Cautionary Statements

With the exception of historical information, the matters discussed in this presentation including, without limitation, the ability of Pacific Ethanol to operate its plants at full production capacities; the ability of Pacific Ethanol to implement corn oil separation and yield-enhancement technologies, including advanced grinding technologies, at certain of its plants; the ability of Pacific Ethanol to produce advanced biofuels and lower the carbon-intensity of the ethanol it produces; the effects of Pacific Ethanol’s destination business model given its location in the Western United States; the effects of new states adopting low-carbon fuel standards; the ability of Pacific Ethanol to refinance its existing plant debt and the effects of any such refinance; continued favorable production margins, commodity prices and the expected growth in demand for renewable fuels; and the ability of Pacific Ethanol to execute on, and the effects of, its other 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, including ethanol production input 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-Q filed with the Securities and Exchange Commission on May 9, 2014.
Pacific Ethanol at a Glance

The leading producer and marketer of low-carbon renewable fuels in the Western United States

- Founded in 2003, IPO in 2005
- First pure play public ethanol company
- Headquarters in Sacramento, CA
- 170 full-time employees at April 30, 2014

### Production
- Ethanol
- Wet Distillers Grain
- Corn Oil

### Marketing
- Ethanol
- Wet Distillers Grain
- Corn Oil

### Asset Management
- Pacific Ethanol Plants
First-Quarter 2014 Highlights

Established records in quarterly gross profit, operating income and adjusted EBITDA

- Gross profit of $38.5 million
- Operating income of $34.9 million
- Adjusted EBITDA of $35.4 million\(^1\)
- Adjusted Net Income of $24.7 million\(^2\)
- Retired a total of $50 million in debt

\(^1\) A reconciliation of Adjusted EBITDA is provided on slide 22
\(^2\) A reconciliation of Adjusted Net Income is provided on slide 18
# Pacific Ethanol’s Value Proposition

<table>
<thead>
<tr>
<th>Strong long-term demand for ethanol</th>
<th>Differentiated with destination model &amp; West Coast locations</th>
<th>Poised to capitalize on growth opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest cost transportation fuel</td>
<td>Destination model reduces transportation costs &amp; lowers carbon footprint</td>
<td>Diversifying revenue &amp; feedstock to increase revenue &amp; reduce costs</td>
</tr>
<tr>
<td>Provides high octane and burns clean</td>
<td>Location provides quick access to ethanol &amp; feed customers</td>
<td>Leveraging plant flexibility to increase advanced biofuel production</td>
</tr>
<tr>
<td>Supported by federal and state regulations</td>
<td>Source, quality &amp; supply of feedstock optimized by plant locations</td>
<td>Increasing market share</td>
</tr>
</tbody>
</table>
Ethanol trades at a discount to gasoline

- Consumers paid $0.50-$1.50 per gallon less for gasoline in 2013 because of ethanol\(^1\)
- If ethanol were eliminated from the fuel supply, gas prices would increase 41% - 92%, equivalent to $5.60-$7.70 per gallon\(^1\)

RBOB Gasoline and Ethanol Prices
(Nearby Futures)

Ethanol remains the cheapest transportation fuel on the planet\(^3\)

\(^1\) Source: Renewable Fuels Association [www.EthanolRFA.org](http://www.EthanolRFA.org)

\(^3\) Source: RFA [www.RFAworld.org](http://www.RFAworld.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.

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

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

(1) Source: Renewable Fuels Association www.EthanolRFA.org
Ethanol Offers the Highest Performing Fuel to Blenders

With a 113 octane rating, ethanol keeps today's engines running smoothly and efficiently

- Approved under the warranties of all US-marketed auto manufacturers
- All mainstream manufacturers of power equipment, motorcycles, snowmobiles and outboard motors permit ethanol usage in products
- Keeps fuel systems clean for optimal performance
- Helps prevent wintertime problems by acting as a gas-line antifreeze

Even without the RFS, refiners will still blend with high octane ethanol to meet higher fuel and emissions standards

Ethanol in Demand in Export Markets

2013 U.S. exports totaled 605 million gallons - Q1 2014 U.S. exports demonstrate significant increase at 236 million gallons

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

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

(1) Source: Renewable Fuels Association www.EthanolRFA.org
Improving Margin Environment

Production margins recovering to more favorable levels year-over-year

Adjusted Crush Margin $/gal*

- 0.20
- 0.40
- 0.60
- 0.80
- 1.00
- 1.20
- 1.40
- 1.60
- 1.80


• Calculated by using PEI Ethanol – (CBOT Corn+basis) *(1-Co product return)/2.74. 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.

• For April 2014, used OPIS LA ethanol, market corn basis and Q1’14 actual co-product return

Source: PEIX
West Coast proximity & access to local markets provides several advantages

- Source feedstock near the Pacific Ethanol Plants and the Midwest

- Utilizes corn consignment contracts with Midwest grain companies, pricing corn as ethanol and distillers grains are sold, thus reducing working capital needs and diminishing overall price risk

As Pacific Ethanol produces among the lowest carbon-rated ethanol commercially produced in the US, we receive a low-carbon premium for ethanol produced and sold into the California market.
Production and Marketing 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
Pacific Ethanol markets production from its facilities and its partner plants

**Marketing business provides revenue stream insulated from volatile market conditions**

**Pacific Ethanol Plants:**
- Stockton (60MGY)
- Magic Valley (60MGY)
- Columbia (40MGY)
- Madera (40MGY)

**Partner Plants:**
- Calgren (55MGY)
- Keyes (55MGY)

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

**Pacific Ag. Products – feed marketing**
- 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
Ethanol Production: Fuel and 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.)

Historical Corn Usage by Sector

Source: USDA
Diversifying Revenue & Feedstock

Corn oil has a strong market & provides additional operating income

- Producing corn oil at our Magic Valley & Stockton facilities
- Planning to implement corn oil separation technology at Madera & Columbia plants
- Operating with advanced grinding technology at Stockton plant to increase corn oil production & ethanol yields; expect to begin at Magic Valley in Q2 2014

Feedstock diversification strategy lowers material costs & improves operating margins

- Procured 270 million lbs. of surplus beet sugar last fall via the U.S. Department of Agriculture’s Feedstock Flexibility Program
- Ramped up beet sugar usage in Q1 2014: blending at Magic Valley & Columbia facilities at approx. 15% of total feedstock
- Saved approx. $1.4M in material costs through the use of beet sugar in Q1 2014
Moving toward producing next-generation renewable fuels

Using waste beverage products as feedstock at Stockton and Boardman plants

Working to convert corn fiber into cellulosic ethanol

Diversifying feedstock with grain sorghum, combined with other plant-specific technologies

Working with Sweetwater in support of constructing an industrial sugars facility to produce cellulosic ethanol
Every 1% improvement in yield results in about a $3M increase in gross margin annually\(^{(1)}\) Pacific Ethanol received an average premium of 4.5¢ per gallon on ethanol produced in California in 2013.

Driving further reductions in the carbon score to add value

Installed Cellunators\(^{\text{TM}}\) yield-enhancing technology at Stockton plant

Cellunators\(^{\text{TM}}\) expected to boost ethanol yields by increasing available starch for conversion

Provides pathway to potentially produce cellulosic ethanol

\(^{(1)}\) Based on 2013 average commodity prices and 200MGY run rate
## Consolidated Statements of Operations

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$ 254,543</td>
<td>$ 225,459</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>38,545</td>
<td>846</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>3,670</td>
<td>4,005</td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>34,875</td>
<td>(3,159)</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>4,351</td>
<td>3,481</td>
<td></td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>(35,844)</td>
<td>(692)</td>
<td></td>
</tr>
<tr>
<td>Consolidated net loss</td>
<td>(8,817)</td>
<td>(6,602)</td>
<td></td>
</tr>
<tr>
<td>Net loss to CS</td>
<td>$ (11,138)</td>
<td>$ (5,766)</td>
<td></td>
</tr>
<tr>
<td>Net loss per share, basic &amp; diluted</td>
<td>$ (0.69)</td>
<td>$ (0.57)</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 35,395</td>
<td>$ 355</td>
<td></td>
</tr>
</tbody>
</table>

## Adjusted Net Income (Loss)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net Loss to CS</td>
<td>$ (11,138)</td>
<td>$ (5,766)</td>
<td></td>
</tr>
<tr>
<td>Fair Value Adjustments</td>
<td>$ 35,844</td>
<td>$ 692</td>
<td></td>
</tr>
<tr>
<td>Adjusted Net Income (Loss)</td>
<td>$24,706</td>
<td>$ (5,074)</td>
<td></td>
</tr>
<tr>
<td>Basic Shares</td>
<td>16,181</td>
<td>10,060</td>
<td></td>
</tr>
<tr>
<td>Adjusted Net Income (Loss) per Share - Basic</td>
<td>$ 1.53</td>
<td>$ (0.50)</td>
<td></td>
</tr>
<tr>
<td>Diluted Shares</td>
<td>18,482</td>
<td>10,060</td>
<td></td>
</tr>
<tr>
<td>Adjusted Net Income (Loss) per Share - Diluted</td>
<td>$ 1.34</td>
<td>$ (0.50)</td>
<td></td>
</tr>
</tbody>
</table>

## Balance Sheet Highlights

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 7,846</td>
<td>$ 5,151</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$ 99,787</td>
<td>$ 79,377</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$ 35,699</td>
<td>$ 28,216</td>
</tr>
<tr>
<td>Working Capital</td>
<td>$ 64,088</td>
<td>$ 51,161</td>
</tr>
</tbody>
</table>

Consolidated cash balance of $35.0 million as of April 30, 2014
## Debt Reduction Highlights

### Balances as of

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parent Debt</strong>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>$ 13,984</td>
<td>$ 977</td>
<td>$ -</td>
<td>$ (13,007)</td>
<td>$ (13,984)</td>
</tr>
<tr>
<td>Related Party Note</td>
<td>$ 750</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (750)</td>
<td>$ (750)</td>
</tr>
<tr>
<td><strong>Total Parent Debt</strong>*</td>
<td>$ 14,734</td>
<td>$ 977</td>
<td>$ -</td>
<td>$ (13,757)</td>
<td>$ (14,734)</td>
</tr>
<tr>
<td><strong>Plant Debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Revolvers to 3rd Parties</td>
<td>$ 35,378</td>
<td>$ 16,000</td>
<td>$ -</td>
<td>$ (19,378)</td>
<td>$ (35,378)</td>
</tr>
<tr>
<td>Plant Term Debt to 3rd Parties</td>
<td>$ 31,678</td>
<td>$ 31,678</td>
<td>$ 38,678</td>
<td>$ -</td>
<td>$ 7,000</td>
</tr>
<tr>
<td><strong>Total Debt Reduction</strong></td>
<td>$ 67,056</td>
<td>$ 47,678</td>
<td>$ 38,678</td>
<td>$ (19,378)</td>
<td>$ (28,378)</td>
</tr>
<tr>
<td><strong>Total Debt Reduction</strong></td>
<td>$ (33,135)</td>
<td>$ (50,112)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

2014 Company Goals

- Further lower cost of capital & reduce debt
- Install corn oil separation & yield-enhancement technologies at remaining plants
- Increasing our ethanol market share
- Pursue opportunities to produce advanced biofuels
Appendix

Visit our website at: www.pacificethanol.com
### Adjusted EBITDA to Net Loss

<table>
<thead>
<tr>
<th>(in thousands, unaudited)</th>
<th>For the 3 mos. ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss attributed to Pacific Ethanol</td>
<td>$ (10,826)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
</tr>
<tr>
<td>Interest expense*</td>
<td>4,044</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>3,270</td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>35,844</td>
</tr>
<tr>
<td>Depreciation &amp; amortization expense*</td>
<td>3,063</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>46,221</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 35,395</td>
</tr>
</tbody>
</table>

* Adjusted for non-controlling interests.
Focus on Improving Profitability

Business model enables Pacific Ethanol to mitigate commodity pricing exposure risks

- Manage margins to improve plant profitability & liquidity
- Source corn from Midwest & local markets near production facilities
- Contracts with suppliers guarantee corn delivery even in tight conditions
- Utilize alternative feedstocks as needed to supplement production
- Focus on reducing costs & increasing yields

Tight industry-wide supply and demand balance

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

2013 U.S. required conventional ethanol demand at 13.8 billion gallons per year (BGY)

By 2015, requirement increases to 15 BGY for conventional biofuel

By 2022, requirement increases to 36 BGY of total biofuel

Source: PEIX
Driving Ethanol Demand: E15

Pacific Ethanol certified for E15 production

- E15 generates significant market potential
- 2001 and newer cars, light-duty trucks and SUVs approved for E15 use
- More than 60% of the cars, trucks and SUVs on the road today are E15 approved
- Fuel consumed by these vehicles represents upwards of 80% of the unleaded fuel sold today
- Nationwide E15 market = 20 billion gallons of ethanol demand

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

(1) Source: Renewable Fuels Association  [www.EthanolRFA.org](http://www.EthanolRFA.org)
Pacific Ethanol, Inc. holds a 91% ownership interest in PE Op Co.
Asset Management

Further diversifies revenue streams & contributes to parent company cash flow

- Providing asset management services to all four operating Pacific Ethanol Plants
- Focusing on profitability
  - Optimizing performance of individual production plants to attain better yields, reduce costs & improve efficiencies
  - Multi-year focus on advanced biofuels; introducing alternative feedstocks to existing plants
  - Insulated from depressed operating margins and commodity price volatility
# Management Team & Board of Directors

<table>
<thead>
<tr>
<th>Management Team</th>
<th>Title</th>
<th>Years in Industry</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neil Koehler</td>
<td>CEO and Founder, Director</td>
<td>30+</td>
<td>Over 30 years in producing and marketing ethanol in CA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Director of the CA Renewable Fuels Partnership</td>
</tr>
<tr>
<td>Michael Kandris</td>
<td>COO, Director</td>
<td>4</td>
<td>Former President, Ruan Transportation Management Systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Over 30 years management experience</td>
</tr>
<tr>
<td>Bryon McGregor</td>
<td>CFO</td>
<td>12</td>
<td>25 years in treasury, banking and finance</td>
</tr>
<tr>
<td>Christopher Wright</td>
<td>VP and General Counsel</td>
<td>8</td>
<td>Over 30 years in growth company BOD advisory</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Focus on securities and strategic transactions</td>
</tr>
<tr>
<td>Jim Sneed</td>
<td>VP Supply and Trading</td>
<td>21</td>
<td>29 years in finance, logistics, marketing &amp; trading</td>
</tr>
<tr>
<td>Paul Koehler</td>
<td>VP Corporate Development</td>
<td>10</td>
<td>25 years in energy project development &amp; marketing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board Member</th>
<th>Title</th>
<th></th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Jones</td>
<td>Chairman and Founder</td>
<td></td>
<td>20 years in California politics, 8 of which as Secretary of State (1994-2002)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Central Valley farmer and rancher</td>
</tr>
<tr>
<td>Doug Kieta</td>
<td>Director</td>
<td></td>
<td>Former SVP for Calpine Construction Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Oversaw $18B build-out of power assets</td>
</tr>
<tr>
<td>Larry Layne</td>
<td>Director</td>
<td></td>
<td>Former Vice Chairman of Sanwa Bank</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Former Chairman of the Board of Eureka Funds</td>
</tr>
<tr>
<td>Jack Prince</td>
<td>Director</td>
<td></td>
<td>Former President and CEO of Dairyman’s Cooperative Creamery Association</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Former EVP of Land O’ Lakes</td>
</tr>
<tr>
<td>Terry Stone</td>
<td>Director</td>
<td></td>
<td>CPA, 30 years of experience in accounting and taxation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Owner of accountancy firm</td>
</tr>
</tbody>
</table>