



---

Pacific Ethanol, Inc.

**FOR IMMEDIATE RELEASE**

**INVESTOR RELATIONS:**

916-403-2755

866-508-4969

[InvestorRelations@pacificethanol.net](mailto:InvestorRelations@pacificethanol.net)

**MEDIA CONTACT:**

Paul Koehler, Pacific Ethanol, Inc.

503-235-8241

[paulk@pacificethanol.net](mailto:paulk@pacificethanol.net)

**ETHANOL PRODUCTION SUBSIDIARIES  
EXIT BANKRUPTCY**

**Sacramento, CA, June 29, 2010 – Pacific Ethanol, Inc. (the “Company”) (NASDAQ CM: PEIX)**, the leading West Coast marketer and producer of low carbon renewable fuels, announced the emergence from bankruptcy of Pacific Ethanol Holding Co. LLC (“PEH”) and PEH’s four wholly-owned ethanol production facility subsidiaries (the “Plant Subsidiaries”), effective today, June 29, 2010.

The Plant Subsidiaries, which are now owned by a newly formed holding company (“New PEHC”), will continue to be staffed, managed and operated by the Company under a fee and profit-sharing arrangement negotiated with the owners of New PEHC. In addition, the Company, through its marketing subsidiary Kinergy Marketing, will continue to market ethanol for the Plant Subsidiaries.

The Company has eliminated approximately \$290 million in debt and other liabilities from its balance sheet. The bankruptcy did not affect the Company’s ownership structure and the Company continues to be owned by its existing common and preferred stockholders.

The Company has an exclusive option to purchase up to a 25% equity interest in New PEHC for up to \$30 million in cash, which is exercisable for a period of 90 days from today.

“Thanks to the dedicated work of our employees and the cooperation of our lenders we have achieved this important and positive outcome,” said Neil Koehler, the Company’s President and Chief Executive Officer. “We believe that our business is well positioned for growth. With the California plants capable of producing the lowest carbon ethanol in the United States, we are now focused on a plan to restart these facilities to provide much needed ethanol to meet California’s Low Carbon Fuel Standard.”

Additional information concerning the Plan of Reorganization of PEH and the Plant Subsidiaries will be reported on Form 8-K, to be filed with the Securities and Exchange Commission.



---

Pacific Ethanol, Inc.

**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 continue as the leading marketer and producer of low carbon renewable fuels in the Western United States; sustained improvement in market conditions for producing ethanol; the ability of the two idled Plant Subsidiaries to resume operations; the ability of Pacific Ethanol to reschedule, restructure or otherwise satisfy its remaining indebtedness; the ability of Pacific Ethanol to raise sufficient debt or equity financing, or both, to fund the exercise of its option to purchase an equity interest in New PEHC and for working capital purposes; the accounting effects of the bankruptcy of PEH and the Plant Subsidiaries; 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, 2010.

#####