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Pacific Ethanol, Inc.

**FOR IMMEDIATE RELEASE**

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**FORBEARANCE AGREEMENTS EXTENDED WITH LENDERS;  
COMPANY FILES ANNUAL REPORT ON FORM 10-K**

**Sacramento, CA, March 31, 2009 – Pacific Ethanol, Inc. (NASDAQ GM: PEIX)**, announced today that the forbearance agreements with its lenders have been extended as the Company continues attempts to negotiate new loan terms. These agreements provide that the Company's lenders will refrain from exercising their rights and remedies through April 30, 2009, in respect of certain loan covenant defaults. Negotiations are ongoing with the Company's lenders, namely Wachovia Capital Finance Corporation (Western), with respect to its operating line of credit for Kinergy Marketing, WestLB AG and the other lenders under the Credit Agreement dated February 27, 2007 with respect to its term loans and working capital lines of credit for its wholly-owned ethanol production facilities, and Lyles United, LLC and its affiliate Lyles Mechanical Co., with respect to other outstanding loans.

In connection with the extension of the forbearance agreements, the Company received unsecured loans totaling \$2 million from its Chairman, William L. Jones, and CEO, Neil M. Koehler.

The Company intends to file a Current Report on Form 8-K with the Securities and Exchange Commission describing the forbearance agreements and loans in greater detail.

The Company has also filed its Annual Report on Form 10-K for the year ended December 31, 2008. The summary financial statements are shown below.



Pacific Ethanol, Inc.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
Net sales	\$ 160,437	\$ 130,390	\$ 703,926	\$ 461,513
Cost of goods sold	189,658	128,712	737,331	428,614
Gross profit (loss)	(29,221)	1,678	(33,405)	32,899
Selling, general and administrative expenses	7,521	7,080	31,796	30,822
Impairment of goodwill	—	—	87,047	—
Impairment of asset group	—	—	40,900	—
Income (loss) from operations	(36,742)	(5,402)	(193,148)	2,077
Other expense, net	(1,884)	(7,111)	(6,068)	(6,801)
Loss before noncontrolling interest in variable interest entity	(38,626)	(12,513)	(199,216)	(4,724)
Noncontrolling interest in variable interest entity	4,730	(2,176)	52,669	(9,676)
Net loss before provision for income taxes	(33,896)	(14,689)	(146,547)	(14,400)
Provision for income taxes	—	—	—	—
Net loss	<u>\$ (33,896)</u>	<u>\$ (14,689)</u>	<u>\$ (146,547)</u>	<u>\$ (14,400)</u>
Preferred stock dividends	<u>\$ (808)</u>	<u>\$ (1,050)</u>	<u>\$ (4,104)</u>	<u>\$ (4,200)</u>
Deemed dividend on preferred stock	<u>\$ —</u>	<u>\$ (28)</u>	<u>\$ (761)</u>	<u>\$ (28)</u>
Loss available to common stockholders	<u>\$ (34,704)</u>	<u>\$ (15,767)</u>	<u>\$ (151,412)</u>	<u>\$ (18,628)</u>
Net loss per share, basic and diluted	<u>\$ (0.61)</u>	<u>\$ (0.39)</u>	<u>\$ (3.02)</u>	<u>\$ (0.47)</u>
Weighted-average shares outstanding, basic and diluted	<u>56,984</u>	<u>40,079</u>	<u>50,147</u>	<u>39,895</u>



Pacific Ethanol, Inc.

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

<u>ASSETS</u>	December 31, 2008	December 31, 2007
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 11,466	\$ 5,707
Investments in marketable securities	7,780	19,353
Accounts receivable, net	23,823	28,034
Restricted cash	2,520	780
Inventories	18,408	18,540
Prepaid expenses	2,279	1,498
Prepaid inventory	2,016	3,038
Derivative instruments	7	1,613
Other current assets	3,592	3,630
Total current assets	<u>71,891</u>	<u>82,193</u>
Property and equipment, net	<u>530,037</u>	<u>468,704</u>
<b>Other Assets:</b>		
Goodwill	--	88,168
Intangible assets, net	5,630	6,324
Other assets	9,276	6,211
Total other assets	<u>14,906</u>	<u>100,703</u>
<b>Total Assets</b>	<u>\$ 616,834</u>	<u>\$ 651,600</u>



Pacific Ethanol, Inc.

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

<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>	December 31, 2008	December 31, 2007
<b>Current Liabilities:</b>		
Accounts payable – trade	\$ 14,034	\$ 22,641
Accrued liabilities	12,335	8,526
Accounts payable and accrued liabilities – construction-related	20,198	55,203
Contract retentions	106	5,358
Other liabilities – related parties	608	900
Current portion – notes payable	305,420	11,098
Short-term note payable	--	6,000
Derivative instruments	7,503	10,353
Total current liabilities	360,204	120,079
Notes payable, net of current portion	937	151,188
Other liabilities	3,497	1,965
<b>Total Liabilities</b>	364,638	273,232
Commitments and Contingencies		
Noncontrolling interest in variable interest entity	42,823	96,082
<b>Stockholders' Equity:</b>		
Preferred stock, \$0.001 par value; 10,000 shares authorized; Series A: 0 and 5,316 shares issued and outstanding as of December 31, 2008 and 2007, respectively		
Series B: 2,346 and 0 shares issued and outstanding as of December 31, 2008 and 2007, respectively	2	5
Common stock, \$0.001 par value; 100,000 shares authorized; 57,750 and 40,606 shares issued and outstanding as of December 31, 2008 and 2007, respectively	58	41
Additional paid-in capital	479,034	402,932
Accumulated other comprehensive loss	--	(2,383)
Accumulated deficit	(269,721)	(118,309)
Total stockholders' equity	209,373	282,286
<b>Total Liabilities and Stockholders' Equity</b>	\$ 616,834	\$ 651,600



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Pacific Ethanol, Inc.

### **About Pacific Ethanol, Inc.**

Pacific Ethanol is the largest West Coast-based marketer and producer of ethanol. Pacific Ethanol has ethanol plants in Madera and Stockton, California; Boardman, Oregon; and Burley, Idaho. Pacific Ethanol also owns a 42% interest in Front Range Energy, LLC which owns an ethanol plant in Windsor, Colorado. Central to Pacific Ethanol's growth strategy is its destination business model, whereby each respective ethanol plant achieves lower process and transportation costs by servicing local markets for both fuel and feed. Pacific Ethanol has achieved its goal of 220 million gallons per year of ethanol production capacity in 2008. In addition, Pacific Ethanol is working to identify and develop other renewable fuel technologies, such as cellulose-based ethanol production and bio-diesel.

### **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995**

With the exception of historical information, the matters discussed in this press release are forward-looking statements that involve a number of risks and uncertainties. The actual future results of Pacific Ethanol could differ from those statements. Factors that could cause or contribute to such differences include, but are not limited to, the ability of Pacific Ethanol to obtain additional debt or equity financing, including additional working capital financing, and the ability of Pacific Ethanol to reschedule or restructure its indebtedness; the ability of Pacific Ethanol to successfully capitalize on its internal growth initiatives; the ability of Pacific Ethanol to operate its plants at their planned production capacities; the price of ethanol relative to the price of corn and other production inputs; the price of ethanol relative to the price of gasoline; and the factors contained in the "Risk Factors" section of Pacific Ethanol's Form 10-K filed with the Securities and Exchange Commission on March 31, 2009.

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