PACIFIC ETHANOL, INC. (NASDAQ: PEIX) is a leading producer and marketer of low-carbon renewable fuels in the Western United States. Pacific Ethanol owns nine biorefineries with a combined production capacity of 605 million gallons per year of fuel grade ethanol and high-quality, premium-priced alcohol products. The company also produces over 1 million tons per year of ethanol co-products on a dry matter basis. Pacific Ethanol's subsidiary, Kinergy, markets all ethanol 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.

Stock Price (as of 7/11/17):	**$6.30**
52-week Price Range:	**$5.63-$10.95**
Shares Outstanding:	**43.7M**
Market Cap:	**$268.8M**
Fiscal Year-end:	**Dec. 31st**

Investment Rationale

Continued Long-term Demand for Ethanol

- Octane, carbon and cost benefits of ethanol driving market growth; opens up new export opportunities as world markets are increasingly octane short
- U.S. ethanol exports expected to grow year-over-year in 2017 as blend levels increase internationally
- Regulations support long-term increasing demand for renewable fuels
  - In 2016, the mythical blend wall was breached with ethanol exceeding 10% of gasoline supplied
  - Over 800 stations in 29 states now offering E15 for sale

Leveraging Operating Platform to Drive Growth

- Strategically located bio-refineries serve multiple markets
- Diversity of geography, technology, feedstocks, logistics and products
- Implementing plant improvements to increase efficiencies and yields
- Organic growth and acquisitions to increase market share

Acquisition of Illinois Corn Processing (ICP)

- Acquired July 2017 for $76M*
- Adds 90 million gallons per year of production capacity
- Diversifies fuel ethanol production and expands customer base with high-value beverage and industrial grade alcohol products
- Expands export opportunities with dock and river access
- Creates synergies with existing adjacent production in Pekin, Illinois for a combined 250 million gallons of production
- Immediately accretive to earnings

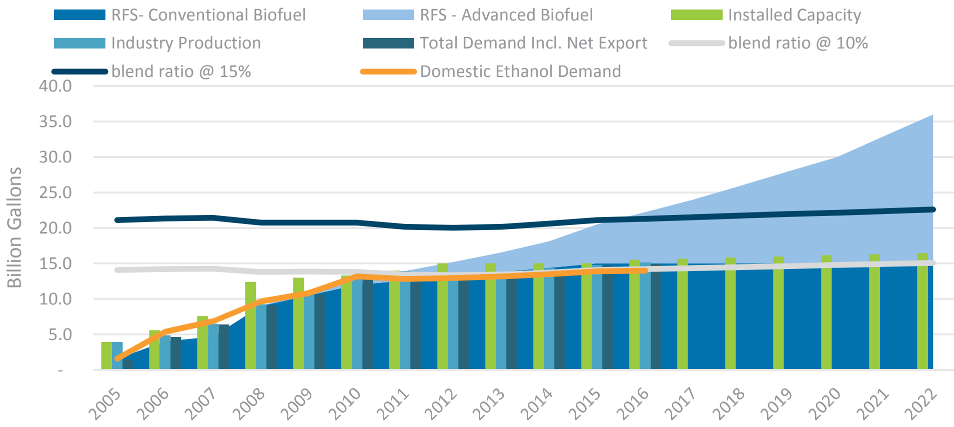
ICP Plant in Pekin, IL

* Includes $15M of working capital

Regulations Supporting Industry Production

The Renewable Fuel Standard (RFS)

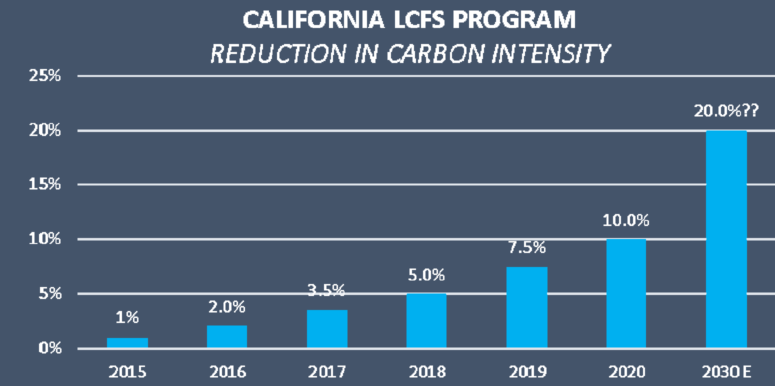
- Breaching the blend wall
- Only federal fuels policy to reduce greenhouse gas emissions
- Need regulatory certainty to secure development of advanced biofuel projects



Source: Renewable Fuels Association.

The Low-Carbon Fuel Standard (LCFS)

- The California Air Resources Board re-adopted LCFS with revised program effective Jan. 2016
- Oregon LCFS Initiated Jan. 2016 for a 10% reduction in carbon intensity by 2025



Implementing Plant Improvement Initiatives

Lower operating costs

- Preparing to begin commercial operations of **cogeneration technology** at Stockton

Reduce energy demand

- Installing **solar power** at Madera; expect full scale operations in early 2018

Increase yields

- **Industrial scale membrane system** at Madera operating at full commercial levels since start of 2017

Establish low-cost operating platform

- Producing **cellulosic ethanol** at Stockton and expanding production to Madera

Strategy for Growth

Expand production capacity and distribution infrastructure for low-carbon renewable fuels and high-value alcohol products

Lower the carbon intensity of our ethanol

Extend our marketing business into new regional and international markets

Implement new technologies that increase production yields, enhance efficiencies and reduce carbon intensity of ethanol produced

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