



Pacific Ethanol, Inc.

**FOR IMMEDIATE RELEASE**

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**PACIFIC ETHANOL, INC. ANNOUNCES THIRD  
QUARTER RESULTS**  
**Reports Move to Profitability on Strength of Marketing  
Operations**

**Highlights**

- **Net sales for Q3 of 2006 up 131% over Q3 of 2005**
- **Net sales grew sequentially from Q2 of 2006 by over 31%**
- **Marketing operations accounted for substantially all sales; Q3 is last such quarter as Madera plant and Front Range Energy LLC will contribute to sales in Q4 of 2006**
- **Strong gross margin exceeding 12% for Q3 of 2006**
- **Company generates first quarterly profit of \$0.07 per share**
- **Strong cash position**
- **Boardman, Oregon plant continues on schedule for completion by end of Q2 of 2007**

Fresno, CA, November 20, 2006 – Pacific Ethanol, Inc. (NASDAQ GM: PEIX) Pacific Ethanol, Inc. today announced that it has filed its Quarterly Report on Form 10-Q with the Securities and Exchange Commission for the quarter ended September 30, 2006. Set forth below is a summary of the Company's results of operations for the three and nine months ended September 30, 2006.

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### **Three Months Ended September 30, 2006**

For the quarter ended September 30, 2006, the Company reported net sales of \$61.1 million, an increase of \$34.7 million, or 131%, compared to \$26.4 million for the third quarter of 2005. This increase in net sales resulted from an increase in the Company's sales volume of approximately 6.9 million gallons, or 43%, to 23.1 million gallons as compared to 16.2 million gallons for the third quarter of 2005 and an increase in the Company's average price of ethanol by \$0.81, or 49%, to \$2.45 per gallon (for all gallons sold as a principal and an agent) as compared to \$1.64 per gallon for the third quarter of 2005. Gross profit for the third quarter of 2006 totaled approximately \$7.5 million, more than quadruple the \$1.6 million achieved in the third quarter of 2005. The Company's gross profit margin increased to 12.2% for the quarter ended September 30, 2006 as compared to 6.2% for the same period in 2005. The increase in gross profit margin and the increase in total gross profit are generally reflective of advantageous buying and selling during a period of rapidly increasing market prices. Future gross profit margins from marketing operations can vary widely, based upon, among other things, the size and timing of the Company's net long or short positions during its various contract periods and the volatility of the market price of ethanol.

Income available to common stockholders for the third quarter of 2006 was \$2.7 million, as compared to a net loss available to common stockholders of \$923,000 for the third quarter of 2005. The Company reported diluted earnings per common share of \$0.07 for the third quarter of 2006 as compared to a diluted net loss per common share of \$0.03 for the same period in 2005.

### **Nine Months Ended September 30, 2006**

For the nine months ended September 30, 2006, the Company reported net sales of approximately \$145.8 million, an increase of \$94.3 million, or 183%, as compared to \$51.5

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million for the same period in 2005. \$23.6 million of this increase was attributable to the exclusion of Kinergy's net sales for the period from January 1 through March 22, 2005 from the Company's results of operations for the nine months ended September 30, 2005. For the nine months ended September 30, 2006, sales volume increased by 13.9 million gallons, or 29%, to 61.5 million gallons as compared to 47.6 million gallons for the nine months ended September 30, 2005 and the Company's average sales price of ethanol increased by \$0.69 per gallon, or 44%, to \$2.27 per gallon (for all gallons sold as a principal and an agent) as compared to \$1.58 per gallon for the nine months ended September 30, 2005. Gross profit for the nine months ended September 30, 2006 increased by \$11.2 million to approximately \$13.1 million, as compared to \$1.8 million for same period in 2005. The Company's gross profit margin increased to 9.0% for the nine months ended September 30, 2006 as compared to 3.6% for the same period in 2005. Gross profit increased partly as a result of the exclusion of Kinergy's gross profit for the period from January 1 through March 22, 2005 from the Company's results of operations for the nine months ended September 30, 2005. The increase in gross profit margin and the increase in total gross profit are also attributable to the Company's net long position on ethanol purchases, which provided the Company with significant supply volumes at prices that had been contracted prior to the increase in ethanol market prices.

The Company's CEO, Neil Koehler, observed that, "We are pleased to see the continued strong performance of our marketing operations. We were able to capitalize on the volatility of prices during the third quarter and achieved gross margins well above what we typically achieve from our marketing operations. With our Madera, California plant now operational and with our newly acquired stake in Front Range Energy's plant in Windsor, CO, we look forward to discussing our performance and growing production capacity with stockholders next quarter. We continue to show strong execution against our stated growth goals, which



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**Pacific Ethanol, Inc.**

is a testament not only to the consistent demand we see in the marketplace, but to our talented personnel who contribute to that performance every day.”

**About Pacific Ethanol, Inc.**

Pacific Ethanol owns and operates an ethanol plant in Madera County, California, is constructing a second plant in Boardman, Oregon and owns a 42% interest in Front Range Energy, LLC which owns and operates an ethanol plant in Windsor, Colorado. Pacific Ethanol’s goal is to become the leading marketer and producer of renewable fuels in the Western United States. In May 2006, Pacific Ethanol completed an 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.

**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 and timely complete construction of its ethanol plant in Boardman, Oregon; the ability of Pacific Ethanol to accelerate, maintain and timely complete its plant build-out program for additional ethanol plants and to successfully capitalize on its internal growth initiatives; the ability of Pacific Ethanol to obtain all necessary financing to complete the construction of its planned ethanol production facilities; the ability of Pacific Ethanol to operate its plants at their

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planned production capacity; 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 November 20, 2006.

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