

March 3, 2020



## Pacific Ethanol, Inc. Enters Into Agreement to Sell Ownership Interest in Pacific Aurora, LLC

SACRAMENTO, Calif., March 03, 2020 (GLOBE NEWSWIRE) -- **Pacific Ethanol, Inc. (NASDAQ: PEIX)**, a leading producer and marketer of low-carbon renewable fuels and high-quality alcohol products in the United States, announced today it has signed a definitive agreement to sell its 74% ownership interest in Pacific Aurora, LLC to the Aurora Cooperative Elevator Company (Aurora Cooperative) for \$52.8 million of consideration, subject to certain working capital adjustments. Aurora Cooperative currently holds a 26% ownership interest in Pacific Aurora, LLC. Included in the sale are two ethanol production facilities with a combined annual production capacity of 145 million gallons, a grain elevator with storage capacity of 4.1 million bushels and integrated rail facilities located in Aurora, Nebraska. After working capital adjustments and the settlement of certain payables between Pacific Aurora, LLC and the Aurora Cooperative, the consideration received at closing is expected to be approximately \$27 million in cash and \$16.5 million in promissory notes. The sale is anticipated to close within the next 45 days, subject to customary closing conditions.

Neil Koehler, Pacific Ethanol's president and CEO, stated, "We are pleased to come to agreement with our valued partner Aurora Cooperative. The sale of our interest is a win-win for both companies, strengthening Pacific Ethanol's balance sheet while providing Aurora Cooperative with full ownership of these assets. We are confident that under Aurora Cooperative's capable management and farmer ownership the facilities will provide value to the local community and the overall ethanol industry. We are committed to a smooth transition of operations and look forward to further collaboration with Aurora Cooperative in growing a successful ethanol business."

Chris Vincent, Aurora Cooperative President and CEO, stated, "This investment is a great opportunity for Aurora Cooperative, its owners, and the communities that we support. We understand the significance that these two ethanol plants, grain facilities and rail assets mean to our owners. Achieving full ownership of this local destination market is pivotal to our shared success. We look forward to these assets providing long term value for our owners, our Cooperative and our communities."

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

Pacific Ethanol, Inc. (PEIX) is a leading producer and marketer of low-carbon renewable fuels and high-quality alcohol products in the United States. Pacific Ethanol owns and operates nine production facilities, four in the Western states of California, Oregon and Idaho, and five in the Midwestern states of Illinois and Nebraska. The plants have a combined production capacity of 605 million gallons per year, produce over one million tons per year of ethanol co-products – on a dry matter basis – such as wet and dry distillers grains, wet and dry corn gluten feed, condensed distillers solubles, corn gluten meal, corn

germ, corn oil, distillers yeast and CO<sub>2</sub>. Pacific Ethanol markets and distributes fuel-grade ethanol, high-quality alcohol products and co-products domestically and internationally. Pacific Ethanol's subsidiary, Kinergy Marketing LLC, markets all ethanol and alcohol products for Pacific Ethanol's plants as well as for third parties, approaching one billion gallons of ethanol marketed annually based on historical volumes. Pacific Ethanol's subsidiary, Pacific Ag. Products LLC, markets wet and dry distillers grains. For more information please visit [www.pacificethanol.com](http://www.pacificethanol.com).

#### **About Aurora Cooperative:**

Aurora Cooperative is one of the largest agricultural retailers in the nation, ranking 28th in the nation among all agricultural cooperatives. Aurora Cooperative has been a partner in the success of agriculture for over 112 years, providing high quality, competitive products and services growers rely on every day. Headquartered in Aurora, Nebraska, Aurora Cooperative has over 700 employees across 82 locations in seven states providing service and expertise in grain, agronomy, animal nutrition, and energy. In 2019, Aurora Cooperative had total sales of over \$1 billion, serviced more than 4 million acres, merchandised over 120 million bushels of grain, and have over 34,000 equity members. Aurora Cooperative is a well-established, competitive and innovative cooperative that is built upon providing our owners with profitable solutions that meet their specific needs. We do this by proactively putting our owners' equity to work, every day, for their farm, their cooperative and for their future. For more information on Aurora Cooperative, please visit [www.auroracoop.com](http://www.auroracoop.com).

#### **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995**

Statements and information contained in this communication that refer to or include Pacific Ethanol's estimated or anticipated future results or other non-historical expressions of fact are forward-looking statements that reflect Pacific Ethanol's current perspective of existing trends and information as of the date of the communication. Forward looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "should," "estimate," "expect," "forecast," "outlook," "guidance," "intend," "may," "might," "will," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the sale of Pacific Ethanol's interest in Pacific Aurora, LLC; Pacific Ethanol's objectives, expectations and intentions and the expected timing of completion of the proposed transaction; the anticipated outcome of Pacific Ethanol's strategic initiatives; and Pacific Ethanol's plans, objectives, expectations and intentions. It is important to note that Pacific Ethanol's plans, objectives, expectations and intentions are not predictions of actual performance. Actual results may differ materially from Pacific Ethanol's current expectations depending upon a number of factors affecting Pacific Ethanol's business. These factors include, among others, successful closing of the Pacific Aurora, LLC transaction; the risk that after working adjustments, the expected cash consideration may be less than \$27 million; the risk that a condition to closing of the proposed transaction may not be satisfied on a timely basis or at all; the failure of the proposed transaction to close for any other reason; adverse economic and market conditions, including for ethanol and its co-products and high-quality alcohols; export conditions and international demand for ethanol and co-products, including the failure of a resolution of United States trade disputes with China; fluctuations in the price of and demand for oil and gasoline; raw material costs, including ethanol production input costs, such as corn and natural gas; and the ability of Pacific Ethanol to timely and successfully execute on its strategic initiatives. These factors also include, among others, the

inherent uncertainty associated with financial and other projections; the anticipated size of the markets and continued demand for Pacific Ethanol's products; the impact of competitive products and pricing; the risks and uncertainties normally incident to the ethanol production and marketing industries; changes in generally accepted accounting principles; successful compliance with governmental regulations applicable to Pacific Ethanol's facilities, products and/or businesses; changes in laws, regulations and governmental policies; the loss of key senior management or staff; 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 Form 10-Q filed with the Securities and Exchange Commission on November 12, 2019.

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