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# **Pacific Ethanol and Sweetwater Energy Announce Deal to Supply Customized Industrial Sugars to Produce Cellulosic Ethanol**

SACRAMENTO, Calif., Dec. 18, 2013 (GLOBE NEWSWIRE) -- Sweetwater Energy, Inc., a Rochester, NY-based cellulosic sugar producer, and Pacific Ethanol, Inc. (Nasdaq:PEIX), the leading marketer and producer of low-carbon renewable fuels in the Western United States, announced an agreement to supply customized industrial sugars for the production of cellulosic ethanol. The agreement supports the construction of a cellulosic biorefinery at the Pacific Ethanol Stockton facility capable of producing up to 3.6 million gallons of cellulosic ethanol annually, contingent upon Sweetwater Energy obtaining the necessary financing and permits.

Sweetwater Energy will use its patented, decentralized process to convert locally available cellulosic material, such as crop residues, energy crops, and wood waste into a sugar solution, which Pacific Ethanol will ferment into cellulosic ethanol at its Stockton, CA refinery.

Neil Koehler, CEO of Pacific Ethanol, stated, "An important part of our growth strategy is to take advantage of the flexibility of our plant infrastructure to process diverse feedstocks such as sugar, corn, sorghum, and now sugars produced from cellulosic material. The Sweetwater platform moves us towards producing next-generation renewable fuels while providing additional flexibility in sourcing, reducing feedstock costs and enhancing plant operating margins."

"We are very pleased to work with Pacific Ethanol on this project," says Arunas Chesonis, Chairman and CEO of Sweetwater Energy. "We are going to start by supplying up to 6% of Pacific Ethanol Stockton's feedstock requirements and, as our partnership grows we will evaluate increasing the amount."

## **About Sweetwater Energy, Inc.**

Sweetwater Energy uses a patented technology and patented business model to produce low-cost sugars from non-food plant materials in a decentralized manner. The company's sugar solution is sold to refineries, which use it to produce biofuels, biochemicals, and bioplastics. Unlike petroleum-based technologies, Sweetwater Energy's process uses renewable plant materials that are both grown domestically and significantly reduce greenhouse gas emissions.

## **About Pacific Ethanol, Inc.**

Pacific Ethanol, Inc. (Nasdaq:PEIX) is the leading marketer and producer of low-carbon

renewable fuels in the Western United States. Pacific Ethanol also sells co-products, including wet distillers grain ("WDG"), a nutritious animal feed. Serving integrated oil companies and gasoline marketers who blend ethanol into gasoline, Pacific Ethanol provides transportation, storage and delivery of ethanol through third-party service providers in the Western United States, primarily in California, Arizona, Nevada, Utah, Oregon, Colorado, Idaho and Washington. Pacific Ethanol has a 91% ownership interest in New PE Holdco LLC, the owner of four ethanol production facilities. Pacific Ethanol operates and manages the four ethanol production facilities, which have a combined annual production capacity of 200 million gallons. The facilities in operation are located in Boardman, Oregon, Burley, Idaho and Stockton, California, and one idled facility is located in Madera, California. The facilities are near their respective fuel and feed customers, offering significant timing, transportation cost and logistical advantages. Pacific Ethanol's subsidiary, Kinergy Marketing LLC, markets ethanol from Pacific Ethanol's managed plants and from other third-party production facilities, and another subsidiary, Pacific Ag. Products, LLC, markets WDG. For more information please visit [www.pacificethanol.net](http://www.pacificethanol.net).

### **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, Pacific Ethanol's ability to have constructed a cellulosic ethanol biorefinery at its Stockton, CA facility, which requires, among other things, that Sweetwater Energy obtain permits and financing; Pacific Ethanol's ability to successfully produce cellulosic ethanol and the effects of producing cellulosic ethanol; and supply amounts are forward-looking statements and considerations 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 to obtain financing and permits; unexpected economic and market conditions; technical difficulties that may arise in the production of cellulosic ethanol; changes in governmental regulations and policies; and other events, factors and risks previously and from time to time disclosed in Pacific Ethanol's filings with the Securities and Exchange Commission including, specifically, those factors set forth in the "Risk Factors" section contained in Pacific Ethanol's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 2013.

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