



Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2008	2007
Net sales	\$ 161,535	\$ 99,242
Cost of goods sold	145,877	83,901
Gross profit	15,658	15,341
Selling, general and administrative expenses	9,865	9,502
Goodwill impairment	87,047	--
Income (loss) from operations	(81,254)	5,839
Other income (expense), net	(2,300)	75
Income (loss) before noncontrolling interest in variable interest entity	(83,554)	5,914
Noncontrolling interest in variable interest entity	48,403	(2,939)
Net income (loss)	<u>\$ (35,151)</u>	<u>\$ 2,975</u>
Preferred stock dividends	<u>\$ (1,101)</u>	<u>\$ (1,050)</u>
Income (loss) available to common stockholders	<u>\$ (36,252)</u>	<u>\$ 1,925</u>
Net income (loss) per share, basic and diluted	<u>\$ (0.90)</u>	<u>\$ 0.05</u>
Weighted-average shares outstanding, basic	<u>40,088</u>	<u>39,672</u>
Weighted-average shares outstanding, diluted	<u>40,088</u>	<u>40,122</u>



Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

<u>ASSETS</u>	March 31, 2008	December 31, 2007
	(unaudited)	*
Current Assets:		
Cash and cash equivalents	\$ 21,071	\$ 5,707
Investments in marketable securities	15,435	19,353
Accounts receivable, net	28,011	28,034
Restricted cash	14,672	780
Inventories	21,355	18,540
Prepaid expenses	1,079	1,498
Prepaid inventory	4,514	3,038
Derivative instruments	151	1,613
Other current assets	4,870	3,630
Total current assets	111,158	82,193
Property and equipment, net	531,028	468,704
Other Assets:		
Goodwill	--	88,168
Intangible assets, net	6,103	6,324
Other assets	9,356	6,211
Total other assets	15,459	100,703
Total Assets	\$ 657,645	\$ 651,600

* Amounts derived from the audited financial statements for the year ended December 31, 2007.



Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(in thousands, except par value)

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	March 31, 2008 (unaudited)	December 31, 2007 *
Current Liabilities:		
Accounts payable – trade	\$ 19,745	\$ 22,641
Accrued liabilities	6,549	5,570
Accounts payable and accrued liabilities – construction-related	58,757	55,203
Contract retentions	2,621	5,358
Other liabilities – related parties	--	900
Current portion – notes payable	53,654	17,315
Short-term note payable	4,500	6,000
Derivative instruments	18,382	10,353
Other current liabilities	4,011	2,956
Total current liabilities	168,219	126,296
Notes payable, net of current portion	151,346	144,971
Other liabilities	2,888	1,965
Total Liabilities	322,453	273,232
Commitments and Contingencies		
Noncontrolling interest in variable interest entity	49,348	96,082
Stockholders' Equity:		
Preferred stock, \$0.001 par value; 10,000 shares authorized; Series A: 5,316 shares issued and outstanding as of March 31, 2008 and December 31, 2007		
Series B: 2,051 and 0 shares issued and outstanding as of March 31, 2008 and December 31, 2007, respectively	7	5
Common stock, \$0.001 par value; 100,000 shares authorized; 40,622 and 40,606 shares issued and outstanding as of March 31, 2008 and December 31, 2007, respectively	41	41
Additional paid-in capital	443,289	402,932
Accumulated other comprehensive loss	(2,932)	(2,383)
Accumulated deficit	(154,561)	(118,309)
Total stockholders' equity	285,844	282,286
Total Liabilities and Stockholders' Equity	\$ 657,645	\$ 651,600

* Amounts derived from the audited financial statements for the year ended December 31, 2007.



Pacific Ethanol, Inc.

Reconciliation of EBITDA to Net Income (Loss)

<u>(In thousands) (Unaudited)</u>	<u>Three Months Ended March 31,</u>	
	<u>2008</u>	<u>2007</u>
Net income (loss)	\$ (35,151)	\$ 2,975
Adjustments:		
Interest expense*	5,206	815
Interest income*	(125)	(1,673)
Income taxes	--	--
Goodwill impairment	38,636	--
Depreciation and amortization expense*	<u>3,871</u>	<u>2,684</u>
Total adjustments	47,588	1,826
EBITDA	<u>\$ 12,437</u>	<u>\$ 4,801</u>

* adjusted for noncontrolling interest.

Commodity Price Performance

<u>(Unaudited)</u>	<u>Three Months Ended March 31,</u>	
	<u>2008</u>	<u>2007</u>
Ethanol sales (million gallons)	59.2	37.5
Ethanol sales price per gallon	\$ 2.30	\$ 2.34
Delivered corn cost per bushel	\$ 5.33	\$ 3.69
Average basis	<u>0.77</u>	<u>0.59</u>
Corn cost – CBOT equivalent	\$ 4.56	\$ 3.10
Co-product return % (1)	26.4%	30.9%
Production commodity margin per gallon (2)	\$ 0.91	\$ 1.43

(1) Co-product revenue as a percentage of delivered cost of corn

(2) Ethanol sales price per gallon less net cost of corn (delivered cost of corn less co-product revenue)



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