February 27, 2009

Pacific Ethanol Announces Forbearance Agreements Extended With Lenders; Operations At Two Production Facilities Suspended

SACRAMENTO, Calif., Feb. 27, 2009 (GLOBE NEWSWIRE) -- Pacific Ethanol, Inc. (Nasdaq:PEIX) announced today that the forbearance agreements with its lenders have been extended as the Company continues attempts to negotiate new loan terms. These agreements provide that the Company's lenders will refrain from exercising their rights and remedies through March 31, 2009, in respect of certain loan covenant defaults. Negotiations are ongoing with the Company's lenders, namely Wachovia Capital Finance Corporation (Western), with respect to its operating line of credit for Kinergy Marketing, WestLB AG and the other lenders under the Credit Agreement dated February 27, 2007 with respect to its term loans and working capital lines of credit for its wholly-owned ethanol production facilities, and Lyles United, LLC with respect to outstanding loans.

The Company intends to file a Current Report on Form 8-K with the Securities and Exchange Commission describing the forbearance agreements in greater detail.

The Company also announced that it has temporarily suspended operations at two 60 million gallon per year ethanol facilities located in Burley, ID and Stockton, CA due to extended unfavorable market conditions for producing ethanol. The Company previously announced the decision to temporarily suspend its 40 million gallon per year production facility in Madera, CA as of January 12th. The company, through its wholly-owned ethanol marketing arm, Kinergy Marketing, intends to continue serving its ethanol customers with production from other Pacific Ethanol plants and Kinergy suppliers.

About Pacific Ethanol, Inc.

Pacific Ethanol is the largest West Coast-based marketer and producer of ethanol. Pacific Ethanol has ethanol plants in Madera and Stockton, California; Boardman, Oregon; and Burley, Idaho. Pacific Ethanol also owns a 42% interest in Front Range Energy, LLC which owns an ethanol plant in Windsor, Colorado. Central to Pacific Ethanol's 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. Pacific Ethanol has achieved its goal of 220 million gallons per year of ethanol production capacity in 2008 and plans to increase total production capacity to 420 million gallons per year in 2010. In addition, Pacific Ethanol is working to identify and develop other renewable fuel technologies, such as cellulose-based ethanol production and bio-diesel.

The Pacific Ethanol, Inc. logo is available at

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 obtain additional debt or equity financing, including additional working capital financing, and the ability of Pacific Ethanol to reschedule or restructure its indebtedness; the ability of Pacific Ethanol to successfully capitalize on its internal growth initiatives; the ability of Pacific Ethanol to operate its plants at their planned production capacities; 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 27, 2008 and the "Risk Factors" section of Pacific Ethanol's Form 10-Q filed with the Securities and Exchange Commission on November 17, 2008.

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