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Pacific Ethanol plants emerge from bankruptcy

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- **Court OKs reorganization plan**
- **\$290 Million wiped from balance sheet**

Pacific Ethanol Inc. (NASDAQ: PEIX) of Sacramento says it's managed to erase \$290 million in debt thanks to court approval of its Chapter 11 bankruptcy reorganization plan for its subsidiaries that actually make ethanol, when in operation.

The plan, which was unanimously approved by the secured lenders, is expected to be effective by the end of June, the company says.

"New liquidity and low debt levels provided by the plan support our efforts to optimize operations at the two facilities currently running, and as market conditions permit, resume operations at the two idled facilities," says Neil Koehler, Pacific Ethanol CEO and president.

That's when ownership of Pacific Ethanol's holding company and the four ethanol plants, including two in the Central Valley, will be transferred to a newly formed holding company.

Pacific Ethanol has an option to purchase up to 25 percent of the total ownership interests in the new holding company for up to \$30 million in cash within 90 days from the effective date.

The new holding company will have term debt of \$50 million with a working capital line of credit of up to \$15 million, which may be increased to up to \$35 million, Pacific Ethanol says.

Pacific Ethanol itself never filed for bankruptcy, thus keeping its ownership structure untouched by the reorganization plan.

Pacific Ethanol will continue to staff, manage and operate the plants as well as sell the ethanol and byproducts for a fee and profit-sharing.

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