



Pacific Ethanol, Inc.

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**PACIFIC ETHANOL, INC. PROVIDES UPDATE
ON ITS SENIOR CONVERTIBLE NOTES**

Sacramento, CA, September 2, 2011 – Pacific Ethanol, Inc. (NASDAQ: PEIX), the leading marketer and producer of low-carbon renewable fuels in the Western United States, provided an update on its senior convertible notes.

The principal balance of the notes have declined at rates faster than anticipated under the scheduled repayment terms. The aggregate unpaid principal balance of the notes, originally \$35.0 million as of October 6, 2010, has declined from \$20.3 million as of June 30, 2011 to \$10.5 million as of September 1, 2011. To date, a total of \$24.2 million in principal has been converted into 28.7 million common shares, at an average conversion price of \$0.84 per share.

As previously announced, Pacific Ethanol elected to make its September 1, 2011 installment payment in cash. As a result of additional voluntary conversions by certain note holders, the September payment was reduced from \$2.4 million to \$400,000. In addition, on September 1, 2011, Pacific Ethanol elected to make its October 3, 2011 installment payment in cash, which is currently estimated to be \$2.2 million. As of September 1, 2011, Pacific Ethanol had approximately 44.1 million common shares outstanding.



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About Pacific Ethanol, Inc.

Pacific Ethanol, Inc. (NASDAQ: PEIX) is the leading marketer and producer of low-carbon renewable fuels in the Western United States. Pacific Ethanol also sells co-products, including wet distillers grain (WDG), a nutritional animal feed. Serving integrated oil companies and gasoline marketers who blend ethanol into gasoline, Pacific Ethanol provides transportation, storage and delivery of ethanol through third-party service providers in the Western United States, primarily in California, Nevada, Arizona, Oregon, Colorado, Idaho and Washington. Pacific Ethanol has a 20% ownership interest in New PE Holdco LLC, the owner of four ethanol production facilities. Pacific Ethanol operates and manages the four ethanol production facilities, which have a combined annual production capacity of 200 million gallons. The facilities in operation are located in Boardman, Oregon, Burley, Idaho and Stockton, California, and one idled facility is located in Madera, California. The facilities are near their respective fuel and feed customers, offering significant timing, transportation cost and logistical advantages. Pacific Ethanol's subsidiary, Kinergy Marketing LLC, markets ethanol from Pacific Ethanol's managed plants and from other third-party production facilities, and another subsidiary, Pacific Ag. Products, LLC, markets WDG. For more information please visit www.pacificethanol.net.

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 including, without limitation, the ability of Pacific Ethanol to continue as the leading marketer and producer of low-carbon renewable fuels in the Western United States are forward-looking statements and considerations that involve a number of risks and uncertainties. The actual future results of Pacific Ethanol could differ from those statements. Pacific Ethanol refers you to the "Risk Factors" section contained in its most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2011 and in its most recent Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 11, 2011.

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