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Penford Resumes Starch Production in Cedar Rapids

CEDAR RAPIDS, IA, August 26, 2008 – Penford Corporation (Nasdaq: PENX) announced today that its principal subsidiary, Penford Products Co., has begun manufacturing industrial starch at its Cedar Rapids, Iowa facility. The plant, which produces industrial and food starch as well as ethanol, was shut down following the record flooding of the Cedar River that occurred in mid-June of this year.

Tim Kortemeyer, President of Penford’s Industrial Ingredients business, said, “Substantial progress in our phased restoration of the plant has been made. We have commenced grinding corn and operating conversion processes to manufacture all of our industrial modified starch products. We are working with customers to fulfill their supply chain requirements and are ramping up to match our capacity with demand. Further, we currently expect to be able to resume the production of ethanol during the second half of September.”

Tom Malkoski, Penford’s President and Chief Executive Officer, noted that, “The re-start of our largest plant is positive news for our employees, the community of Cedar Rapids, customers, and investors. The extraordinary effort by our employees, contractors and service providers has made it possible to reach this milestone. I want to thank all of our supporters for their commitment to the full recovery of our business.”

About Penford Corporation

Penford Corporation develops, manufactures and markets specialty natural-based ingredient systems for food and industrial applications. Penford has nine locations in the United States, Australia and New Zealand. The Cedar Rapids facility is the Company’s largest manufacturing plant.

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 does not intend 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 other filings made by the Company 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; expectations regarding the ethanol facility; 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, chemical and energy cost volatility; foreign currency exchange rate fluctuations; changes in assumptions used for determining employee benefit expense and obligations; other unforeseen developments in the industries in which Penford operates; and other factors described in the "Risk Factors" section in reports filed by the Company with the Securities and Exchange Commission.