

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 13, 2014

PACIFIC ETHANOL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-21467
(Commission File Number)

41-2170618
(IRS Employer
Identification No.)

400 Capitol Mall, Suite 2060
Sacramento, California
(Address of principal executive offices)

95814
(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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Pacific Ethanol, Inc. 2014 Short-Term Incentive Plan

On June 13, 2014, the compensation committee of the board of directors of Pacific Ethanol, Inc. (the “Company”) adopted a 2014 short-term incentive plan (the “Company Plan”) applicable to the Company’s Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel, Vice President of Corporate Development and other officer, director and manager-level personnel. The purpose of the Company Plan is to motivate and reward eligible personnel for their contributions to the Company in achieving its financial performance and other goals.

The aggregate amount available for distribution under the Company Plan will be determined by the Company’s compensation committee. Amounts paid under the Company Plan will be based on Company financial performance, and achievement against departmental and individual goals and objectives. Company financial performance will be measured by the Company’s 2014 earnings before interest, taxes, debt extinguishments, fair value adjustments, warrant inducements and depreciation and amortization (“Adjusted EBITDA”).

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to a description of the Company Plan included as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by this reference.

Kinergy 2014 Short-Term Incentive Plan

On June 13, 2014, the compensation committee of the board of directors of the Company adopted a 2014 short-term incentive plan (the “Kinergy Plan”) for Kinergy Marketing LLC (“Kinergy”), a wholly-owned subsidiary of the Company. The Kinergy Plan is applicable to the Company’s Vice President of Ethanol Supply and Trading. The purpose of the Kinergy Plan is to motivate and reward the Company’s Vice President of Ethanol Supply and Trading for contributions to Kinergy in achieving its financial performance and other goals.

The aggregate amount available for distribution under the Kinergy Plan will be determined by the Company’s compensation committee. Amounts paid under the Kinergy Plan will be based on Kinergy’s financial performance, overall Company financial performance and achievement against individual goals and objectives. Kinergy’s financial performance goal will be measured by Kinergy’s adjusted net income and Company financial performance will be measured by the Company’s 2014 Adjusted EBITDA.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to a description of the Kinergy Plan included as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by this reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Number</u>	<u>Description</u>
10.1	Pacific Ethanol, Inc. 2014 Short-Term Incentive Plan Description
10.2	Kinergy Marketing LLC 2014 Short-Term Incentive Plan Description

SIGNATURE

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.

Date: June 13, 2014

PACIFIC ETHANOL, INC.

By: /s/ CHRISTOPHER W. WRIGHT

Christopher W. Wright

Vice President, General Counsel and Secretary

EXHIBITS FILED WITH THIS REPORT

<u>Number</u>	<u>Description</u>
10.1	Pacific Ethanol, Inc. 2014 Short-Term Incentive Plan Description
10.2	Kinergy Marketing LLC 2014 Short-Term Incentive Plan Description

Pacific Ethanol, Inc. 2014 Short-Term Incentive Plan (“Plan”) Description

- **Effective Date:** The Plan was adopted by the compensation committee (the “Compensation Committee”) of the board of directors of Pacific Ethanol, Inc. (the “Company”) on June 13, 2014.
 - **Participants:** The Company’s Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel and Vice President of Corporate Development (“Executive Officers”), and other officer, director and manager-level personnel will be eligible to participate in the Plan.
 - **Aggregate Plan Pool:** The dollar amount of the aggregate Plan pool will be established by the Compensation Committee.
 - **Awards:** Awards under the Plan for Executive Officers will be determined by the Compensation Committee. Awards under the Plan for other officer, director and manager-level personnel will be determined by the Company’s executive committee, within the limits of the Plan pool approved by the Compensation Committee.
 - **Individual Targets:** The Plan payout targets for Executive Officers will be determined by the Compensation Committee. The Plan payout targets for other officer, director and manager-level personnel will be set as a percentage of a participant’s base salary in accordance with compensation policies established by the Company’s executive committee or a participant’s employment agreement with the Company.
 - **Award Components:** Awards under the Plan will be based on three elements: financial performance, departmental performance and individual performance. Company financial performance will be an element in all participants’ awards. One or both of the departmental performance and individual performance elements will also apply. Each element will be assigned a weighting based upon a participant’s role in the Company.
 - o The financial performance element will be based on an earnings before interest, taxes, debt extinguishments, fair value adjustments, warrant inducements and depreciation and amortization (“Adjusted EBITDA”) goal established by the Compensation Committee. The financial performance element is non-discretionary and will be funded at a rate of 0% to 175% of the participant’s targeted payout amount for the element based on the level of actual Adjusted EBITDA compared to the Adjusted EBITDA goal.
 - o The departmental performance element will be based on quantitative criteria and subjective elements established by the Company’s executive committee. The extent to which a department will be deemed to have achieved its performance goals will be determined by the Company’s executive committee in consultation with the Compensation Committee. The departmental element is discretionary and will be funded at a rate of 0% to 100% of the participant’s targeted payout amount for the element.
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- o The individual performance element will be based on individual participant goals based on quantitative criteria and subjective elements established by each participant's supervisor, in consultation with the Company's executive committee. The extent to which a participant will be deemed to have achieved his or her individual performance goals will be determined by the Company's executive committee in consultation with the participant's supervisor; provided, however, that the extent to which a participant who is an Executive Officer will be deemed to have achieved his or her individual performance goals will be recommended by the Company's Chief Executive Officer but ultimately determined by the Compensation Committee. The individual performance element is discretionary and will be funded at a rate of 0% to 100% of the participant's targeted payout amount for the element.
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Kinergy Marketing LLC (“Kinergy”) 2014 Short-Term Incentive Plan (“Plan”) Description

- Effective Date: The Plan was adopted by the compensation committee (the “Compensation Committee”) of the board of directors of Pacific Ethanol, Inc. (the “Company”) on June 13, 2014.
 - Participant: the Company’s Vice President of Ethanol Supply and Trading.
 - Aggregate Plan Pool: The dollar amount of the aggregate Plan pool will be established by the Compensation Committee.
 - Awards: Awards under the Plan will be recommended by the Company’s executive committee, subject to approval by the Compensation Committee.
 - Award Components: Awards under the Plan will be based on three elements: Kinergy financial performance, overall Company financial performance and individual performance, each of which will be assigned a weighting. The awards based on each of the three elements will be capped so that the aggregate award conforms to the Plan pool established by the Compensation Committee.
 - o The Kinergy financial performance element will be based on an adjusted net income goal established by the Compensation Committee. The financial performance element is non-discretionary and funded on a sliding scale percentage of Kinergy’s adjusted net income, subject to a cap.
 - o The overall Company financial performance element will be based on an earnings before interest, taxes, debt extinguishments, fair value adjustments, warrant inducements and depreciation and amortization (“Adjusted EBITDA”) goal established by the Compensation Committee. The overall Company financial performance element is non-discretionary and will be funded at a rate of 0% to 175% of a targeted payout amount based on the level of actual Adjusted EBITDA compared to the Adjusted EBITDA goal, subject to a cap.
 - o The individual performance element will be based on quantitative criteria and subjective elements established by the Company’s Chief Executive Officer in consultation with the Company’s executive committee and the participant. The extent to which the participant will be deemed to have achieved his individual performance goals will be determined by the Company’s Chief Executive Officer, subject to approval by the Compensation Committee. The individual performance element is discretionary and will be funded at a rate of 0% to 100% of a targeted payout amount, subject to a cap.
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