March 8, 2010

Pacific Ethanol Announces Agreements Designed to Satisfy $34.7 Million of Outstanding Debt

SACRAMENTO, Calif., March 8, 2010 (GLOBE NEWSWIRE) -- Pacific Ethanol, Inc. (Nasdaq:PEIX) (the "Company") announced today agreements designed to satisfy $34.7 million of the Company's outstanding debt, and to cure existing defaults on the debt. Socius CG II, Ltd. ("Socius") has entered into agreements with the holders of this debt pursuant to which Socius purchased $5.0 million of the aggregate amount of the debt, and then settled the resulting $5.0 million owed in exchange for free-trading shares of the Company's common stock. Socius intends to acquire the balance of the debt and engage in further exchanges until the total debt is completely retired.

"We are pleased to have Socius as a new financial partner as we pursue our mission to be a leading producer and marketer of low carbon renewable fuels," said CEO Neil Koehler. "This transaction supports our strategy to reduce debt, efficiently operate our production assets, and lower expenses. We believe this puts the Company in a stronger financial position to complete the reorganization of our ethanol plant subsidiaries currently the subject of Chapter 11 proceedings."

The holders of the debt, Lyles United LLC and its affiliate Lyles Mechanical Co. (collectively "Lyles"), have entered into agreements with Socius under which Lyles has sold $5.0 million of the aggregate debt owed. The agreements provide a mechanism whereby Lyles may sell to Socius, in $5.0 million tranches, up to the remaining balance of the debt, subject to certain conditions. The Company intends to enter into further agreements with Socius, each of which will be announced as it occurs. The first tranche and each succeeding tranche will be settled in exchange for free-trading shares of the Company's common stock valued at a 20 percent discount to the volume weighted average price of the Company's common stock over the 5-day trading period immediately following the date on which the shares are first issued. In no event will the aggregate number of shares of common stock issued to Socius in connection with any settlement exceed 9.99% of the total number of shares of the Company's common then outstanding.

Details of the agreements with Socius and Lyles and the Company's issuance of common stock to Socius are set forth in a Current Report on Form 8-K filed with the SEC today.

The Pacific Ethanol, Inc. logo is available at
https://www.globenewswire.com/newsroom/prs/?pkgid=5940

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, including without limitation, the intent of Socius to acquire the balance of the Company's indebtedness to Lyles in tranches of $5.0 million and to engage in further debt for common stock exchanges and the Company's belief that the settlement agreements with Socius will put the Company in a stronger financial position to complete the reorganization of the Company's ethanol plant subsidiaries, 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 determination by Lyles not to sell the balance of the Company's indebtedness to Lyles to Socius, the determination by Lyles to exercise their remedies under the terms of the Company's indebtedness to Lyles, which indebtedness is currently in default and subject to immediate demand for repayment, a substantial decline in the trading price of the Company's common stock, which could slow or stop the settlement of additional Lyles debt through exchanges of common stock with Socius because the number of shares of common stock issuable in connection with such additional settlements, when added to the number of shares of common stock that have been issued in connection with completed settlements, will exceed 19.99% of the total number of shares of the Company's common stock outstanding immediately preceding the date of the first court order and the Company is unable to obtain stockholder approval or a waiver from NASDAQ to exceed this limitation, default under or acceleration of other debts of the Company, the Company's inability to raise substantial additional capital needed to effect the most favorable reorganization in bankruptcy of the ethanol plant subsidiaries, 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 31, 2009 and the "Risk Factors" section of Pacific Ethanol's Form 10-Q filed with the Securities and Exchange Commission on November 9, 2009.

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