Group has set the threshold at 10% ownership of Common Stock or Preferred Stock to appropriately safeguard the Company against undue disruptions and costs associated with calling of a special meeting, unless Stockholders holding a significant economic interest through such ownership believe that the calling of a special meeting of Stockholders is warranted.

The Bylaw amendments would establish the procedures by which Stockholders may require the Company's Secretary to call a special meeting. The amendments would also impose qualifications designed to prevent duplicative and unnecessary meetings by eliminating proposals that, among other things:

are not proper subjects for stockholder action under applicable law;

are received during the period beginning 90 days prior to the first anniversary of the prior annual meeting of stockholders and ending on the date of the next annual meeting of stockholders; or

are substantially similar to another item that is included in our notice as an item of business to be brought before a stockholder meeting that has been called but not yet held.

The foregoing description of the proposed amendment to the Bylaws is qualified in its entirety by the complete text of the proposed amendment to Section 2.2 of the Bylaws, set forth in Exhibit 2.

For the vote seeking approval of an amendment to Section 2.2 of the Bylaws that would permit Stockholders who hold either 10% or more of the Company's common stock or 10% or more of the Company's preferred stock to call a special meeting by written request filed with the Secretary of the Company, the affirmative vote of the holders of a majority of the outstanding shares of Preferred Stock and of the holders of a majority of the outstanding shares of Common Stock, each voting separately as a class, is required. Abstentions with respect to this vote will have the same effect as a vote against the proposal. In case of a broker non-vote, your broker may not vote your shares.

WE URGE STOCKHOLDERS TO VOTE "FOR" APPROVAL OF AN AMENDMENT TO ARTICLE II OF THE BYLAWS THAT WOULD PERMIT STOCKHOLDERS WHO HOLD EITHER 10% OR MORE OF THE COMPANY'S COMMON STOCK OR 10% OR MORE OF THE COMPANY'S PREFERRED STOCK TO CALL A SPECIAL MEETING BY WRITTEN REQUEST FILED WITH THE SECRETARY OF THE COMPANY.

PROPOSAL 6 STOCKHOLDER RIGHT TO FILL BOARD VACANCIES

Section 3.8 of the Company's Bylaws currently provides vacancies on the Board may be filled only by a majority of the directors then in office. Such vacancies could arise from the death, resignation or removal of a director, an increase in the number of directors, a refusal by an elected director to serve, or failure of Stockholders to elect all directors at a meeting held to elect directors.

Under the Company's Articles of Incorporation, the Board is divided into three classes, with each class composed of one or more Group A directors, who are elected by holders of the Company's common stock voting separately, and one or more Group B directors, who are elected by holders of the Company's preferred stock voting separately. There are four Group A directors and five Group B directors. The Cray Group recommends to Stockholders for approval the amendment of Section 3.8 of the Bylaws to provide that any vacancy in a Group A or Group B director position shall be filled solely by the Company's common stockholders, in the case of Group A directors, or by the Company's preferred stockholders, in the case of Group B directors. The complete text of the proposed

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amendment of Section 3.8 of the Bylaws is attached as Exhibit 3 to this Proxy Statement, which is intended to replace, in its entirety, the current Section 3.8 of the Bylaws.

We believe that the amendment prevents entrenchment on the Board, and promotes accountability to Stockholders.

The amendment would amend Section 3.8 the Bylaws to provide that any vacancy in a Group A or Group B director position shall be filled, within 60 days of the vacancy arising, solely by the Company's common stockholders, in the case of Group A directors, or by the Company's preferred stockholders, in the case of Group B directors.

The foregoing description of the proposed amendment to the Bylaws is qualified in its entirety by the complete text of the proposed amendment of Section 3.8 of the Bylaws, set forth in Exhibit 3.

For the vote seeking approval the amendment and restatement of Section 3.8 the Bylaws to provide that any vacancy in a Group A or Group B director position shall be filled solely by the Company's common stockholders, in the case of Group A directors, or by the Company's preferred stockholders, in the case of Group B directors, the affirmative vote of the holders of a majority of the outstanding shares of Preferred Stock and of the holders of a majority of the outstanding shares of Common Stock is required. Abstentions with respect to this vote will have the same effect as a vote against the proposal. In case of a broker non-vote, your broker may not vote your shares.

WE URGE STOCKHOLDERS TO VOTE "FOR" APPROVAL OF THE AMENDMENT OF SECTION 3.8 OF THE BYLAWS TO PROVIDE THAT ANY VACANCY IN A GROUP A OR GROUP B DIRECTOR POSITION SHALL BE FILLED SOLELY BY THE COMPANY'S COMMON STOCKHOLDERS, IN THE CASE OF GROUP A DIRECTORS, OR BY THE COMPANY'S PREFERRED STOCKHOLDERS, IN THE CASE OF GROUP B DIRECTORS.

PROPOSAL 7

REPEAL OF BYLAW AMENDMENTS BETWEEN RECORD DATE AND THE DATE OF THE ANNUAL MEETING

Pursuant to Article XII of the Company's Articles of Incorporation, the Board is authorized to make, alter or repeal the Bylaws without Stockholder approval. The Cray Group believes that the Stockholders should have the opportunity to amend or repeal any amendments unilaterally adopted by the Board after April 3, 2013, which is the record date for the Annual Meeting, and before the date on which the 2013 Annual Meeting is reconvened.

Adoption of this resolution could have the effect of counteracting any unilateral adoption, alteration or repeal of the Bylaws by the Board that would impede the effectiveness of the proposed election of the Nominees, negatively impact our ability to solicit or obtain proxies from Stockholders, or countermand the will of the Stockholders expressed in those proxies. To the extent that Stockholders support a provision or amendment of the Bylaws unilaterally approved by the Board and that is repealed as a result of this resolution, adoption of this resolution would countermand the will of such Stockholders. Although adoption of this proposal could have the effect of repealing previously undisclosed Bylaw amendments, including those unrelated to the proposed election of the Nominees, without considering the beneficial nature, if any, of such amendments, it would not repeal any such amendments that were approved by the Stockholders.

Proposal 5 and Proposal 6, both of which propose changes to the Bylaws, would not be affected by this Proposal 7, as the proposed Bylaw amendments that are part of Proposal 5 and Proposal 6 are being submitted to the Stockholders for their approval at the 2013 Annual Meeting.

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Proposal 7 provides for the adoption of a resolution of the Stockholders in the following form:

"RESOLVED, that each and any amendment, repeal or alteration of the Bylaws adopted by the Board without the approval of the Company's stockholders subsequent to April 3, 2013 and prior to the approval of this resolution be, and they hereby are, repealed, effective as of the time this resolution is approved by the requisite vote of the Company's stockholders."

For the vote seeking approval of the foregoing resolution, the affirmative vote of the holders of a majority of the shares of Preferred Stock and of the holders of a majority of the shares of Common Stock, present in person or by proxy and entitled to vote at the meeting, is required. Abstentions with respect to this vote will have the same effect as a vote against the proposal. In case of a broker non-vote, your broker may not vote your shares.

WE URGE STOCKHOLDERS TO VOTE "FOR" APPROVAL OF RESOLUTION REPEALING ANY BYLAW AMENDMENTS ADOPTED UNILATERALLY BY THE BOARD BETWEEN THE RECORD DATE AND THE DATE ON WHICH THE ANNUAL MEETING IS RECONVENED.

OTHER PROPOSALS

The Participants know of no other business to be presented at the Annual Meeting. If any other matters should properly come before the Annual Meeting, it is intended that the persons named on the [GOLD] proxy card, which will be provided with or after we send you our Definitive Proxy Statement, will vote that proxy on such other matters in accordance with their discretion.

VOTING PROCEDURES

According to the Bylaws and applicable law, holders of shares of Common Stock and of Preferred Stock, at the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting. Each share of Common Stock and of Preferred Stock outstanding on the Record Date is entitled to one vote on each matter presented at the Annual Meeting unless such vote is specific to holders of Preferred Stock.

According to the Bylaws and applicable law, directors are elected by a plurality of the votes cast by the holders of Common Stock or Preferred Stock, as applicable, at a meeting at which a quorum is present. Plurality means that the individuals who receive the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. Consequently, any shares not voted (whether by abstention, broker non-vote or otherwise) have no impact in the election of directors. A quorum is a majority of the shares for each class of stock issued and outstanding and entitled to vote, present in person or represented by proxy at the Annual Meeting. The shares represented by a proxy marked "withhold" or "abstain" will be considered present at the Annual Meeting for purposes of determining a quorum.

As explained in the detailed instructions on your [GOLD] proxy card, there are four ways you may vote. You may:

1. Sign, date and return the enclosed [GOLD] proxy card in the enclosed postage-paid envelope. We recommend that you vote on the [GOLD] proxy card even if you plan to attend the Annual Meeting;
2. Vote via the Internet by following the voting instructions on the [GOLD] proxy card or the voting instructions provided by your broker, bank or other holder of record. If you submit your vote by Internet, you may incur costs associated with electronic access, such as usage charges from Internet access providers and telephone companies;
3. Vote by telephone by following the voting instructions on the [GOLD] proxy card or the instructions provided by your broker, bank or other holder of record; or

4.

Vote in person by attending the Annual Meeting. Written ballots will be distributed to Stockholders who wish to vote in person at the Annual Meeting. If you hold your Shares through a bank, broker or other custodian, you must obtain a legal proxy from such custodian in order to vote in person at the meeting.

To submit a proxy with voting instructions by telephone please call the toll-free telephone number that will be listed on the [GOLD] proxy card when it is sent to you. Proxies may also be submitted over the Internet. Please refer to the [GOLD] proxy card for the website information. In each case Stockholders will be required to provide the unique control number which has been printed on each Stockholder's [GOLD] proxy card. In addition to the instructions that appear on the [GOLD] proxy card, step-by-step instructions will be provided by a recorded telephone message for those Stockholders submitting proxies by telephone, or at the designated website for those Stockholders submitting proxies over the Internet, in each case after our Definitive Proxy Statement is sent to you. Stockholders submitting their proxies with voting instructions by telephone or over the Internet will receive confirmation on the telephone that their vote by telephone was successfully submitted, and may provide an e-mail address for confirmation that their vote by Internet was successfully submitted.

Whether or not you are able to attend the Annual Meeting, you are urged to vote the [GOLD] proxy and return it in the enclosed self-addressed, prepaid envelope after it is sent to you with or after our Definitive Proxy Statement is sent to you. All valid proxies received prior to the meeting will be voted. If you specify a choice with respect to any item by marking the appropriate box on the proxy, your shares will be voted in accordance with that specification. **IF NO SPECIFICATION IS MADE, YOUR SHARES WILL BE VOTED (I) FOR JOHN BRIDENDALL FOR DIRECTOR; (II) FOR M. JEANNINE STRANDJORD FOR DIRECTOR; (III) FOR CLOUD L. CRAY, JR. FOR DIRECTOR; (IV) FOR THE RATIFICATION OF APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM; (V) AGAINST THE ADVISORY VOTE ON SAY-ON-PAY PROPOSAL; (VI) FOR THE DECLASSIFICATION PROPOSAL; (VII) FOR THE BYLAWS AMENDMENT PROVIDING FOR STOCKHOLDERS RIGHTS TO CALL A SPECIAL MEETING; (VIII) FOR THE BYLAWS AMENDMENT PREVENTING THE BOARD FROM FILLING AND ALLOWING STOCKHOLDERS TO FILL VACANCIES ON THE BOARD; AND (IX) FOR THE REPEAL OF ANY PROVISION OF OR AMENDMENTS TO THE BYLAWS ADOPTED BY THE BOARD WITHOUT THE APPROVAL OF A MAJORITY OF THE SHARES OF COMMON STOCK AND PREFERRED STOCK VOTING THEREON AFTER APRIL 3, 2013 AND ON OR BEFORE THE DATE OF THE ANNUAL MEETING.**

If you have any questions or require any assistance in executing your proxy, please call or e-mail:

D.F. King & Co., Inc.
Stockholders call toll-free: (800) 859-8509
Banks and Brokerage Firms call: (212) 269-5550
E-mail: mgpi@dfking.com

PROXY PROCEDURES

IN ORDER FOR YOUR VIEWS TO BE REPRESENTED AT THE ANNUAL MEETING, PLEASE MARK, SIGN, DATE AND RETURN THE [GOLD] PROXY CARD IN THE POSTAGE-PREPAID ENVELOPE OR USE THE [GOLD] PROXY CARD TO VOTE BY TELEPHONE OR INTERNET, WHICH, IN EACH CASE, WILL BE SENT TO YOU OR MAY BE ACCOMPLISHED AFTER WE SEND YOU OUR DEFINITIVE PROXY STATEMENT.

The [GOLD] proxy card will be voted at the Annual Meeting in accordance with your instructions on such card.

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Only holders of record as of the close of business on the Record Date will be entitled to vote. If you were a Stockholder of record on the Record Date, you will retain your voting rights at the Annual Meeting even if you sell such shares after the Record Date. Accordingly, it is important that you vote the shares held by you on the Record Date, or grant a proxy to vote such shares on the [GOLD] proxy card, even if you sell such shares after the Record Date.

IF YOUR SHARES ARE HELD IN THE NAME OF A BROKERAGE FIRM, BANK, BANK NOMINEE OR OTHER INSTITUTION ON THE RECORD DATE, ONLY IT CAN VOTE SUCH SHARES AND ONLY UPON RECEIPT OF YOUR SPECIFIC INSTRUCTIONS. ACCORDINGLY, AFTER YOU RECEIVE A DEFINITIVE PROXY STATEMENT, PLEASE CONTACT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT AND INSTRUCT THAT PERSON TO EXECUTE ON YOUR BEHALF THE [GOLD] PROXY CARD AS SOON AS POSSIBLE AFTER IT IS SENT TO YOU.

REVOCATION OF PROXIES

After our Definitive Proxy Statement is sent to you, any Stockholders of record may revoke or change his or her proxy instructions at any time prior to the vote at the Annual Meeting by:

submitting a properly executed, subsequently dated [GOLD] proxy card after it is sent to you that will revoke all prior proxy cards, including any proxy cards which you may have submitted to MGP;

instructing the Cray Group by telephone or via the Internet as to how you would like your shares voted (instructions will be on your [GOLD] proxy card when it is sent to you);

attending the Annual Meeting and withdrawing his or her proxy by voting in person (although attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy); or

delivering written notice of revocation either to the Participants c/o D.F. King & Co., Inc., 48 Wall Street 22nd Floor, New York, NY 10005, or the Corporate Secretary of MGP.

Although a revocation is effective if delivered to MGP, the Participants request that either the original or a copy of any revocation be mailed to the Participants c/o D.F. King & Co., Inc., 48 Wall Street, New York, NY 10005, so that the Participants will be aware of all revocations.

IF YOU PREVIOUSLY SIGNED AND RETURNED A PROXY CARD TO MGP, WE URGE YOU TO REVOKE IT BY (1) MARKING, SIGNING, DATING AND RETURNING THE [GOLD] PROXY CARD AFTER IT IS SENT TO YOU, (2) INSTRUCTING US BY TELEPHONE OR VIA THE INTERNET AS TO HOW YOU WOULD LIKE YOUR SHARES VOTED WITH RESPECT TO THE [GOLD] PROXY CARD AFTER WE SEND YOU OUR DEFINITIVE PROXY STATEMENT, (3) ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON OR (4) DELIVERING A WRITTEN NOTICE OF REVOCATION TO THE PARTICIPANTS OR TO THE CORPORATE SECRETARY OF MGP.

COST AND METHOD OF SOLICITATION

Solicitation of proxies shall be made by the Participants.

The Cray Group has retained D.F. King & Co., Inc. ("D.F. King") to conduct the solicitation, for which D.F. King is to receive a fee not to exceed \$35,000, plus reimbursement for its reasonable out-of-pocket expenses. The Cray Group has agreed to indemnify D.F. King against certain liabilities and expenses, including certain liabilities under the federal securities laws. Insofar as indemnification for liabilities arising under the federal securities laws may be permitted to D.F. King pursuant to the foregoing provisions, we understand, that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy and is therefore unenforceable. Proxies may be solicited by mail, courier services, Internet, advertising, telephone or telecopier or in person. It is anticipated that

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D.F. King will employ approximately 20 persons to solicit proxies from MGP Stockholders for the Annual Meeting. The total expenditures in furtherance of, or in connection with, the solicitation of proxies is approximately \$115,000 to date, and is estimated to be approximately \$300,000 in total.

The Cray Group intends to seek reimbursement for the costs and expenses associated with the proxy solicitation in the event that any of the Nominees are elected to the Board of Directors of MGP, and intend to submit the issue of reimbursement to a vote of security holders.

ADDITIONAL INFORMATION

Certain information regarding the securities of MGP held by MGP's directors, management and 5% Stockholders is contained in MGP's Proxy Statement. Information concerning the date by which proposals of security holders intended to be presented at the next annual meeting of Stockholders of MGP must be received by MGP for inclusion in MGP's Proxy Statement and form of proxy for that meeting is also contained in MGP's Proxy Statement. The Participants have omitted from this Proxy Statement certain disclosures required by applicable law that are contained in MGP's Proxy Statement, as may be amended or supplemented by MGP. These disclosures include, among other things, information concerning the compensation of MGP's directors and executive officers and the procedures for submitting proposals for inclusion in the MGP's proxy statement at the next annual meeting. Stockholders should refer to MGP's Proxy Statement in order to review this disclosure. The Participants undertake no responsibility herein for the accuracy or completeness of such information contained in MGP's Proxy Statement or MGP's other public filings.

Date: June [], 2013

KAREN SEABERG
LAIDACKER M. SEABERG
CLOUD L. CRAY, JR.
CRAY FAMILY MANAGEMENT LLC
CRAY MGP HOLDINGS LP
JOHN P. BRIDENDALL
M. JEANNINE STRANDJORD

PRELIMINARY PROXY SUBJECT TO COMPLETION

MGP INGREDIENTS, INC.

ANNUAL MEETING OF STOCKHOLDERS

[]

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Participants Proxy Statement and this proxy card are available at [].

Proxy/Voting Instruction Card

THIS PROXY/VOTING INSTRUCTION CARD IS SOLICITED ON BEHALF OF THE PARTICIPANTS

THE BOARD OF DIRECTORS IS NOT SOLICITING THIS PROXY

PROXY. The undersigned appoints Karen Seaberg and Cloud L. Cray, Jr., or any of them, each with full power to appoint a substitute, proxies to vote, in the manner specified on the reverse hereof, all of the shares of Common Stock and/or Preferred Stock of MGP Ingredients, Inc. held by the undersigned at the Annual Meeting of Stockholders to be held on May 23, 2013, or at any adjournment thereof.

This Proxy is revocable and it shall not be voted if the undersigned is present and voting in person.

IF NO DIRECTION IS GIVEN WHEN THE DULY EXECUTED PROXY IS RETURNED, THE SHARES WILL BE VOTED FOR THE NOMINEES UNDER PROPOSAL 1, FOR PROPOSALS 2, 4, 5, 6 AND 7 AND AGAINST PROPOSAL 3. This proxy will also be voted in accordance with the discretion of the proxy or proxies on any other business.

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The undersigned hereby revoke(s) any other proxy or proxies heretofore given to vote or act with respect to the shares of common stock or preferred stock of the Company held by the undersigned, and hereby ratifies and confirms all action the herein named attorney and proxy, his substitutes, or any of them may lawfully take by virtue hereof. If properly executed, this Proxy will be voted as directed on the reverse and in the discretion of the herein named attorney and proxy or substitutes with respect to any other matters as may properly come before the Annual Meeting that are unknown to the Participants a reasonable time before this solicitation.

The undersigned has received the Participants Proxy Statement.

See reverse for voting instructions.

COMPANY #

**Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

INTERNET [www.]

Use the Internet to vote your proxy until 12:00 p.m. (CT) on [].

PHONE []

Use a touch-tone telephone to vote your proxy until 12:00 p.m. (CT) on [].

MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

Please detach here

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The Cray Group recommends that you vote FOR the nominees listed in Proposal 1.

1. Election of directors for terms expiring in 2016.

☐ Vote FOR all nominees (except as marked) ☐ Vote WITHHELD from all nominees

01 John P. Bridendall

02 M. Jeannine Strandjord*

03 Cloud L. Cray, Jr.*

*M. Jeannine Strandjord and Cloud L. Cray, Jr. are being voted on solely by the holders of the Preferred Stock

(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)

The Cray Group recommends you vote FOR Proposal 2.

2. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ended December 31, 2013. ☐ For ☐ Against ☐ Abstain

The Cray Group recommends you vote AGAINST Proposal 3.

3. To approve, on an advisory basis, the compensation of the Company's named executive officers. ☐ For ☐ Against ☐ Abstain

The Cray Group recommends you vote FOR Proposals 4, 5, 6 and 7.

4. to approve the proposal requesting the Board of Directors to approve an amendment to the Company's Articles of Incorporation to de-stagger the Board and permit any director to be removed with or without cause. ☐ FOR ☐ AGAINST ☐ ABSTAIN

5. To approve proposal to amend the Company's bylaws (Bylaws) to provide a right for Stockholders holding 10% or more of the outstanding common stock or outstanding preferred stock to call a special meeting of Stockholders. ☐ FOR ☐ AGAINST ☐ ABSTAIN

6. Cray Group's proposal to amend the Bylaws to require that any vacancies on the Board be filled only by the Stockholders and not by the Board. ☐ FOR ☐ AGAINST ☐ ABSTAIN

7. To approve the repeal of any provision of or amendments to the Bylaws adopted by the Board without the approval of a majority of the shares of common stock and preferred stock voting thereon after April 3, 2013 and on or before the date of the Annual Meeting. ☐ FOR ☐ AGAINST ☐ ABSTAIN

Please indicate if you plan to attend this meeting. ☐

Date