

## **Pacific Ethanol, Inc. signs Letters of Intent to acquire Kinergy Marketing, LLC. and Re-Energy, LLC.**

- For Immediate Release: February 15, 2003
- Contact: Ryan Turner: 559.994.9022

### **PEI moves to acquire fast growing ethanol marketing firm and locks up it location for second site.**

Pacific Ethanol, Inc., a private company based in Fresno, California announced today that it has signed an LOI to acquire Kinergy Marketing, LLC and Re-Energy, LLC. Both companies will fold into Pacific Ethanol upon commencement of construction of PEI's first ethanol facility in Madera, CA. Kinergy Marketing had over \$15 million in profitable revenues in 2002 and is on pace to exceed \$35 million in 2003. The rapid growth of the company evidences Kinergy's strong position to take advantage of the increase of ethanol use in California.

Kinergy Marketing currently buys most of its supply of ethanol from Midwest suppliers but is positioning the company to add ethanol produced within the state. Kinergy has led the way in supplying ethanol to rural markets, such as Fresno, where ethanol must be double handled and trucked from mega rail terminals in northern and southern California. Kinergy is on track to have more than the 75% of the Fresno area market share by the end of the year. The Fresno distribution rack is only 10 miles from the site of the proposed Madera plant.

Neil Koehler, founder of Kinergy Marketing, will be stepping on as CEO of Pacific Ethanol. Neil has almost 30 years experience in production, marketing and public policy in the ethanol industry. PEI Chairman Bill Jones says, "Neil Koehler is a seasoned ethanol industry leader that will bring tremendous depth to our growing company. Kinergy Marketing is poised to continue to grow in the future and the combining of our efforts will provide infinite synergies as we work to build our company into a strong renewable fuels leader."



Pacific Ethanol, Inc.



Latest Stock Quote

- **Symbol:** PEIX
- **Last Trade:** 9.11
- **Trade Time:** 3:59pm

Re-Energy, LLC was formed by a diverse group to develop an ethanol production facility in Visalia, CA, 60 miles south of Madera. Re-Energy has completed a feasibility study, permitting applications, and has an option on a 100 acre site. The acquisition of Re-Energy poises PEI for rapid expansion of the business. Chief Operating Officer Ryan Turner says, "the Visalia property is the ideal location for our second plant. It has great highway and rail access, it sits adjacent to a water treatment plant, and is the ideal separation between the first two production facilities for PEI. This acquisition gives us the necessary momentum to be the dominant ethanol supplier in the state."

#### **Ethanol Facts:**

Ethanol use in California has increased from 50 million gallons per year in 2002 to over 700 million gallons in 2003 due to the State's ban on MTBE. However, California currently produces only 8 million gallons per year and imports the rest from the Midwest via rail.

- **Trade Date:**  
11/9/2005
- **Change:** 0.00
- **High:** N/A
- **Low:** N/A

Ethanol, a renewable fuel, reduces carbon dioxide (greenhouse gases) by over 35% compared to gasoline. If all the gasoline in California were blended with ten percent ethanol today, the state would reduce CO2 emissions by 6.4 million tons per year compared to straight gasoline.

Ethanol has been on average 30 cents per gallon less expensive than gasoline over the last three years, helping to lower prices to end consumers. In addition, ethanol use decreases the nation's dependence on foreign oil by substituting a locally grown, renewable fuel for imported oil.

A typical ethanol facility will:

- Expand the economic base of a community by \$110 million
- Support the creation of as many as 694 new jobs
- Employ over 30 direct jobs
- Create over \$140 million dollars in a onetime boost to the economy

**What others are saying about the California ethanol opportunity:**

*Fred Keeley, Former Speaker Pro Tem, Executive Director, Planning and Conservation League: "Renewable fuels such as ethanol have the potential to further reduce petroleum use and to help reduce the greenhouse gas reductions required by AB 1493."*

*Bill Pauli, Executive Director, California Farm Bureau Federation: "Ethanol will bring both large environmental and economic benefits not only to our state's agriculture sector but also to the whole state."*

*Bill Jones, Former Chairman (PEI): "As a farmer and politician, I've followed the ethanol issue for many years and have always thought that California – the largest agricultural state in the nation – ought to take advantage of the ethanol opportunity. It just makes good common sense. Let's grow our own fuel – create economic development, provide markets for farm goods, help alleviate our dependence on foreign oil and help on some environmental issues such as air quality improvement and CO2 reduction."*

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