

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)

June 6, 2014

PACIFIC ETHANOL, INC.

(Exact name of registrant as specified in its charter)

Delaware

000-21467

41-2170618

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

400 Capitol Mall, Suite 2060, Sacramento, California

95814

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(916) 403-2123

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Certain subsidiaries of Pacific Ethanol, Inc. (the "Company") are parties to that certain Second Amended and Restated Credit Agreement, dated as of October 29, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") that provides for a revolving credit facility of up to \$35.0 million, Tranche A-1 term loans of \$39.4 million, and Tranche A-2 term loans of \$26.3 million. An aggregate of \$31.7 million of the Tranche A-1 term loans are subject to a prepayment premium in the event any of these loans are repaid prior to maturity.

On June 6, 2014, the Company entered into an Agreement for Purchase and Sale of Loans and Assignment of Commitment (the "Purchase Agreement") with Candlewood Credit Value Fund II, L.P. ("CCVF"), under which the Company agreed to purchase from CCVF approximately \$0.8 million of the Tranche A-1 term loans held by CCVF for a purchase price of approximately \$0.9 million in cash. The approximately \$75 thousand premium over the face amount of the purchased debt represents a negotiated fee equal to a 63% discount to the prepayment premium of approximately \$202 thousand that the Company's subsidiaries would have had to pay had they elected to prepay the Tranche A-1 term loans that are being purchased by the Company under the terms of the Candlewood Assignment. The Purchase Agreement also provides that if from and after the date of the Purchase Agreement and the closing of the Purchase Agreement (i.e., the date CCVF receives payment of the purchase price) the borrowers under the Credit Agreement request and receive any Revolving Loans (as that term is defined in the Credit Agreement), upon the closing of the Purchase Agreement, the Company will also purchase the Revolving Loans at 100% of the outstanding principal amount of the Revolving Loans.

On June 9, 2014, the Company entered into a Lender Assignment Agreement (the "CWD Assignment Agreement") with CWD OC 522 Master Fund, Ltd. ("CWD") and a Lender Assignment Agreement (the "Candlewood Assignment Agreement") with Candlewood Special Situations Master Fund, Ltd. ("Candlewood"). Each of CWD and Candlewood is an existing lender under the Credit Agreement. Under the terms of the CWD Assignment Agreement and the Candlewood Assignment Agreement, the Company agreed to purchase an aggregate of approximately \$13.9 million of Tranche A-1 term loans for a purchase price equal to approximately \$16.2 million in cash. The approximately \$2.3 million premium over the face amount of the purchased debt represents a negotiated fee equal to a 34% discount to the aggregate prepayment premium of approximately \$3.5 million that the Company's subsidiaries would have had to pay had they elected to prepay the Tranche A-1 term loans that are being purchased by the Company under the terms of the CWD Lender Assignment Agreement and the Candlewood Lender Assignment Agreement.

On a consolidated basis, the Company purchased an aggregate of \$14.7 million in Tranche A-1 term loans for \$17.0 million, representing a \$2.3 million premium over the principal amount of the Tranche A-1 term loans. In total this represents a \$1.3 million, or 36%, discount to the prepayment premiums otherwise payable by the Company had the Company elected to prepay the Tranche A-1 term loans.

After the closing of the CWD Assignment Agreement, the Candlewood Assignment Agreement and the Purchase Agreement, the Company will hold an aggregate of \$15.5 million in Tranche A-1 term loans and \$26.3 million of previously purchased Tranche A-2 term loans, or approximately \$41.8 million in term loans to its subsidiaries, which amount will not be reflected on the Company's consolidated balance sheet because the amount of these term loans are eliminated in the consolidation process. As a result, the Company's balance sheet will reflect net consolidated term debt to third parties relating to the Pacific Ethanol Plants in the aggregate amount of \$20.5 million.

The foregoing description is intended to provide summaries of the material terms of the CWD Assignment Agreement, the Candlewood Assignment Agreement and the Purchase Agreement. These summaries are qualified in their entirety by references to the CWD Assignment Agreement, the Candlewood Assignment Agreement and the Purchase Agreement which are filed as Exhibit 10.1, Exhibit 10.2 and Exhibit 10.3, respectively, to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Lender Assignment Agreement dated June 9, 2014 by and between CWD OC 522 Master Fund, Ltd. and Pacific Ethanol, Inc. (#)
10.2	Lender Assignment Agreement dated June 9, 2014 by and between Candlewood Special Situations Master Fund, Ltd. and Pacific Ethanol, Inc. (#)
10.3	Agreement for Purchase and Sale of Loans and Assignment of Commitment dated June 6, 2014 by and between Candlewood Credit Value Fund II, L.P. and Pacific Ethanol, Inc. (#)

(#) The agreements filed as exhibits to this report contain representations and warranties made by the parties thereto. The assertions embodied in such representations and warranties are not necessarily assertions of fact, but a mechanism for the parties to allocate risk. Accordingly, investors should not rely on the representations and warranties as characterizations of the actual state of facts or for any other purpose at the time they were made or otherwise.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PACIFIC ETHANOL, INC.

Date: June 9, 2014

By: /s/ BRYON MCGREGOR
Bryon McGregor,
Chief Financial Officer

EXHIBITS FILED WITH THIS REPORT

<u>Exhibit No.</u>	<u>Description</u>
10.1	Lender Assignment Agreement dated June 9, 2014 by and between CWD OC 522 Master Fund, Ltd. and Pacific Ethanol, Inc.
10.2	Lender Assignment Agreement dated June 9, 2014 by and between Candlewood Special Situations Master Fund, Ltd. and Pacific Ethanol, Inc.
10.3	Agreement for Purchase and Sale of Loans and Assignment of Commitment dated June 6, 2014 by and between Candlewood Credit Value Fund II, L.P. and Pacific Ethanol, Inc.

LENDER ASSIGNMENT AGREEMENT

This LENDER ASSIGNMENT AGREEMENT (this "Agreement"), dated as of June 9, 2014, is by and between CWD OC 522 MASTER FUND, LTD. (the "Assignor") and PACIFIC ETHANOL, INC., a Delaware corporation (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to the Second Amended and Restated Credit Agreement, dated as of October 29, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Pacific Ethanol Holding Co. LLC, a Delaware limited liability company ("Pacific Holding"), Pacific Ethanol Madera LLC, a Delaware limited liability company ("Madera"), Pacific Ethanol Columbia, LLC, a Delaware limited liability company ("Boardman"), Pacific Ethanol Stockton LLC, a Delaware limited liability company ("Stockton"), and Pacific Ethanol Magic Valley, LLC, a Delaware limited liability company ("Burley" and, together with Pacific Holding, Madera, Boardman and Stockton, each a "Borrower" and collectively the "Borrowers"), as borrowers, Pacific Holding, as Borrowers' Agent, each of the Lenders from time to time party thereto, Wells Fargo Bank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent, and Amarillo National Bank, as accounts bank;

WHEREAS, the Assignor desires to assign certain of its interests under the Credit Agreement to the Assignee in accordance with Sections 11.03 (b) and (j) thereof;

WHEREAS, as provided under the Credit Agreement, the Assignor is a Lender of Tranche A-1 Closing Date Term Loans and, as such, as of the date hereof has the outstanding Commitments and has disbursed the outstanding Loans as set forth in Annex A hereto;

WHEREAS, the Assignee is an Affiliated Lender;

WHEREAS, the Assignor proposes to sell, assign and transfer to the Assignee, and the Assignee proposes to accept and assume from the Assignor, a one hundred percent (100%) interest in all of the rights and obligations of the Assignor under the Credit Agreement and the other Financing Documents (which includes the outstanding Loans disbursed by and owing to, and the undisbursed Commitments of, the Assignor) relating to the Tranche A-1 Closing Date Term Loans held by the Assignor, all on the terms and subject to the conditions of this Agreement (such interest in such rights and obligations with respect to the Assignor being hereinafter referred to as the "Assigned Interest"); and

WHEREAS, after giving effect to the assignment and assumption under this agreement, the respective Loans and Commitments of the Assignor and the Assignee shall be in the amounts set forth on Annex A.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

Section 2. Assignment.

(a) As of the effective date set forth on the signature page to this Agreement (the "Effective Date"), subject to and in accordance with the Credit Agreement, the Assignor irrevocably sells, transfers, conveys and assigns, without recourse, representation or warranty (except as expressly set forth herein), to the Assignee, and the Assignee irrevocably purchases from the Assignor, the Assignor's Assigned Interest, which shall include (i) all of the Assignor's rights and obligations in its capacity as a Lender with respect to the Assigned Interest under the Credit Agreement, each other Financing Document, and any other documents or instruments delivered pursuant thereto or in connection therewith to the extent related to the Assigned Interest and (ii) to the extent permitted to be assigned under applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender), to the extent related to the Assignor's Assigned Interest, against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, each other Financing Document, and any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity (the foregoing rights, obligations and interests, collectively, the "Assigned Rights").

(b) Upon acceptance and recording of the assignment and assumption made pursuant to this Agreement by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest and the Assigned Rights (including all payments of principal, interest, fees and other amounts) to the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves. Each of the Assignor and the Assignee agrees that if it receives any amount under the Credit Agreement or any other Financing Document that is for the account of the other, it shall hold the same for the other to the extent of the other's interest therein and shall pay promptly the same to the other.

(c) As consideration for the sale and assignment of the Assigned Interests by the Assignor to the Assignee on the Effective Date, Assignee shall pay to Assignor cash in the amount of \$5,382,319.04 by wire transfer of immediately available funds in accordance with written instructions provided by the Assignor to the Assignee.

Section 3. [Intentionally deleted.]

Section 4. Representations, Warranties and Undertakings.

(a) The Assignor (i) represents and warrants that (A) it is the legal and beneficial owner of the Assignor's Assigned Interest and such Assigned Interest is free and clear of any Lien or adverse claim or any option, warrant, purchase right, or other contract or commitment (other than this Agreement) that could require the Assignor to sell, transfer, assign, or otherwise dispose of any Assigned Interest other than to the Assignee, and (B) it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and (ii) makes no representation or warranty and assumes no responsibility with respect to (A) any statements, warranties or representations made in or in connection with the Credit Agreement or the other Financing Documents or the execution, legality, validity, enforceability or genuineness, or sufficiency of value of the Credit Agreement, the other Financing Documents, or any other instrument or document furnished pursuant thereto or in connection therewith or (B) the financial condition of any Borrower, any other Loan Party or any Project Party or the performance or observance by any Borrower or any other Person of any of its obligations under the Credit Agreement, any other Financing Document, or any other instrument or document furnished pursuant thereto or in connection therewith.

(b) The Assignee (i) represents and warrants that it (A) has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement and the other Financing Documents, and (B) meets all requirements of an Eligible Assignee, (ii) acknowledges and confirms that it has received a copy of the Credit Agreement, each other Financing Document and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement and to purchase the Assigned Interest and assume the Assigned Rights, on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Senior Secured Party, (iii) agrees that it will, independently and without reliance upon the Administrative Agent, any Borrower, or any other Senior Secured Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other Financing Document, (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement or the other Financing Documents as are delegated to such Agent by the terms thereof and (v) will perform in accordance with their terms all of the obligations that by the terms of the Financing Documents are required to be performed by it as a Lender. The Assignee further confirms and agrees that in becoming a Lender and in making its Loans under the Credit Agreement, such actions have and will be made without recourse to, or representation or warranty by, any Senior Secured Party.

(c) The Assignee further agrees to furnish the tax form required by Section 4.07(e) (if so required) of the Credit Agreement no later than the Effective Date.

Section 5. Effectiveness.

(a) The effectiveness of the sale, assignment and transfer hereunder is subject to (i) the due execution and delivery of this Agreement by the Assignor and the Assignee, (ii) the receipt by the Assignor of the payment made as consideration for the sale, assignment and transfer contemplated in Section 2 hereof, (iii) consent by the Administrative Agent to this Agreement and the assignment contemplated hereby, and (iv) the registration of such assignment by the Administrative Agent in the Register in accordance with Section 11.03 of the Credit Agreement.

(b) Simultaneously with the execution and delivery by the parties hereto of this Agreement to the Administrative Agent for its recording in the Register, the Assignor shall deliver its Note (if any) to the Administrative Agent and may request that new Notes be executed and delivered to the Assignee and reflecting the assigned and assumed outstanding principal and undisbursed Commitment of the Assignee (plus, if the Assignee is already a Lender, the amount of its outstanding principal and undisbursed Commitment immediately prior to the assignment effected hereby). Any such new Note shall carry the rights to unpaid accrued interest that were carried by any applicable superseded Note(s) such that no loss of interest shall result therefrom. Any applicable new Note executed and delivered in accordance with the foregoing shall have set forth thereon a legend substantially in the following form:

“This Note is issued in replacement of [**describe replaced note**] and, notwithstanding the date of this Note, this Note carries all of the rights to unpaid interest that were carried by such replaced Note, such that no loss of interest shall result from any such replacement.”

If the Assignee is already a Lender, it shall (promptly following its receipt of such new Note payable to it) return to the Borrower the prior Note, if any, held by it.

(c) Except as otherwise provided in the Credit Agreement, effective as of the Effective Date:

(i) the Assignee shall be deemed automatically to have become a party to, and the Assignee agrees that it will be bound by the terms and conditions set forth in, the Credit Agreement, and shall have all the rights and obligations of a “Lender” under the Credit Agreement and the other Financing Documents as if it were an original signatory thereto or an original Lender thereunder with respect to the Assigned Interest and the Assigned Rights; and

(ii) the Assignor shall relinquish its rights (but shall continue to be entitled to the benefits of Sections 11.07 (*Costs and Expenses*) and 11.09 (*Indemnification by the Borrowers*) of the Credit Agreement) and be released from its obligations under the Credit Agreement and the other Financing Documents to the extent specified herein.

Section 6. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

Section 7. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopy or portable document format (“pdf”) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8. Further Assurances. The Assignor and the Assignee hereby agree to execute and deliver such other instruments, and take such other action, as either party or the Administrative Agent may reasonably request in connection with the transactions contemplated by this Agreement including, without limitation, the delivery of any notices to the Borrowers or the Agents that may be required in connection with the assignment contemplated hereby.

Section 9. Binding Effect; Amendment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, subject, however, to the provisions of the Credit Agreement. No provision of this Agreement may be amended, waived or otherwise modified except by an instrument in writing signed by each party hereto and by the Administrative Agent.

Section 10. Administrative Agent Enforcement. The Administrative Agent shall be entitled to rely upon and enforce this Agreement against the Assignor and the Assignee in all respects.

[The remainder of this page is intentionally blank. The next page is the signature page.]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Lender Assignment Agreement to be executed by their duly authorized officers.

The Effective Date for this Agreement is June 9, 2014.

ASSIGNOR

CWD OC 522 MASTER FUND, LTD.

By: /s/ David Koenig

By: _____
Name: David Koenig
Title: Authorized Signatory

ASSIGNEE

PACIFIC ETHANOL, INC.

By: /s/ Bryon McGregor

Name: Bryon McGregor
Title: CFO

Accepted and Acknowledged
this 9th day of June, 2014

WELLS FARGO BANK, N.A.,
as Administrative Agent

By: /s/ Michael Pinzon
Name: Michael Pinzon
Title: Vice President

[Note: Include only those Loans that Assignors have an interest in.]

Loan	Assignor's Undisbursed Commitment Pre-Assignment	Assignor's Outstanding Loans Pre-Assignment	Percentage (of Assignor's interests) Assigned	Assignor's Undisbursed Commitment Post-Assignment	Assignor's Outstanding Loans Post-Assignment	Assignee's Undisbursed Commitment Post-Assignment*	Assignee's Outstanding Loans Post-Assignment
Tranche A-1 Closing Date Term Loans	\$0	\$4,620,016.34	100%	\$0	\$0	\$0	\$4,620,016.34
Revolving Loans	\$2,716,352.72	\$0	0%	\$2,716,352.72	\$0	\$0	\$0

LENDER ASSIGNMENT AGREEMENT

This LENDER ASSIGNMENT AGREEMENT (this "Agreement"), dated as of June 9, 2014, is by and between CANDLEWOOD SPECIAL SITUATIONS MASTER FUND, LTD. (the "Assignor") and PACIFIC ETHANOL, INC., a Delaware corporation (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to the Second Amended and Restated Credit Agreement, dated as of October 29, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Pacific Ethanol Holding Co. LLC, a Delaware limited liability company ("Pacific Holding"), Pacific Ethanol Madera LLC, a Delaware limited liability company ("Madera"), Pacific Ethanol Columbia, LLC, a Delaware limited liability company ("Boardman"), Pacific Ethanol Stockton LLC, a Delaware limited liability company ("Stockton"), and Pacific Ethanol Magic Valley, LLC, a Delaware limited liability company ("Burley") and, together with Pacific Holding, Madera, Boardman and Stockton, each a "Borrower" and collectively the "Borrowers"), as borrowers, Pacific Holding, as Borrowers' Agent, each of the Lenders from time to time party thereto, Wells Fargo Bank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent, and Amarillo National Bank, as accounts bank;

WHEREAS, the Assignor desires to assign certain of its interests under the Credit Agreement to the Assignee in accordance with Sections 11.03 (b) and (j) thereof;

WHEREAS, as provided under the Credit Agreement, the Assignor is a Lender of Tranche A-1 Closing Date Term Loans and, as such, as of the date hereof has the outstanding Commitments and has disbursed the outstanding Loans as set forth in Annex A hereto;

WHEREAS, the Assignee is an Affiliated Lender;

WHEREAS, the Assignor proposes to sell, assign and transfer to the Assignee, and the Assignee proposes to accept and assume from the Assignor, a one hundred percent (100%) interest in all of the rights and obligations of the Assignor under the Credit Agreement and the other Financing Documents (which includes the outstanding Loans disbursed by and owing to, and the undisbursed Commitments of, the Assignor) relating to the Tranche A-1 Closing Date Term Loans held by the Assignor, all on the terms and subject to the conditions of this Agreement (such interest in such rights and obligations with respect to the Assignor being hereinafter referred to as the "Assigned Interest"); and

WHEREAS, after giving effect to the assignment and assumption under this agreement, the respective Loans and Commitments of the Assignor and the Assignee shall be in the amounts set forth on Annex A.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

Section 2. Assignment.

(a) As of the effective date set forth on the signature page to this Agreement (the "Effective Date"), subject to and in accordance with the Credit Agreement, the Assignor irrevocably sells, transfers, conveys and assigns, without recourse, representation or warranty (except as expressly set forth herein), to the Assignee, and the Assignee irrevocably purchases from the Assignor, the Assignor's Assigned Interest, which shall include (i) all of the Assignor's rights and obligations in its capacity as a Lender with respect to the Assigned Interest under the Credit Agreement, each other Financing Document, and any other documents or instruments delivered pursuant thereto or in connection therewith to the extent related to the Assigned Interest and (ii) to the extent permitted to be assigned under applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender), to the extent related to the Assignor's Assigned Interest, against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, each other Financing Document, and any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity (the foregoing rights, obligations and interests, collectively, the "Assigned Rights").

(b) Upon acceptance and recording of the assignment and assumption made pursuant to this Agreement by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest and the Assigned Rights (including all payments of principal, interest, fees and other amounts) to the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves. Each of the Assignor and the Assignee agrees that if it receives any amount under the Credit Agreement or any other Financing Document that is for the account of the other, it shall hold the same for the other to the extent of the other's interest therein and shall pay promptly the same to the other.

(c) As consideration for the sale and assignment of the Assigned Interests by the Assignor to the Assignee on the Effective Date, Assignee shall pay to Assignor cash in the amount of \$10,773,250.75 by wire transfer of immediately available funds in accordance with written instructions provided by the Assignor to the Assignee.

Section 3. [Intentionally deleted.]

Section 4. Representations, Warranties and Undertakings.

(a) The Assignor (i) represents and warrants that (A) it is the legal and beneficial owner of the Assignor's Assigned Interest and such Assigned Interest is free and clear of any Lien or adverse claim or any option, warrant, purchase right, or other contract or commitment (other than this Agreement) that could require the Assignor to sell, transfer, assign, or otherwise dispose of any Assigned Interest other than to the Assignee, and (B) it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and (ii) makes no representation or warranty and assumes no responsibility with respect to (A) any statements, warranties or representations made in or in connection with the Credit Agreement or the other Financing Documents or the execution, legality, validity, enforceability or genuineness, or sufficiency of value of the Credit Agreement, the other Financing Documents, or any other instrument or document furnished pursuant thereto or in connection therewith or (B) the financial condition of any Borrower, any other Loan Party or any Project Party or the performance or observance by any Borrower or any other Person of any of its obligations under the Credit Agreement, any other Financing Document, or any other instrument or document furnished pursuant thereto or in connection therewith.

(b) The Assignee (i) represents and warrants that it (A) has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement and the other Financing Documents, and (B) meets all requirements of an Eligible Assignee, (ii) acknowledges and confirms that it has received a copy of the Credit Agreement, each other Financing Document and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement and to purchase the Assigned Interest and assume the Assigned Rights, on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Senior Secured Party, (iii) agrees that it will, independently and without reliance upon the Administrative Agent, any Borrower, or any other Senior Secured Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other Financing Document, (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement or the other Financing Documents as are delegated to such Agent by the terms thereof and (v) will perform in accordance with their terms all of the obligations that by the terms of the Financing Documents are required to be performed by it as a Lender. The Assignee further confirms and agrees that in becoming a Lender and in making its Loans under the Credit Agreement, such actions have and will be made without recourse to, or representation or warranty by, any Senior Secured Party.

(c) The Assignee further agrees to furnish the tax form required by Section 4.07(e) (if so required) of the Credit Agreement no later than the Effective Date.

Section 5. Effectiveness.

(a) The effectiveness of the sale, assignment and transfer hereunder is subject to (i) the due execution and delivery of this Agreement by the Assignor and the Assignee, (ii) the receipt by the Assignor of the payment made as consideration for the sale, assignment and transfer contemplated in Section 2 hereof, (iii) consent by the Administrative Agent to this Agreement and the assignment contemplated hereby, and (iv) the registration of such assignment by the Administrative Agent in the Register in accordance with Section 11.03 of the Credit Agreement.

(b) Simultaneously with the execution and delivery by the parties hereto of this Agreement to the Administrative Agent for its recording in the Register, the Assignor shall deliver its Note (if any) to the Administrative Agent and may request that new Notes be executed and delivered to the Assignee and reflecting the assigned and assumed outstanding principal and undisbursed Commitment of the Assignee (plus, if the Assignee is already a Lender, the amount of its outstanding principal and undisbursed Commitment immediately prior to the assignment effected hereby). Any such new Note shall carry the rights to unpaid accrued interest that were carried by any applicable superseded Note(s) such that no loss of interest shall result therefrom. Any applicable new Note executed and delivered in accordance with the foregoing shall have set forth thereon a legend substantially in the following form:

"This Note is issued in replacement of [**describe replaced note**] and, notwithstanding the date of this Note, this Note carries all of the rights to unpaid interest that were carried by such replaced Note, such that no loss of interest shall result from any such replacement."

If the Assignee is already a Lender, it shall (promptly following its receipt of such new Note payable to it) return to the Borrower the prior Note, if any, held by it.

(c) Except as otherwise provided in the Credit Agreement, effective as of the Effective Date:

(i) the Assignee shall be deemed automatically to have become a party to, and the Assignee agrees that it will be bound by the terms and conditions set forth in, the Credit Agreement, and shall have all the rights and obligations of a "Lender" under the Credit Agreement and the other Financing Documents as if it were an original signatory thereto or an original Lender thereunder with respect to the Assigned Interest and the Assigned Rights; and

(ii) the Assignor shall relinquish its rights (but shall continue to be entitled to the benefits of Sections 11.07 (*Costs and Expenses*) and 11.09 (*Indemnification by the Borrowers*) of the Credit Agreement) and be released from its obligations under the Credit Agreement and the other Financing Documents to the extent specified herein.

Section 6. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

Section 7. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopy or portable document format ("pdf") shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8. Further Assurances. The Assignor and the Assignee hereby agree to execute and deliver such other instruments, and take such other action, as either party or the Administrative Agent may reasonably request in connection with the transactions contemplated by this Agreement including, without limitation, the delivery of any notices to the Borrowers or the Agents that may be required in connection with the assignment contemplated hereby.

Section 9. Binding Effect; Amendment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, subject, however, to the provisions of the Credit Agreement. No provision of this Agreement may be amended, waived or otherwise modified except by an instrument in writing signed by each party hereto and by the Administrative Agent.

Section 10. Administrative Agent Enforcement. The Administrative Agent shall be entitled to rely upon and enforce this Agreement against the Assignor and the Assignee in all respects.

[The remainder of this page is intentionally blank. The next page is the signature page.]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Lender Assignment Agreement to be executed by their duly authorized officers.

The Effective Date for this Agreement is June 9, 2014.

ASSIGNOR

CANDLEWOOD SPECIAL SITUATIONS MASTER FUND, LTD.

By: /s/ David Koenig

By: _____
Name: David Koenig
Title: Authorized Signatory

ASSIGNEE

PACIFIC ETHANOL, INC.

By: /s/ Bryon McGregor

Name: Bryon McGregor
Title: CFO

Accepted and Acknowledged
this 9th day of June, 2014

WELLS FARGO BANK, N.A.,
as Administrative Agent

By: /s/ Michael Pinzon
Name: Michael Pinzon
Title: Vice President

[Note: Include only those Loans that Assignors have an interest in.]

Loan	Assignor's Undisbursed Commitment Pre-Assignment	Assignor's Outstanding Loans Pre-Assignment	Percentage (of Assignor's interests) Assigned	Assignor's Undisbursed Commitment Post-Assignment	Assignor's Outstanding Loans Post-Assignment	Assignee's Undisbursed Commitment Post-Assignment*	Assignee's Outstanding Loans Post-Assignment
Tranche A-1 Closing Date Term Loans	\$0	\$9,247,425.54	100%	\$0	\$0	\$0	\$9,247,425.54
Revolving Loans	\$5,515,050.90	\$0	0%	\$5,515,050.90	\$0	\$0	\$0

AGREEMENT FOR PURCHASE AND SALE OF LOANS
AND ASSIGNMENT OF COMMITMENT

THIS AGREEMENT FOR PURCHASE AND SALE OF LOANS AND ASSIGNMENT OF COMMITMENT ("Agreement") dated as of June 6, 2014, is made by and among CANDLEWOOD CREDIT VALUE MASTER FUND II, L.P. ("Seller") and PACIFIC ETHANOL, INC., a Delaware corporation ("Buyer"). Unless otherwise defined in this Agreement, capitalized terms used in this Agreement are defined in Exhibit A or have the meanings given to them in the Credit Agreement.

WITNESSETH

WHEREAS, Seller is a lender under the Second Amended and Restated Credit Agreement dated as of October 29, 2012 (as amended, the "Credit Amendment"), among Pacific Ethanol Holding Co. LLC ("Pacific Holding"), Pacific Ethanol Madera LLC, Pacific Ethanol Columbia, LLC, Pacific Ethanol Stockton LLC, and Pacific Ethanol Magic Valley, LLC, a Delaware limited liability company (collectively, the "Borrowers"), Pacific Holding, as Borrowers' Agent, PE OP Co., a Delaware corporation, as Pledgor, each of the Lenders whose signatures appear on the signature pages thereto, Wells Fargo Bank, N.A., as administrative agent for the Lenders, Wells Fargo Bank, N.A., as collateral agent for the Senior Secured Parties and Amarillo National Bank, as accounts bank;

WHEREAS, Seller is a Revolving Lender and a Tranche A-1 Lender;

WHEREAS, currently there are no outstanding Revolving Loans and the amount of Seller's current Revolving Loan Commitment is \$526,987.52 (the "Revolving Commitment");

WHEREAS, the outstanding principal amount of Tranche A-1 Closing Date Term Loans held by Seller are in the current principal amount of \$807,879.00 (the "A-1 Term Loans");

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase and assume from Seller, (a) the Revolving Commitment and any and all outstanding Revolving Loans, each held by Seller and (b) the A-1 Term Loans held by Seller ((a) and (b), collectively, the "Assigned Interest").

NOW, THEREFORE, in consideration of the agreements and mutual covenants and based upon the representations and warranties set forth herein, the parties agree as follows:

1. Purchase and Sale of Assigned Interest.

(a) Subject to the terms and conditions of this Agreement, Buyer irrevocably purchases and assumes from Seller, and Seller irrevocably sells, conveys, assigns, transfers and delivers to Buyer on the Closing Date all of (i) the Assigned Interest and (ii) Seller's obligations as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto with respect to the Assigned Interest (IN EACH CASE WITHOUT RECOURSE TO SELLER, AND WITHOUT REPRESENTATION, COVENANT OR WARRANTY, EXCEPT AS EXPRESSLY PROVIDED IN SECTION 3 OF THIS AGREEMENT AND THE LOAN ASSIGNMENT).

(b) As consideration for the sale and assignment of the Assigned Interest to Buyer at the Closing (hereinafter defined), Buyer shall pay to Seller, in cash, a total of \$882,879.00 plus \$1999.27 representing the amount of accrued and unpaid interest and fees (“Accrued Interest and Fees”) on the A-1 Term Loans as of the Closing Date (the “Cash Consideration”) by wire transfer to Seller’s wire instructions set forth on Schedule I hereto. The Cash Consideration includes \$75,000, which the parties acknowledge represents a payment to the Seller for any Make-Whole Amount that otherwise would have become due pursuant to Section 3.15 of the Credit Agreement had the transaction evidenced hereby been structured as a prepayment of the A-1 Term Loans rather than a purchase. If from and after the date of this Agreement and prior to the Closing (hereinafter defined), Borrowers request and receive any Revolving Loans, as a further condition precedent to Seller’s obligations, upon the Closing Date, Buyer will also purchase such Revolving Loans held by Seller at a purchase rate of one-hundred percent (100%) of the outstanding principal amount of the Revolving Loans together with accrued and unpaid interest and fees thereon. For the avoidance of doubt, all accrued and unpaid interest and fees allocable to the period prior to but excluding the Closing Date is for the account of Seller, and all accrued and unpaid interest and fees allocable to the period from and after Closing Date is for the account of Buyer.

2. Conditions Precedent.

(a) Buyer’s obligations to pay the Cash Consideration to Seller and to acquire the Assigned Interest and to assume Seller’s obligations as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto with respect to the Assigned Interest shall be subject to Buyer’s receipt of (i) this Agreement duly executed on behalf of the Seller and (ii) the Loan Assignment duly completed and executed on behalf of the Seller and any other entity the consent or acknowledgement of which is required pursuant to the terms of the Credit Agreement.

(b) Seller’s obligation to sell, transfer, assign, grant, and convey the Assigned Interest to Buyer will be subject to the conditions that Seller shall have received (i) this Agreement duly executed on behalf of Buyer, (ii) the Assignment duly completed and executed on behalf of Buyer and any other entity the consent or acknowledgement of which is specified required pursuant to the terms of the Credit Agreement, (iii) the Commitment Cancellation Agreement (hereinafter defined) duly executed on behalf of Buyer and any other entity the consent or acknowledgement of which is required pursuant to the terms of the Credit Agreement, and (iv) payment of the Cash Consideration from Buyer.

(c) Buyer and Seller will cooperate to provide the Loan Assignment to Administrative Agent for acceptance and recordation and designation of the “Effective Date” therein.

3. Seller Representations. Seller represents and warrants to Buyer (as of the Closing Date) as follows:

(a) Organization. Seller is an exempted limited partnership, duly organized, validly existing and in good standing under the laws of the Cayman Islands.

(b) Due Authorization; Enforceability. The execution, delivery and performance of this Agreement have been duly and validly authorized by Seller. Assuming the due authorization, execution and delivery of the same by Buyer, this Agreement and the Loan Assignment constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms (except as may be limited by bankruptcy, insolvency, reorganization and other similar laws and equitable principles relating to or limiting creditors' rights generally).

(c) Non-Contravention; Consents. Seller is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of, any government, governmental agency or other Person in order to consummate the purchase and sale of the Assigned Interest (the "Transaction").

(d) Loan Balance; Prior Assignment; Authority. (i) As of the date of this Agreement, the outstanding principal balance of the Revolving Loans held by Seller is \$0 and the outstanding principal balance of the Tranche A-1 Term Loans held by Seller is as set forth in the Recitals, (ii) Seller has not previously assigned or sold any of the Assigned Interest or any rights, title or interest under the Credit Agreement, and (iii) Seller has full power and authority to transfer and assign the Assigned Interest.

(e) Ownership. Seller is the legal and beneficial owner of the Assigned Interest free and clear of any Encumbrances.

(f) Notes. Seller does not hold any Term Notes or Revolving Notes evidencing the Assigned Interest.

(g) Brokers. No broker, finder or other entity acting under the authority of the Seller or any of its affiliates is entitled to any broker's commission or other fee in connection with the Transaction for which Buyer could be responsible.

4. Buyer Representations. Buyer represents and warrants to Seller (as of the Closing Date) as follows:

(a) Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer is in good standing and qualified to do business as a foreign corporation in any state in which it is doing business.

(b) Due Authorization; Enforceability. The execution, delivery and performance of this Agreement have been duly and validly authorized by Buyer. Assuming the due authorization, execution and delivery of the same by Seller, this Agreement and the Loan Assignment constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms (except as may be limited by bankruptcy, insolvency, reorganization and other similar laws and equitable principles relating to or limiting creditors' rights generally).

(c) Non-Contravention; Consents. Buyer is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the Transaction.

(d) Permitted Transfer. Buyer is an Affiliated Lender as defined in the Credit Agreement. Buyer acknowledges and agrees to the terms, conditions and restrictions of Section 11.03(j) of the Credit Agreement pertaining to assignments to Affiliated Lenders.

(e) Brokers. No broker, finder or other entity acting under the authority of Buyer or any of its affiliates is entitled to any broker's commission or other fee in connection with the Transaction for which Seller could be responsible.

(f) As-Is Sale. Buyer hereby acknowledges and agrees that the Assigned Interest is being sold "as-is." Buyer hereby acknowledges and agrees that the Seller makes no representations, covenants or warranties other than as expressly set forth in Section 3 and the Loan Assignment and specifically acknowledges that Seller has made no representations, covenants or warranties with regard to any Collateral (as defined in the Credit Agreement).

(g) Credit Agreement. From and after the Closing Date, Buyer will be bound by the provisions of the Credit Agreement as a Lender thereunder, and, to the extent of the Assigned Interest, will have the obligations of a Lender thereunder.

(h) Sophisticated Buyer. Buyer is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type.

(i) Independence. Buyer has independently and without reliance upon Seller (except for the representations and warranties of Seller herein and in the Loan Assignment), and based on such information as Buyer has deemed appropriate, made its own analysis and decision to enter into this Agreement.

5. Survival of Representations and Covenants. The covenants and agreements of each Party shall survive the Closing for the periods specified in such covenants and agreements, or if no period is specified, until one-year after the Closing Date. The representations and warranties of each Party shall survive until one-year after the Closing Date.

6. Additional Agreements.

(a) Further Assurances. Each Party agrees to execute and deliver such further documents and instruments and to take such further actions after the Closing as may be necessary or desirable and reasonably requested by the other Party to give effect to the Transaction.

(b) Expenses; Attorneys' Fees. Each Party shall bear and pay all fees, costs and expenses that have been incurred or that are in the future incurred by, on behalf of, such Party in connection with the negotiation, preparation and review of this Agreement, the Loan Assignment and the other documents and instruments contemplated hereby and all certificates and other instruments and documents delivered or to be delivered in connection with the Transaction, and the consummation and performance of the Transaction.

(c) Seller's Rights Under the Credit Agreement. Until the consummation of the Transaction, Seller reserves all of its rights to exercise and enforce its rights and remedies as a Lender under the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), in each case, without any obligation to notify, or seek the consent of, Buyer of such exercise or enforcement and Buyer shall have no right to direct Seller in the exercise or enforcement of such rights or remedies.

(d) Post-Closing Obligations. Seller agrees that to the extent Seller receives any principal, interest or fees with respect to the Assigned Interest after the Closing that is (i) duplicative of the principal or Accrued Interest and Fees paid by Buyer to Seller on the Closing Date or (ii) attributable to the period from and after the Closing Date, Seller will hold such amounts for the sole benefit of Buyer, and promptly transfer such amounts to Buyer in the form received to Buyer's wire instructions set forth on Schedule I hereto.

(e) Payments. Any Party that has received funds to which the other Party is entitled under this Agreement shall pay over such funds to the other Party on or before the date that is two (2) business days after receipt, if such funds were received after the Closing Date.

7. Miscellaneous.

(a) Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when personally delivered, when mailed by certified mail, return receipt requested, when sent by facsimile with confirmation of receipt received, upon receipt when sent by other means of electronic transmission, or when delivered by overnight courier with executed receipt. Notices, demands and communications to Seller or Buyer shall, unless another address is specified in writing in accordance herewith, be sent to the address indicated below:

Notices to Seller:	Candlewood Credit Value Master Fund II, L.P. 49 W. Putnam Avenue Greenwich, CT 06830 Attn: Ryan Eckert Tel: (212) 493-2265 Fax: (646) 380-3563 E-mail: ryan.eckert@cvp7.com
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Notices to Buyer: Pacific Ethanol, Inc.
400 Capitol Mall
Suite 2060
Sacramento, CA 95814
Attn: General Counsel
Tel: (916) 403-2123
Fax: (916) 403-2785
E-mail: cwright@pacificethanol.com

(b) Amendment. No change in or modification of this Agreement shall be valid unless the same shall be in writing and signed by Seller and Buyer.

(c) Waiver. No failure or delay on the part of the parties or any of them in exercising any right, power or privilege hereunder, nor any course of dealing between the parties or any of them shall operate as a waiver of any such right, power or privilege nor shall any single or partial exercise of any such right, power or privilege preclude the simultaneous or later exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and are not exclusive of any rights or remedies which the parties or any of them would otherwise have.

(d) Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all of the parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one agreement. This Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or electronic transmission (including a PDF file), shall be treated in all manner and respects as an original Agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto shall raise the use of a facsimile machine or electronic transmission to deliver a signature or the fact that any signature was transmitted or communicated through the use of a facsimile machine or electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

(e) GOVERNING LAW. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER, WITHOUT REGARD TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

(f) Benefit and Binding Effect. Except as otherwise provided in this Agreement, no right under this Agreement shall be assignable and any attempted assignment in violation of this provision shall be void. Every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective executors, administrators, heirs, successors, permitted transferees, and permitted assigns. It is understood and agreed among the parties that this Agreement and the covenants made herein are made expressly and solely for the benefit of the parties hereto, and that no other Person, other than as expressly set forth in this, shall be entitled or be deemed to be entitled to any benefits or rights hereunder, nor be authorized or entitled to enforce any rights, claims or remedies hereunder or by reason hereof.

(g) Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. The parties hereto agree to negotiate in good faith to replace any illegal, invalid or unenforceable provision of this Agreement with a legal, valid and enforceable provision that, to the extent possible, will preserve the economic bargain of this Agreement. If any time period set forth herein is held by a court of competent jurisdiction to be unenforceable, a different time period that is determined by the court to be more reasonable shall replace the unenforceable time period.

(h) Headings: Construction. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any party. Every schedule and other addendum attached to this Agreement and referred to herein is incorporated in this Agreement by reference unless this Agreement expressly otherwise provides. All terms and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person or Persons may require.

(i) Entire Agreement. This Agreement and the Loan Assignment contain the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and supersede all prior agreements and all contemporaneous oral agreements.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Purchase and Sale of Loans and Assignment of Commitment as of the day and year first above written.

BUYER

PACIFIC ETHANOL, INC.

By: /s/ Bryon McGregor

Name: Bryon McGregor

Title: CFO

SELLER

CANDLEWOOD CREDIT VALUE MASTER FUND II, L.P.

By: Credit Value Partners, LP, as Investment Manager

By: /s/ Michael Geroux

Name: Michael Geroux

Title: Authorized Signatory

SCHEDULE I

WIRE INSTRUCTIONS

Seller's Wire Instructions:

JPMorgan Chase
ABA #: 021000021
DDA#: 066001633 JPMCC
FFC: Candlewood Credit Value Master Fund II LP
FFC Acct#: 102-40752-26
Reference: Pacific Ethanol/Pacific Ethanol Inc.

Buyer's Wire Instructions:

Wells Fargo Bank
ABA # 121000248
Account # 4122203813
Credit to: Pacific Ethanol, Inc.

EXHIBIT A

DEFINITIONS

“Action” is defined in Section 6(b).

“Agreement” is defined in the preamble hereof.

“Assigned Interest” is defined in the recitals hereto.

“Borrowers” is defined in the recitals hereto.

“Buyer” is defined in the preamble hereof.

“Cash Consideration” is defined in Section 1(b).

“Closing” means the closing of the sale of the Assigned Interest to Buyer.

“Closing Date” means the date on which Seller receives the Cash Consideration.

“Commitment Cancellation Agreement” means that certain Commitment Cancellation Agreement dated as of the Closing Date by and among by and among the Borrowers, PACIFIC HOLDING, as Borrowers’ Agent, and PE OP CO., a Delaware corporation, as Pledgor, pursuant to which Buyer cancels and terminates the Revolving Loans and Revolving Loan Commitments it acquires from Seller pursuant to this Transaction.

“Credit Agreement” is defined in the recitals hereto.

“Encumbrance” means any (a) mortgage, pledge, lien, security interest, charge, hypothecation, security agreement, security arrangement or encumbrance or other adverse claim against title of any kind; (b) purchase, option, call or put agreement or arrangement; (c) subordination agreement or arrangement other than as specified in the Transaction Documents; (d) prior sale, transfer, assignment or participation by Seller of the Assigned Interest; or (e) agreement or arrangement to create or effect any of the foregoing.

“Loan Assignment” means an assignment of the Loan in the form attached as Exhibit 11.03 to the Credit Agreement.

“Pacific Holding” is defined in the recitals hereto.

“Party” or “Parties” means any of Seller and Buyer.

“Person” means any individual, person, limited liability company, partnership, trust, unincorporated organization, corporation, association, joint stock company, business, group, government, government agency or authority or other entity.

“Seller” is defined in the preamble hereof.

“Transaction” is defined in Section 3(c).