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Pacific Ethanol, Inc.

**FOR IMMEDIATE RELEASE**

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**Pacific Ethanol, Inc. Signs Definitive Agreement for \$84 Million  
Investment By Cascade Investment, L.L.C.**

**Funds Earmarked for Construction of Ethanol Plants on the West Coast**

Fresno, California, November 15, 2005, **Pacific Ethanol, Inc. (Nasdaq: PEIX)** announced today that it has signed a definitive agreement with Cascade Investment, L.L.C. to sell 5,250,000 shares of Series A Cumulative Redeemable Convertible Preferred Stock, which will result in gross proceeds of \$84 million. The shares of preferred stock will be convertible into shares of common stock at an initial conversion ratio of two shares of common stock for each share of preferred stock which, if converted immediately, would result in the issuance of 10,500,000 shares of common stock at an effective price of \$8.00 per share.

The financing is subject to a number of conditions, including satisfactory completion of the debt financing of Pacific Ethanol's Madera plant, prior stockholder approval and Hart-Scott-Rodino clearance. Pacific Ethanol expects to seek stockholder approval of the financing at its annual meeting of stockholders on December 30, 2005. Assuming all approvals are obtained, Pacific Ethanol expects to close the financing in January 2006.

The proceeds from the financing will be used by Pacific Ethanol to pay a portion of the costs of construction of its ethanol plants on the West Coast. The contemplated sites are in

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addition to Pacific Ethanol's plant in Madera County, California, currently under construction. Pacific Ethanol has announced plans to build five ethanol plants in the Western United States with an expected combined installed annual ethanol capacity of at least 200 million gallons.

Bill Jones, Pacific Ethanol's Chairman, stated, "This investment represents a fundamental building block for our company as we pursue our business plan. We are pleased to have gained the confidence of such a respected investment firm as Cascade Investment."

Neil Koehler, Pacific Ethanol's President and Chief Executive Officer, stated, "Our mission is to be the leader in renewable fuels in the Western United States. This investment gives us the equity commitment required to quickly implement our plan to build out our first five ethanol plants. We are excited about the prospect of a long term partnership with Cascade Investment as we bring new supplies of valuable domestic renewable fuels to the energy market."

Based in Kirkland, Washington, Cascade Investment, L.L.C. is owned by William H. Gates III, chairman of Microsoft Corp.



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About Pacific Ethanol, Inc.

The primary goal of Pacific Ethanol, Inc. is to become the leader in the development, production and marketing of renewable fuels in the Western United States. Established in 2003, Pacific Ethanol is constructing its first large scale ethanol production facility in Madera County, California, and is developing four additional plants on the West Coast. Kinergy Marketing, LLC, a wholly owned subsidiary of Pacific Ethanol, is the largest West Coast based marketer of ethanol. 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 successfully complete the financing with Cascade Investment, L.L.C.; the ability of Pacific Ethanol to obtain all necessary debt financing to complete construction of its planned ethanol production facilities and, assuming all such funding is obtained, the ability of Pacific Ethanol to successfully complete construction of the facilities; the ability of Pacific Ethanol to successfully capitalize on its internal growth initiatives; the price of ethanol relative to the price of gasoline; and those factors contained in the “Risk Factors” section of Pacific Ethanol’s Form 10-QSB for the quarterly period ended September 30, 2005.

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