



Pacific Ethanol, Inc.

FOR IMMEDIATE RELEASE

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PACIFIC ETHANOL ACQUIRES 42% OF FRONT RANGE ENERGY, LLC AND EXTENDS MARKETING CONTRACT

Transaction is Accretive to Earnings

October 17, 2006 Fresno, CA – Pacific Ethanol, Inc. (NASDAQ:PEIX) today announced the acquisition from Eagle Energy, LLC of a 42% minority interest in Front Range Energy, LLC (“Front Range”), the owner of a 40 million gallon nameplate ethanol plant located in Windsor, Colorado.

The ICM-designed Front Range facility is currently running at an annual production rate of 47 million gallons. The plant began full production in June, 2006.

Pacific Ethanol purchased 10,095 Class B Voting Units, representing a 42% interest in Front Range, in exchange for \$30 million in cash, 2,081,888 shares of Pacific Ethanol common stock, and a warrant to purchase up to 693,963 shares of common stock at any time before October 17, 2007 at an exercise price of \$14.41 per share. The number of shares issued to the seller was calculated to have a value of \$30 million, based on the average of the closing prices of Pacific Ethanol’s common stock for the 10 trading days preceding the closing, and has a value as of closing of \$35,975,000 based on today’s closing price of \$17.28. The exercise price of the warrant was based on the average of the closing prices of Pacific Ethanol’s common stock for the 10 trading days preceding the closing. The securities sold in this private placement have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States in the absence of an effective registration statement or exemption from registration requirements. Pacific Ethanol has agreed to file a resale registration statement on Form S-3 within 10 days after the



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closing of the transaction for the purpose of registering the resale of the shares of common stock issued at the closing and the shares of common stock underlying the warrant.

Pacific Ethanol and Front Range already have a significant relationship, announced upon the completion of Front Range's plant in June, 2006, pursuant to which Pacific Ethanol markets all of the output of the plant (fuel ethanol and wet distillers grain), procures the corn feedstock, and manages plant operations. As a part of Pacific Ethanol's purchase of an ownership stake in Front Range, the parties have extended the term of the ethanol marketing agreement until June 9, 2013.

Neil Koehler, President and CEO of Pacific Ethanol stated, "This transaction is immediately accretive to earnings and accelerates our goal to be the leading ethanol producer in the western US. Our acquisition of a stake in Front Range in effect adds approximately 20 million gallons to our annual operating production capacity. This represents a significant step in achieving our stated annual production capacity targets of 220 million gallons by the middle of 2008 and 420 million gallons by the end of 2010. This agreement further cements our close working relationship with Front Range Energy. And finally, as this plant supplies local markets for both fuel and feed, obviating the need to ship our product long distances, it is also a perfect fit with Pacific Ethanol's low cost destination business model."

Front Range Energy's majority owner, Dan Sanders, said, "We are delighted to have Pacific Ethanol as a partner in this operation, given our existing relationship and their proven expertise in the production and marketing of ethanol and feed products in the western US. Pacific Ethanol's ownership in our company also strengthens our position as we evaluate a potential expansion of the Windsor plant and other new production opportunities."

About Pacific Ethanol, Inc.

Pacific Ethanol has an ethanol plant in Madera County, California which has recently been completed and is undergoing startup, and a second plant under construction in Boardman, Oregon. Pacific Ethanol's goal is to become the leading producer and marketer of renewable fuels in the western US. Central to its growth strategy is its destination business model, whereby each respective ethanol plant achieves lower process and transportation costs by servicing local markets for both fuel and feed. In May 2006, Pacific Ethanol completed an



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equity funding of \$138 million which provided the Company with sufficient cash to both accelerate its stated goal of completing five ethanol production facilities totaling 220 million gallons of capacity per year by the middle of 2008 and its plans to complete additional ethanol production facilities, increasing total capacity to 420 million gallons per year by the end of 2010. Pacific Ethanol, through its wholly-owned subsidiary, Kinergy Marketing, LLC, 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.

About Front Range Energy

Front Range Energy owns an ethanol plant in Windsor CO with nameplate annual capacity of 40 million gallons . The majority owner of Front Range is Dan Sanders. The plant was designed by ICM, a leading technology company.

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 market all of Front Range Energy's ethanol and WDG produced at Front Range Energy's Windsor, CO ethanol production facility and to manage operations at this facility; the final determination by Front Range Energy to expand its Windsor, Colorado production facility; 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-Q filed with the Securities and Exchange Commission on August 18, 2006.

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