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Penford Corporation Announces Ethanol Groundbreaking Cedar Rapids Site to Begin Construction

Centennial, CO., November 28, 2006 -- Penford Corporation (Nasdaq: PENX), a global leader in ingredient systems for food and industrial applications, today announced the groundbreaking of its new ethanol production facility. Penford previously announced an investment of \$42 million for approximately 40 million gallons of ethanol production capacity at its Cedar Rapids, Iowa facility. The Company expects the facility to be producing ethanol by the end of 2007.

“On June 28th we announced plans to enter the growing bio-fuels market,” said Tom Malkoski, Penford Corporation President and Chief Executive Officer. “We are progressing as planned and project milestones have been obtained. We have contracted with three industry-leading firms for the design, engineering and construction to help assure that the process and cost profile will be optimal for the site. Bid packages for the longer ‘lead-time’ items have been issued. We have received requisite permits for construction, and water and air emissions. Full project funding was obtained on October 5th through a \$145 million credit facility with several leading commercial banks. The credit agreement expanded our available credit by \$40 million to finance the construction of the ethanol facility, and to continue to support growth in our food businesses.”

“Obtaining the air permit was a significant achievement for Penford,” stated Tim Kortemeyer, President of Penford Products Company. “The permit allows the Cedar Rapids facility to increase grind capacity by 30% over historical levels. The ethanol facility is being designed to efficiently produce between 25 and 45 million gallons of ethanol per year. The increase in grind rate, along with the range of ethanol production, should allow for flexibility in the product mix of industrial starch and ethanol based upon market conditions and customer needs.”

“Additionally, we believe the fermentation platform will extend the potential of our Cedar Rapids bio-processing asset by expanding our range of starch modification reactions and by opening up opportunities for high value added industrial chemicals over the next several years,” Malkoski added.

Penford Corporation develops, manufactures and markets specialty natural-based ingredient systems for various applications, including papermaking, textiles and food products. Penford has nine locations in the United States, Australia and New Zealand.

The statements contained in this release that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as “believes,” “may,” “will,” “looks,” “should,” “could,” “anticipates,” “expects,” or comparable terminology or by discussions of strategies or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly affect expected results. Actual future results could differ materially from those described in such forward-looking

statements, and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that could cause actual results to differ materially are the risks and uncertainties discussed in this release, and those described from time to time in filings with the Securities and Exchange Commission which include, but are not limited to, competition; the possibility of interruption of business activities due to equipment problems, accidents, strikes, weather or other factors; product development risk; changes in corn and other raw material prices and availability; changes in general economic conditions or developments with respect to specific industries or customers affecting demand for the Company's products including unfavorable shifts in product mix; unanticipated costs, expenses or third party claims; the risk that results may be affected by construction delays, cost overruns, technical difficulties, nonperformance by contractors or changes in capital improvement project requirements or specifications; interest rate and energy cost volatility; foreign currency exchange rate fluctuations; changes in assumptions used for determining employee benefit expense and obligations; or other unforeseen developments in the industries in which Penford operates.

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