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Pacific Ethanol, Inc.

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## **PACIFIC ETHANOL, INC. SIGNS OPERATIONS AND MAINTENANCE AGREEMENT WITH ZEACHEM**

**Sacramento, CA, October 20, 2011 – Pacific Ethanol, Inc. (NASDAQ: PEIX)**, the leading marketer and producer of low-carbon renewable fuels in the Western United States, entered into an agreement with Pacific Ethanol Management Services, Corp. (“Pacific Services”) a wholly-owned subsidiary of Pacific Ethanol, Inc. and ZeaChem Inc. (“ZeaChem”), to provide operations, maintenance and accounting services for ZeaChem’s 250,000 gallon per year cellulosic integrated biorefinery in Boardman, Oregon. ZeaChem is a developer of biorefineries for the conversion of renewable biomass into sustainable fuels and chemicals.

Neil Koehler, Pacific Ethanol’s president and CEO, stated: “This agreement reflects the value of our diversified business model as we extend our asset management expertise beyond the four Pacific Ethanol plants to provide plant operating and maintenance services to ZeaChem. We are well positioned to leverage our extensive knowledge of low-carbon renewable fuel production to operate and maintain ZeaChem’s advanced cellulosic biorefinery. ”

Under the terms of the agreement, Pacific Services will provide operating services for ZeaChem’s 250,000 gallon per year cellulosic integrated biorefinery, which is adjacent to Pacific Ethanol’s Columbia plant, starting in the fourth quarter of 2011.



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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](http://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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