

January 26, 2007



Dutton Associates Announces Investment Opinion: Pacific Ethanol Strong Speculative Buy Rating In Update Coverage By Dutton Associates

EL DORADO HILLS, Calif.--

Dutton Associates updates coverage of Pacific Ethanol (Nasdaq:PEIX) maintaining a rating of Strong Speculative Buy and a \$25.80 price target. The report by Dutton senior analyst Paul Resnik, CFA is available at www.jmdutton.com as well as from First Call, Bloomberg, Zacks, Reuters, Knobias, Investars and other leading financial portals.

Since publication of our Initial Report on Pacific Ethanol on December 2, 2005, ethanol shares became the a hot market sector following President Bush's State of the Union speech in January, 2006 before cooling off markedly as ethanol initial public offerings came to market at a time of increasing concern about the possibility of excess ethanol supplies in 2007. Recently, ethanol shares have advanced somewhat from their lows but the recovery has been constrained by concerns about rising corn prices. Even the President's reaffirmation of his support for ethanol in this year's State of the Union address failed to provide sustained strength to ethanol shares. The Company should report a profit for the year 2006 (before non-recurring items). We believe that Pacific Ethanol will substantially increase profits in 2007 despite higher corn purchase and transportation costs than in our original estimates. Looking out to 2008, we are reducing our estimate for that year's earnings per share estimate from \$1.90 to \$1.24 to reflect the higher corn and transportation cost assumptions. Using the same valuation metric we have used in the past (a price/earnings multiple of 25 and an annual discount rate of 20%), we generate a 12-month price target of \$25.80 for the shares. This target indicates a potential for a 60% price advance and, on this basis, we continue to rate the shares a Strong Speculative Buy.

About Dutton Associates

Dutton Associates is one of the largest independent investment research firms in the U.S. Its 231 senior analysts are primarily CFAs, and have expertise in many industries. Dutton Associates provides continuing analyst coverage of over 140 enrolled companies, and its research, estimates, and ratings are carried in all the major databases serving institutions and online investors.

Our annual research coverage, which currently costs US \$35,000 prepaid, is 4 Research Reports, typically published quarterly, and requisite Research Notes. Dutton Associates received \$33,000 from the Company for 4 Research Reports with coverage commencing on 12/02/2005. We do not accept payment of our fees in company stock. Our principals and

analysts are prohibited from owning or trading in securities of covered companies. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities or issuer. Neither the analyst's compensation nor the compensation received by us is in any way related to the specific ratings or views contained in this research report or note. Please read full disclosures and analyst background at www.jmdutton.com before investing.

Source: Pacific Ethanol