



Pacific Ethanol Receives EPA-Approved Registration for Cellulosic Ethanol Production at Stockton Plant

- Now generating valuable D3 cellulosic RINs –
- Expects to produce over one million gallons per year of cellulosic ethanol at Stockton, CA plant –

SACRAMENTO, Calif., Sept. 12, 2016 (GLOBE NEWSWIRE) -- **Pacific Ethanol, Inc.** (NASDAQ:PEIX), a leading producer and marketer of low-carbon renewable fuels in the United States, announced the U.S. Environmental Protection Agency (EPA) has approved its registration for generating cellulosic ethanol and D3 cellulosic renewable identification numbers (RINs) at its Stockton, CA plant from corn fiber using Edeniq, Inc.'s Pathway Technology™. This is the first ever EPA registration incorporating this process.

Neil Koehler, the company's president and CEO, stated: "The EPA-approved registration for generating cellulosic ethanol and D3 RINs is an important milestone in our strategy to be a leading producer of cellulosic ethanol. This further underscores our continued commitment to improving production yields, and diversifying our technology and feedstocks. We expect to produce over one million gallons per year of cellulosic ethanol at our Stockton facility. With the high-value D3 RINs, the carbon credit under California's Low Carbon Fuel Standard, and the federal Second Generation Biofuel Producer tax credit, we expect that cellulosic ethanol production will materially contribute to the profitability of our Stockton facility. As we confirm and optimize our cellulosic ethanol production process, we will look toward expanding this to other Pacific Ethanol plants."

Pacific Ethanol began producing cellulosic ethanol at its 60-million-gallon capacity per year Stockton, CA plant in December 2015 using the Edeniq, Inc. Pathway Technology™, which integrates Edeniq's Cellunator™ high shear equipment with cellulase enzymes to convert corn kernel fiber to fermentable sugars. The process enables producers to quantify the amount of cellulosic ethanol produced within their plants and comply with the registration, recordkeeping and reporting required by the EPA to generate cellulosic D3 RINs as defined by the federal Renewable Fuel Standard.

Brian Thome, Edeniq's president and CEO, stated: "This approval is a landmark for the ethanol industry and for Edeniq as it opens the door for low-cost production of cellulosic ethanol from corn kernel fiber in existing fermentation vessels."

About Pacific Ethanol, Inc.

Pacific Ethanol, Inc. (PEIX) is the leading producer and marketer of low-carbon renewable fuels in the Western United States. With the addition of four Midwestern ethanol plants in July 2015, Pacific Ethanol more than doubled the scale of its operations, entered new

markets, and expanded its mission to advance its position as an industry leader in the production and marketing of low carbon renewable fuels. Pacific Ethanol owns and operates eight ethanol production facilities, four in the Western states of California, Oregon and Idaho, and four in the Midwestern states of Illinois and Nebraska. The plants have a combined production capacity of 515 million gallons per year, produce over one million tons per year of ethanol co-products 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 CO₂. Pacific Ethanol markets and distributes ethanol and co-products domestically and internationally. Pacific Ethanol's subsidiary, Kinergy Marketing LLC, markets all ethanol for Pacific Ethanol's plants as well as for third parties, with over 800 million 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.

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

Statements and information contained in this communication that refer to or include the 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, market conditions, including the supply of and demand for ethanol and co-products; growth in demand for these products; expectations regarding cellulosic ethanol production, D3 RINs, and enhanced profitability relating to those factors; and Pacific Ethanol's other 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, adverse economic and market conditions, including for ethanol and its co-products; fluctuations in the price of oil and gasoline; raw material costs, including ethanol production input costs; insufficient capital resources; and the effective use of new technologies. 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; successful compliance with governmental regulations applicable to Pacific Ethanol's facilities, products and/or businesses; changes in laws and 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 the Company's Form 10-Q filed with the Securities and Exchange Commission on August 5, 2016.

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