

Pacific Ethanol, Inc.  
 Form 4  
 June 02, 2008

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 CASCADE INVESTMENT LLC

2. Issuer Name and Ticker or Trading Symbol  
 Pacific Ethanol, Inc. [PEIX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 2365 CARILLON POINT  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 05/29/2008

\_\_\_\_ Director  10% Owner  
 \_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

KIRKLAND, WA 98033  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price   |
| Common Stock                    | 05/29/2008                           |  | C <sup>(1)</sup>               |   | 2,000,000   | A  | \$ 8 2,975,224  |
| Common Stock                    | 05/29/2008                           |  | S                              |   | 6,900   | D  | \$ 3.75 2,968,324                                     |
| Common Stock                    | 05/29/2008                           |  | S                              |   | 1,100   | D  | \$ 3.74 2,967,224                                     |
| Common Stock                    | 05/29/2008                           |  | S                              |   | 100   | D  | \$ 3.735 2,967,124                                    |
| Common Stock                    | 05/29/2008                           |  | S                              |   | 2,750   | D  | \$ 3.73 2,964,374                                     |
| Common Stock                    | 05/29/2008                           |  | S                              |   | 1,900   | D  | \$ 3.72 2,962,474                                     |

Edgar Filing: Pacific Ethanol, Inc. - Form 4

|              |            |   |        |   |          |           |   |
|--------------|------------|---|--------|---|----------|-----------|---|
| Common Stock |            |   |        |   |          |           |   |
| Common Stock | 05/29/2008 | S | 27,350 | D | \$ 3.71  | 2,935,124 | D |
| Common Stock | 05/29/2008 | S | 25,600 | D | \$ 3.7   | 2,909,524 | D |
| Common Stock | 05/29/2008 | S | 300    | D | \$ 3.695 | 2,909,224 | D |
| Common Stock | 05/29/2008 | S | 12,900 | D | \$ 3.69  | 2,896,324 | D |
| Common Stock | 05/29/2008 | S | 10,250 | D | \$ 3.68  | 2,886,074 | D |
| Common Stock | 05/29/2008 | S | 100    | D | \$ 3.675 | 2,885,974 | D |
| Common Stock | 05/29/2008 | S | 24,370 | D | \$ 3.67  | 2,861,604 | D |
| Common Stock | 05/29/2008 | S | 74,724 | D | \$ 3.66  | 2,786,880 | D |
| Common Stock | 05/29/2008 | S | 200    | D | \$ 3.655 | 2,786,680 | D |
| Common Stock | 05/29/2008 | S | 39,210 | D | \$ 3.65  | 2,747,470 | D |
| Common Stock | 05/29/2008 | S | 46,480 | D | \$ 3.64  | 2,700,990 | D |
| Common Stock | 05/29/2008 | S | 18,000 | D | \$ 3.63  | 2,682,990 | D |
| Common Stock | 05/29/2008 | S | 9,100  | D | \$ 3.615 | 2,673,890 | D |
| Common Stock | 05/29/2008 | S | 24,166 | D | \$ 3.61  | 2,649,724 | D |
| Common Stock | 05/29/2008 | S | 100    | D | \$ 3.605 | 2,649,624 | D |
| Common Stock | 05/29/2008 | S | 14,906 | D | \$ 3.6   | 2,634,718 | D |
| Common Stock | 05/29/2008 | S | 100    | D | \$ 3.595 | 2,634,618 | D |
| Common Stock | 05/29/2008 | S | 30,488 | D | \$ 3.59  | 2,604,130 | D |
| Common Stock | 05/29/2008 | S | 200    | D | \$ 3.585 | 2,603,930 | D |
|              | 05/29/2008 | S | 48,606 | D | \$ 3.58  | 2,555,324 | D |

Edgar Filing: Pacific Ethanol, Inc. - Form 4

|              |            |   |        |   |          |           |   |
|--------------|------------|---|--------|---|----------|-----------|---|
| Common Stock |            |   |        |   |          |           |   |
| Common Stock | 05/29/2008 | S | 8,500  | D | \$ 3.57  | 2,546,824 | D |
| Common Stock | 05/29/2008 | S | 9,200  | D | \$ 3.56  | 2,537,624 | D |
| Common Stock | 05/29/2008 | S | 23,140 | D | \$ 3.55  | 2,514,484 | D |
| Common Stock | 05/29/2008 | S | 600    | D | \$ 3.545 | 2,513,884 | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3)                 | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |              |                      |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Amount Number Shares |
| Series A Cumulative Redeemable Convertible Preferred Stock | \$ 8   | 05/29/2008                           |  | C <sup>(1)</sup>               | 1,000,000   | <sup>(2)</sup>   | <sup>(2)</sup>  | Common Stock | 2,000                |

## Reporting Owners

| Reporting Owner Name / Address                                      | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| CASCADE INVESTMENT LLC<br>2365 CARILLON POINT<br>KIRKLAND, WA 98033 |               | X         |         |       |
| GATES WILLIAM H III<br>ONE MICROSOFT WAY<br>REDMOND, WA 98052       |               | X         |         |       |

## Signatures

Cascade Investment, L.L.C. By: /s/ Michael Larson, Business  
Manager

06/02/2008

\_\_Signature of Reporting Person

Date

William H. Gates III By: /s/ Michael Larson\*, Attorney-In-Fact

06/02/2008

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).  
  
Each Series A Cumulative Redeemable Convertible Preferred Stock ("Series A Preferred Stock") is convertible into two shares of Pacific Ethanol, Inc. ("Pacific Ethanol") common stock at a price per share of \$8. On May 29, 2008, Cascade Investment, L.L.C. ("Cascade") converted 1,000,000 shares of Series A Preferred Stock at a conversion price of \$8 a share, resulting in the issuance to Cascade of 2,000,000 shares of Pacific Ethanol common stock.
- (1)
- (2) The Series A Preferred Stock is convertible at any time at Cascade's option and has no expiration date.

### Remarks:

\* Duly authorized under Special Power of Attorney appointing Michael Larson attorney-in-fact, dated February 3, 2006, by an

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.