Leading Producer and Marketer of Low-Carbon Renewable Fuels in the Western U.S.

Strong Long-term Demand for Ethanol

Differentiated with Destination Model & Western U.S. Locations
Cautionary statements

With the exception of historical information, the matters discussed in this presentation including, without limitation, continued favorable market conditions, margins, commodity prices, expected growth in the demand for low-carbon renewable fuels, ethanol exports, and the impact of E15 adoption; the ability of Pacific Ethanol to timely implement, and the costs and effects of, its plant improvement initiatives, including its CO2 generation and corn oil programs; the ability of Pacific Ethanol to execute on, and the costs and effects of, its advanced biofuels initiatives, including with respect to cellulosic feedstock and anaerobic digestion; the effects of the U.S. District Court’s favorable ruling in patent litigation concerning corn oil separation technologies; the effects of Pacific Ethanol’s destination business model given its location in the Western United States; Pacific Ethanol’s projections concerning certain expenses and its effective tax rate, 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; raw material costs, including ethanol production input costs; changes in governmental regulations and policies; insufficient capital resources; failure to execute on plant improvement or advanced biofuels initiatives; 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, 2014.
Founded in 2003

First pure play public ethanol company – NASDAQ: PEIX

Four strategically located bio-refineries in the Western US with combined operating capacity of 200 MGY

With production and marketing selling over 500 MGY

Current feedstock: corn, sugar, milo & waste beverage products

Developing cellulosic and other advanced biofuel technologies
Financial Highlights

2014 on pace to be a record year

Third-Quarter 2014 Results:
- Net sales were $275.6M
- Record total gallons sold of 133.7M
- Gross profit was $18.0M
- Net income was $3.7M or $0.15 per diluted share
- Adjusted net income was $8.1M or $0.33 per diluted share
- Adjusted EBITDA was $15.5M

Year-to-Date 2014 Results:
- Net sales were $851.3M
- Record total gallons sold of 378.6M
- Gross profit was $90.1M
- Net income was $7.8M or $0.35 per diluted share
- Adjusted net income was $49.9M or $2.26 per diluted share
- Adjusted EBITDA was $78.7M, an increase of over $68M
Investment Rationale

Strong long-term demand for ethanol
- Regulations & fundamental economics of ethanol drive demand
- Increasing exports provide additional balance to supply & demand

Differentiated business model delivering results
- Differentiated with destination model & western US locations
- Leveraging production & marketing advantages
- Growing market share in western US

Poised to capitalize on growth opportunities
- Established strong platform for growth with strong cash flows
- Evaluating capital projects to improve profitability
- Implementing advanced biofuels initiatives
Renewable Fuel Standard

Breaching the blend wall

- Only Federal fuels policy to reduce GHG emissions
- Need regulatory certainty to secure development of cellulosic ethanol projects
California Low-Carbon Fuel Standard

Pacific Ethanol produces among the lowest carbon ethanol of any commercially available transportation fuel, and receives a premium for its fuel sold in California

- Requires a 10% reduction in carbon intensity by 2020
- Majority of compliance credit to date has been met by low-carbon ethanol
- Each type of alternative fuel receives a carbon intensity score based on its lifecycle GHG emissions
- As more efficient, higher octane E15 fuel blends enter the market, Pacific Ethanol is well equipped to meet the demand

Source: Biofuels Digest
Ethanol Demand in the U.S. Fuel Supply

Fuel Efficiency: Need for Higher Octane Fuels

- Ethanol most economic source of octane
- US regulations moving from 29 mpg to 54.5 mpg average fuel economy by 2025
- Higher compression engines will require higher octane fuels
- E30 blend = 95 Octane fuel of the future
- Less consumption of total fuel and higher percentage of ethanol = significant GHG emission reductions
Ethanol Reduces Consumers’ Gas Prices

Ethanol trades at a discount to gasoline

Ethanol remains the cheapest liquid transportation fuel on the planet\(^1\)

- Consumers paid $0.50-$1.50 per gallon less for gasoline in 2013 because of ethanol\(^1\)
- Corn is lower cost source for fuel than either crude oil or sugar

---

\(^1\) Source: Renewable Fuels Association
U.S. Ethanol Exports Steady


US exports through Sep. 2014 up 40% over last year

Approaching 1 billion gallons in 2014

Sources: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics
Ethanol in Demand in Export Markets

Total exports of 605 million gallons in 2013

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

2013 U.S. Exports by region
(Figures below in millions of gallons)

Source: Renewable Fuels Association www.EthanolRFA.org
Differentiated by Destination Model

- Ability to source feedstock near the Pacific Ethanol Plants & Midwest
- Situated to deliver products into high-value markets
- Keeps production costs low
- As Pacific Ethanol produces among the lowest carbon-rated ethanol commercially produced in the U.S., we receive a low-carbon premium for ethanol produced and sold into the California market

Western U.S. proximity & access to local markets provides several advantages
Production & Market Advantage

Ethanol Facilities, Terminals and Midwest Supply

• Unique & extensive market coverage
• Calibration of production & purchases responsive to market dynamics

Midwest Ethanol to Kinergy

HQ
Pacific Ethanol Plants
Marketing Partner Plants
Terminals
Ethanol Production: Fuel & Feed

- Corn used in ethanol production is livestock feed, not food for humans.
- Ethanol production returns co-product back to feed markets.
- Production concentrates protein, fat, minerals & fiber into nutritious feed product.

- Petroleum is the single largest factor contributing to food prices.
- Continued increase in yields per acre allows for land to be used for food, feed, fuel & fiber.
- Since 1991, the average corn yield has increased by 36% and is expected to increase by another 29% by 2020.
  (Source: Informa Economics, Inc.)
Marketing and Trading Business

Diversifies revenue streams, insulates from volatile market conditions & contributes to cash flow

### Kinergy – ethanol
- Provides transportation, storage and logistical services
- Extensive market presence in Western U.S.

### Pacific Ag. Products – feed
- Manages corn procurement and risk management
- Develops and markets value-added feed products
- Explores alternative, lower cost feedstocks for incremental use in existing ethanol plants

### Marketing Production
- Pacific Ethanol Plants:
  - Stockton (60MGY)
  - Magic Valley (60MGY)
  - Columbia (40MGY)
  - Madera (40MGY)
- Partner Plants:
  - Calgren (55MGY)
  - Keyes (55MGY)

### Trading Business to fill customer needs

Dominant Market Position in Western United States
Established a Strong Platform for Growth

Through industry lows of 2012-2013, Pacific Ethanol focused on strengthening its position as the leading low-cost, low-carbon renewable fuel producer in the Western United States.

- Reduced Overall Debt
- Improved Operating Efficiencies
- Developed Incremental Revenue Streams
- Reduced Overhead Expenses
- Increased Plant Ownership to 96%*

*In Q3’2014, purchased an additional 5% ownership interest in Pacific Ethanol plants to 96% at a weighted-average cost of thirty cents per gallon of annual operating capacity.

Establishing a solid foundation for long-term growth
Strong Margin Environment

Production margins sustaining higher levels

Adjusted Crush Margin $/gal *

*Calculated by using PEI Ethanol – (CBOT Corn + basis) x (1-Co product return)/2.74 industry standard conversion yield. Using PEI ethanol sales price, corn basis and co-product return as disclosed in Form 10-Q for each quarter assumes a standard 2.74 in corn yield, consistent across all periods and all plants. Actual conversion yields may differ. For Oct and Nov’14 margin, used OPIS LA, CBOT Corn, market corn basis, and Q3’14 co product return.

Source: PEIX
Capital Projects Improving Long-term Profitability

Improving Plant Yields and Efficiencies

- Improving yields with advanced grinding technologies at Magic Valley and Stockton plants
- Pacific Ethanol targets plant investments to contribute 6-7¢ per gallon in operating income annually

Diversifying Revenue

- Agreement to sell CO₂ co-product to Kodiak Carbonic at Boardman plant beginning in early 2015; expect 1-2¢ per gallon operating income contribution annually
- Plans to implement corn oil separation technology at Madera and Columbia plants targeting production in early 2015
Strategy for Advanced Biofuels

Moving toward producing next-generation renewable fuels

- In development to construct facility to produce cellulosic industrial sugars
- Working to convert corn fiber into cellulosic ethanol – qualified by the EPA as a cellulosic feedstock under the RFS
- Running pilot program for anaerobic digestion
- Evaluating wheat straw production at Magic Valley & cogeneration projects at California plants

- Strategy for Advanced Biofuels
- In development to construct facility to produce cellulosic industrial sugars
- Working to convert corn fiber into cellulosic ethanol – qualified by the EPA as a cellulosic feedstock under the RFS
- Running pilot program for anaerobic digestion
- Evaluating wheat straw production at Magic Valley & cogeneration projects at California plants

- Strategy for Advanced Biofuels
- In development to construct facility to produce cellulosic industrial sugars
- Working to convert corn fiber into cellulosic ethanol – qualified by the EPA as a cellulosic feedstock under the RFS
- Running pilot program for anaerobic digestion
- Evaluating wheat straw production at Magic Valley & cogeneration projects at California plants

- Strategy for Advanced Biofuels
- In development to construct facility to produce cellulosic industrial sugars
- Working to convert corn fiber into cellulosic ethanol – qualified by the EPA as a cellulosic feedstock under the RFS
- Running pilot program for anaerobic digestion
- Evaluating wheat straw production at Magic Valley & cogeneration projects at California plants

- Strategy for Advanced Biofuels
- In development to construct facility to produce cellulosic industrial sugars
- Working to convert corn fiber into cellulosic ethanol – qualified by the EPA as a cellulosic feedstock under the RFS
- Running pilot program for anaerobic digestion
- Evaluating wheat straw production at Magic Valley & cogeneration projects at California plants
## Financial Overview

### Consolidated Statements of Operations

*Figures below in thousands, except per share amounts*

<table>
<thead>
<tr>
<th></th>
<th>Q3’14</th>
<th>Q3’13</th>
<th>YTD 2014</th>
<th>YTD 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$275,573</td>
<td>$233,880</td>
<td>$851,260</td>
<td>$693,147</td>
</tr>
<tr>
<td>Gross profit</td>
<td>17,986</td>
<td>3,523</td>
<td>90,107</td>
<td>11,334</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>4,392</td>
<td>2,511</td>
<td>12,377</td>
<td>9,649</td>
</tr>
<tr>
<td>Operating income</td>
<td>13,594</td>
<td>1,012</td>
<td>77,730</td>
<td>1,685</td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>(4,378)</td>
<td>762</td>
<td>(39,737)</td>
<td>1,507</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,133)</td>
<td>(4,530)</td>
<td>(8,370)</td>
<td>(11,983)</td>
</tr>
<tr>
<td>Loss on extinguishments of debt</td>
<td>—</td>
<td>(2,573)</td>
<td>(2,363)</td>
<td>(1,795)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>3,163</td>
<td>—</td>
<td>13,629</td>
<td>—</td>
</tr>
<tr>
<td>Consolidated net income (loss)</td>
<td>4,748</td>
<td>(5,435)</td>
<td>12,897</td>
<td>(10,907)</td>
</tr>
<tr>
<td>Net income (loss) to common stockholders</td>
<td>$3,706</td>
<td>$ (5,290)</td>
<td>$7,825</td>
<td>$ (10,320)</td>
</tr>
<tr>
<td>Net income (loss) per share, diluted</td>
<td>$0.15</td>
<td>$(0.40)</td>
<td>$0.35</td>
<td>$(0.91)</td>
</tr>
<tr>
<td>Adjusted net income (loss)(1)</td>
<td>$8,084</td>
<td>$(3,479)</td>
<td>$49,925</td>
<td>$(10,032)</td>
</tr>
<tr>
<td>Adjusted net income (loss) per share, diluted(1)</td>
<td>$0.33</td>
<td>$(0.26)</td>
<td>$2.26</td>
<td>$(0.88)</td>
</tr>
<tr>
<td>Adjusted EBITDA(1)</td>
<td>$15,454</td>
<td>$3,445</td>
<td>$78,672</td>
<td>$10,374</td>
</tr>
</tbody>
</table>

---

(1) Reconciling tables for Adjusted Net Income (Loss) and Adjusted EBITDA are available on slide 26 of the presentation.
## Balance Sheet Summary

(Figures below in thousands)

<table>
<thead>
<tr>
<th></th>
<th>At:</th>
<th>September 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>$</td>
<td>$ 56,256</td>
<td>$ 5,151</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td>$119,771</td>
<td>$ 79,377</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>$280,132</td>
<td>$241,049</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$</td>
<td>$ 26,451</td>
<td>$ 28,216</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>$ 67,949</td>
<td>$146,148</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td></td>
<td>$212,183</td>
<td>$ 94,901</td>
</tr>
<tr>
<td>Total liabilities &amp; stockholders’ equity</td>
<td></td>
<td>$280,132</td>
<td>$241,049</td>
</tr>
</tbody>
</table>

Working capital increased to $93.3M from $51.2M
Implementing Strategic Growth Strategy

Leverage improved operational and financial positioning to reinvest in the business

- Complete capital improvement projects to enhance plant assets
- Integrate production & marketing supply chains
- Leverage core competencies & differentiated advantages
- Grow market share & return value to our shareholders
Goals for 2014

- Strengthen Financial Position
- Improve efficiencies
- Maintain strong cash flows
- Refinance/repay legacy debt
- Diversify Feedstock
- Further advanced biofuels initiatives

Improve long-term profitability & expand market share
Appendix
Use of Non-GAAP Measures

Management believes that certain financial measures not in accordance with generally accepted accounting principles ("GAAP") are useful measures of operations.

The company defines Adjusted Net Income (Loss) as unaudited earnings before fair value adjustments and warrant inducements and gain (loss) on extinguishments of debt. The company defines Adjusted EBITDA as unaudited earnings before interest, provision for income taxes, depreciation and amortization, fair value adjustments and warrant inducements and noncash gain (loss) on extinguishments of debt. Tables are provided at the end of this presentation that provide a reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to their most directly comparable GAAP measures. Management provides these non-GAAP measures so that investors will have the same financial information that management uses, which may assist investors in properly assessing the company’s performance on a period-over-period basis. Adjusted Net Income (Loss) and Adjusted EBITDA are not measures of financial performance under GAAP, and should not be considered alternatives to net income (loss) or any other measure of performance under GAAP, or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. Adjusted Net Income (Loss) and Adjusted EBITDA have limitations as analytical tools and you should not consider these measures in isolation or as a substitute for analysis of the company’s results as reported under GAAP.
Non-GAAP Reconciliations

### Adjusted Net Income (Loss)

(Figures below in thousands, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Q3’14</th>
<th>Q3’13</th>
<th>YTD 2014</th>
<th>YTD 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) attributed to common shareholders</td>
<td>$3,706</td>
<td>$(5,290)</td>
<td>$7,825</td>
<td>$(10,320)</td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>4,378</td>
<td>(762)</td>
<td>39,737</td>
<td>(1,507)</td>
</tr>
<tr>
<td>Extinguishments of debt</td>
<td>--</td>
<td>2,573</td>
<td>2,363</td>
<td>1,795</td>
</tr>
<tr>
<td>Adjusted net income (loss)</td>
<td>$8,084</td>
<td>$(3,479)</td>
<td>$49,925</td>
<td>$(10,032)</td>
</tr>
<tr>
<td>Diluted shares</td>
<td>24,307</td>
<td>13,177</td>
<td>22,073</td>
<td>11,380</td>
</tr>
<tr>
<td>Adjusted net income (loss) per share - diluted</td>
<td>$0.33</td>
<td>$(0.26)</td>
<td>$2.26</td>
<td>$(0.88)</td>
</tr>
</tbody>
</table>

### Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Q3’14</th>
<th>Q3’13</th>
<th>YTD 2014</th>
<th>YTD 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) attributed to Pacific Ethanol</td>
<td>$4,025</td>
<td>$(4,971)</td>
<td>$8,771</td>
<td>$(9,374)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense*</td>
<td>928</td>
<td>3,997</td>
<td>7,523</td>
<td>10,122</td>
</tr>
<tr>
<td>Provision for income taxes*</td>
<td>3,007</td>
<td>—</td>
<td>13,473</td>
<td>—</td>
</tr>
<tr>
<td>Extinguishments of debt - noncash</td>
<td>—</td>
<td>2,573</td>
<td>—</td>
<td>3,610</td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>4,378</td>
<td>(762)</td>
<td>39,737</td>
<td>(1,507)</td>
</tr>
<tr>
<td>Depreciation &amp; amortization expense*</td>
<td>3,116</td>
<td>2,608</td>
<td>9,168</td>
<td>7,523</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>11,429</td>
<td>8,416</td>
<td>69,901</td>
<td>19,748</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$15,454</td>
<td>$3,445</td>
<td>$78,672</td>
<td>$10,374</td>
</tr>
</tbody>
</table>

* Adjusted for non-controlling interests
CA Low-Carbon Fuel Standard (LCFS)

Fuels Generating LCFS Credits through Q1’14

- Electricity: 62%
- Nat gas: 12%
- Renewable Diesel: 14%
- Biodiesel: 10%
- Ethanol: 2%

Credit Percentage by Fuel

Ethanol has delivered the majority of compliance under the LCFS

Source: California Air Resource Board
### CA LCFS Pricing Incentives

Potential Value Added for Low CI Fuels (2020)
As of September 2014

Pacific Ethanol has a CI of 80.1 at a credit price of approx. $25/MT, or 4 cpg

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>CI (g/MJ)</th>
<th>$50 ($/gal)</th>
<th>$100 ($/gal)</th>
<th>$150 ($/gal)</th>
<th>$200 ($/gal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn Ethanol</td>
<td>70</td>
<td>$0.08</td>
<td>$0.16</td>
<td>$0.24</td>
<td>$0.31</td>
</tr>
<tr>
<td>Cellulosic Ethanol</td>
<td>20</td>
<td>$0.28</td>
<td>$0.56</td>
<td>$0.84</td>
<td>$1.12</td>
</tr>
<tr>
<td>Soy Renewable Diesel</td>
<td>50</td>
<td>$0.29</td>
<td>$0.58</td>
<td>$0.86</td>
<td>$1.15</td>
</tr>
<tr>
<td>Waste Grease Biodiesel</td>
<td>15</td>
<td>$0.55</td>
<td>$1.09</td>
<td>$1.64</td>
<td>$2.19</td>
</tr>
<tr>
<td>Renewable CNG</td>
<td>30</td>
<td>$0.42</td>
<td>$0.85</td>
<td>$1.27</td>
<td>$1.69</td>
</tr>
</tbody>
</table>

Source: California Air Resource Board