Fourth Quarter & Year-End 2013

Pacific Ethanol, Inc.

Nasdaq: PEIX
Cautionary Statements

With the exception of historical information, the matters discussed in this presentation including, without limitation, the ability of Pacific Ethanol to timely restart operations at its Madera, California plant, which will require, among other things, permit renewals, significant capital and successful testing and start-up activities; the ability of Pacific Ethanol to implement corn oil separation and yield enhancement technologies at its Madera plant; the ability of Pacific Ethanol to timely implement advanced grinding technology at its Magic Valley plant; the ability of Pacific Ethanol to refinance its existing plant debt and the effects of refinancing; and the ability of Pacific Ethanol to execute on its current plans and initiatives are forward-looking statements and considerations that involve a number of risks and uncertainties. The actual future results of Pacific Ethanol could differ materially from those statements. Factors that could cause or contribute to such differences include, but are not limited to, adverse economic and market conditions, including for ethanol and its co-products, and in particular, low-carbon rated ethanol; insufficient capital resources; raw material costs; 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 Form 10-K filed with the Securities and Exchange Commission on April 1, 2013.
Fourth Quarter & Year-end 2013 Highlights

Achieved *record financial results* while paying down parent company & plant debt

**Q4 2013**
- Gross profit improved to $21.6M
- Operating income grew to $17.2M
- Adjusted EBITDA improved to $18.3M

**Full-year 2013**
- Net sales increased to $908.4M
- Operating income grew to $18.9M
- Adjusted EBITDA improved to $28.6M
Restarting the Madera Plant

Expect to begin production at Madera in the second quarter of 2014

- Adds 40 MGY in production, bringing total online capacity to 200 MGY

- Market fundamentals, debt reductions & increased profitability set the stage for resuming production

- Expect a positive EBITDA swing of approximately $1M monthly between the plant being idled versus being in operation *

- Expect to add corn oil & yield enhancement technologies by YE 2014

* Assumes a $0.30 per gallon EBITDA margin
Diversifying Revenue: Corn Oil Separation

Corn oil is a high-value ethanol co-product

Producing corn oil at Magic Valley & Stockton plants

Installed advanced grinding technology at Magic Valley & Stockton plants to increase corn oil production & ethanol yields

Advanced grinding technology serves as platform for potential future production of advanced biofuels
Diversifying Feedstock: Beet Sugar

Beet sugar provides added flexibility in sourcing & lowers raw material costs

Purchased an aggregate of 270M lbs. of surplus beet sugar at a significant discount to the equivalent cost of corn in October & November

Blending sugar with corn for use as ethanol feedstock began at Magic Valley & Columbia facilities

Represents feedstock to produce ~20M gals. of ethanol

Blending sugar saved approximately $700K in feedstock costs in January alone
Diversifying Feedstock: Customized Industrial Sugars

Moving toward producing next generation renewable fuels

Agreement with Sweetwater Energy to supply customized industrial sugars for the production of cellulosic ethanol

Preparing for trials to convert corn fiber into cellulosic ethanol later this spring at Stockton plant

The Sweetwater platform provides sourcing flexibility, reduces feedstock costs and enhances plant operating margins
Destination Model a Competitive Differentiator

West Coast proximity & access to local markets provides several advantages

- Source feedstock near the Pacific Ethanol Plants, the Midwest and international markets
- Located in close proximity to end customers (refiners and feedlots)
- Currently receiving high basis premium to Midwest competitors due to:
  - Constrained rail logistics
  - Severe weather in Midwest locations
Ethanol in Demand in Export Markets

2013 U.S. exports, in millions of gallons

- Canada: 325
- Mexico: 31
- Peru: 30
- Brazil: 47
- Europe: 39
- Middle East: 40
- East Asia: 8
- Philippines: 52
- Jamaica: 10
- India: 13
- Africa: 10
- Rest of world: 15

(1) Source: Renewable Fuels Association [www.EthanolRFA.org](http://www.EthanolRFA.org)
Regulations: Driving Ethanol Demand

- Pacific Ethanol offers the most effective solutions for compliance
- Produces and sells among the lowest carbon-rated ethanol commercially produced in the U.S.

E15 provides more efficient, higher octane fuel and reduces greenhouse gas emissions by 25.3 metric tons\(^{(1)}\)

\(\text{E15}\) provides more efficient, higher octane fuel and reduces greenhouse gas emissions by 25.3 metric tons\(^{(1)}\)

\(\text{E15}\) provides more efficient, higher octane fuel and reduces greenhouse gas emissions by 25.3 metric tons\(^{(1)}\)

\(\text{E15}\) provides more efficient, higher octane fuel and reduces greenhouse gas emissions by 25.3 metric tons\(^{(1)}\)

\(\text{E15}\) provides more efficient, higher octane fuel and reduces greenhouse gas emissions by 25.3 metric tons\(^{(1)}\)

Higher blend levels & investment in existing & new technology required to meet RFS goals

U.S. required conventional ethanol demand at 13.8 BGY in 2013; increases to 36 BGY of total biofuel in 2022

\(^{(1)}\) Source: Renewable Fuels Association [www.EthanolRFA.org](http://www.EthanolRFA.org)
## Financial Summary

### Consolidated Statements of Operations

<table>
<thead>
<tr>
<th>(in thousands, unaudited)</th>
<th>For the 3 mos. ended</th>
<th>For the 12 mos. ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$ 215,290</td>
<td>$ 197,018</td>
</tr>
<tr>
<td>Gross profit (loss)</td>
<td>21,596</td>
<td>(4,707)</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>4,372</td>
<td>2,741</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>17,224</td>
<td>(7,448)</td>
</tr>
<tr>
<td>Consolidated net income (loss)</td>
<td>9,745</td>
<td>(9,611)</td>
</tr>
<tr>
<td>Income (loss) to CS</td>
<td>$ 8,274</td>
<td>$ (5,823)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 18,259</td>
<td>$ (2,552)</td>
</tr>
</tbody>
</table>

### Balance Sheet Highlights

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 5,151</td>
<td>$ 7,586</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$ 79,377</td>
<td>$ 57,432</td>
</tr>
<tr>
<td>Current Liabilities*</td>
<td>$ 28,216</td>
<td>$ 12,415</td>
</tr>
<tr>
<td>Working Capital</td>
<td>$ 51,161</td>
<td>$ 45,017</td>
</tr>
</tbody>
</table>

*Includes current portion of capital leases of $4.8M reflecting the financing of corn oil production facilities at our Stockton and Magic Valley plants.
## Debt Reduction Highlights

**During the fourth quarter of 2013:**
- Paid down $7.8M in plant debt from plant operating cash flows

**2014 to-date:**
- Paid down $10.4M in plant debt, with continued operating cash flows resulting from current high production margins

<table>
<thead>
<tr>
<th>(in thousands, unaudited)</th>
<th>Balances as of</th>
<th>Changes from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent Debt*</td>
<td>$ 39,276</td>
<td>$ 33,776</td>
</tr>
<tr>
<td>Plant Revolvers to 3rd Parties</td>
<td>$ 43,178</td>
<td>$ 35,378</td>
</tr>
<tr>
<td>Plant Term Debt to 3rd Parties</td>
<td>$ 31,678</td>
<td>$ 31,678</td>
</tr>
<tr>
<td>Total Plant Debt to 3rd Parties**</td>
<td>$ 74,856</td>
<td>$ 67,056</td>
</tr>
</tbody>
</table>

* Excludes unamortized debt discounts
** Excludes $27,088 in debt to Parent
Executing Strategy to Build Shareholder Value

2014 Company Goals

- Restart production at Madera plant
- Install corn oil separation & yield-enhancement technologies at remaining plants
- Lower cost of capital & reduce debt
- Establish pathways to producing advanced biofuels

How we get there...

- Improving plant efficiencies
- Diversifying revenue & feedstock
- Reducing carbon intensity
- Supporting sustained, profitable growth
**Reconciling Table**

**Adjusted EBITDA to Net Income (Loss)**

<table>
<thead>
<tr>
<th>(in thousands, unaudited)</th>
<th>For the 3 mos. ended</th>
<th>For the 12 mos. ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) attributed to Pacific Ethanol</td>
<td>$ 8,593</td>
<td>$ (5,504)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense*</td>
<td>3,138</td>
<td>2,480</td>
</tr>
<tr>
<td>Extinguishments of debt - noncash</td>
<td>1,240</td>
<td>--</td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>2,520</td>
<td>(1,602)</td>
</tr>
<tr>
<td>Depreciation &amp; amortization expense*</td>
<td>2,768</td>
<td>2,074</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>9,666</td>
<td>2,952</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 18,259</td>
<td>$ (2,552)</td>
</tr>
</tbody>
</table>

* Adjusted for noncontrolling interest in variable interest entity.
Appendix

Visit our website at: www.pacificethanol.net