UNITED STATES
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): **March 16, 2020**

PACIFIC ETHANOL, INC.
(Exact Name of Registrant as Specified in 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.001 par value	PEIX	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

Amendment No. 2 to Credit Agreement

On March 20, 2020, Illinois Corn Processing, LLC ("ICP"), an indirect wholly-owned subsidiary of Pacific Ethanol, Inc. (the "Company"), Compeer Financial, PCA ("Compeer") and CoBank, ACB, a federally chartered instrumentality of the United States ("CoBank"), entered into Amendment No. 2 to Credit Agreement ("Amendment No. 2") dated March 20, 2020, further amending that certain Credit Agreement dated as of September 15, 2017 by and between ICP, CoBank and Compeer (as amended, the "ICP Credit Agreement").

Under Amendment No. 2, the parties agreed that if ICP provides CoBank with the noteholders' (the "Noteholders") party to that certain Senior Secured Note Amendment Agreement dated as of December 22, 2019 and the transaction documents related thereto (collectively, the "Notes Amendment Documents") written agreement to defer payments owed under those certain Amended and Restated Senior Secured Notes (the "Amended Notes") issued as of December 22, 2019 by the Company in favor of the Noteholders through May 20, 2020, principal payments under the term note payable on March 20, 2020, and interest payments due under the term note on March 20, 2020 and April 20, 2020, shall be deferred until May 20, 2020. ICP also agreed to provide CoBank with certain financial reports by the third business day of each week until the lenders (the "Pekin Lenders") under that certain Credit Agreement dated as of December 15, 2016 by and among Pacific Ethanol Pekin, LLC ("Pekin"), an indirect wholly-owned subsidiary of the Company, CoBank and Compeer (as amended, the "Pekin Credit Agreement") and the lenders (the "ICP Lenders") under the ICP Credit Agreement receive an aggregate of $40.0 million (the "Paydown Amount"). Amendment No. 2 also added new milestones (the "Milestones") to the ICP Credit Agreement requiring ICP and the Company to deliver to CoBank (i) a term sheet outlining the terms of a comprehensive balance sheet plan on or before April 20, 2020, and (ii) a detailed 13-week cash flow budget outlining ICP's capital needs on or before April 20, 2020. The parties also agreed that the Company's termination, replacement, or reduction of the authority of the CRO (as defined below) without the prior written consent of CoBank, and the failure of ICP to satisfy any of the Milestones, would constitute an event of default under the ICP Credit Agreement

Descriptions of the Notes Amendment Documents are set forth in the Company's Current Report on Form 8-K for December 20, 2019 filed with the Securities and Exchange Commission on December 26, 2019 and are incorporated herein by this reference.

Descriptions of the Pekin Credit Agreement are set forth in the Company's Current Reports on Forms 8-K for December 15, 2016, August 7, 2017, March 30, 2018, March 21, 2019, July 15, 2019, November 15, 2019, December 16, 2019 and December 20, 2019 filed with the Securities and Exchange Commission on December 20, 2016, August 11, 2017, April 5, 2018, March 27, 2019, July 19, 2019, November 19, 2019, December 26, 2019 and December 26, 2019, respectively, and are incorporated herein by this reference.

Descriptions of the ICP Credit Agreement are set forth in the Company's Current Report on Form 8-K for September 15, 2017 and December 20, 2019 filed with the Securities and Exchange Commission on September 21, 2017 and December 26, 2019, respectively, and are incorporated herein by this reference.

The description of Amendment No. 2 does not purport to be complete and is qualified in its entirety by reference to Amendment No. 2, which is filed as Exhibit 10.1 to this report and is incorporated herein by this reference.

Amendment No. 8 to Credit Agreement

On March 20, 2020, Pekin, Compeer and CoBank entered into Amendment No. 8 to Credit Agreement ("Amendment No. 8") dated March 20, 2020, further amending the Pekin Credit Agreement.

Under Amendment No. 8, the parties agreed that if Pekin provides CoBank with the Noteholders' written agreement to defer payments owed under the Amended Notes through May 20, 2020, principal payments under the term note payable on March 20, 2020, and interest payments due under the term note on March 20, 2020 and April 20, 2020, shall be deferred until May 20, 2020. Pekin also agreed to provide CoBank with certain financial reports by the third business day of each week until the Pekin Lenders and ICP Lenders receive the Paydown Amount in full. Amendment No. 8 also added the Milestones, and the parties agreed that the Company's termination, replacement, or reduction of the authority of the CRO without the prior written consent of CoBank, and the failure of Pekin to satisfy any of the Milestones, would constitute an event of default under the Pekin Credit Agreement

The description of Amendment No. 8 does not purport to be complete and is qualified in its entirety by reference to Amendment No. 8, which is filed as Exhibit 10.2 to this report and is incorporated herein by this reference.

Note Amendment No. 5

On March 20, 2020, the Company and the Noteholders entered into Note Amendment No. 5 ("Note Amendment No. 5") dated March 20, 2020 by and among the Company and the Noteholders under which the parties agreed to amend the Amended Notes by deferring the due date of the March 15, 2020 interest payment to May 20, 2020. The Company also agreed to provide certain financial reports to CoBank at the request of a Noteholder and to provide such Noteholder with access to the CRO.

Note Amendment No. 5 also contains customary representations and warranties and other customary terms and conditions.

A description of the Amended Notes is set forth in the Company's Current Report on Form 8-K for December 20, 2019 filed with the Securities and Exchange Commission on December 26, 2019 and is incorporated herein by this reference.

The description of Note Amendment No. 5 does not purport to be complete and is qualified in its entirety by reference to Note Amendment No. 5, which is filed as Exhibit 10.3 to this report and is incorporated herein by this reference.

ICP Security Agreement

On March 20, 2020, ICP entered into a Security Agreement (the "ICP Security Agreement") dated March 20, 2020 in favor of Cortland Products Corp., as collateral agent for the benefit of the Noteholders ("Cortland", and together with the Noteholders, the "Secured Parties"), under which ICP granted a security interest in all of ICP's personal property in favor of Cortland as security for ICP's obligations to the Secured Parties. The lien granted under the ICP Security Agreement is junior and subordinate in priority to the lien granted to CoBank, as set forth in that certain Intercreditor Agreement (the "Intercreditor Agreement"), dated as of March 20, 2020, by and among the Company, Cortland, CoBank, and the grantors party thereto (described below and which is filed as Exhibit 10.12 to this Current Report on Form 8-K).

The ICP Security Agreement also contains customary representations and warranties and other customary terms and conditions.

The description of the ICP Security Agreement does not purport to be complete and is qualified in its entirety by reference to the ICP Security Agreement, which is filed as Exhibit 10.4 to this report and is incorporated herein by this reference.

PE Central Security Agreement

On March 20, 2020, Pacific Ethanol Central, LLC ("PE Central"), a wholly-owned subsidiary of the Company, entered into a Security Agreement (the "PE Central Security Agreement") dated March 20, 2020 by and between PE Central and Cortland under which PE Central granted a security interest in certain of PE Central's personal property in favor of Cortland as security for the Company's and PE Central's payment and performance of (i) all indebtedness and obligations under the Notes Amendment Documents, and (ii) all indebtedness and obligations of the Company and PE Central owed to the Secured Parties. The lien granted under the PE Central Security Agreement is junior and subordinate in priority to the lien granted to CoBank, as set forth in the Intercreditor Agreement.

The PE Central Security Agreement also contains customary representations and warranties and other customary terms and conditions.

The description of the PE Central Security Agreement does not purport to be complete and is qualified in its entirety by reference to the PE Central Security Agreement, which is filed as Exhibit 10.5 to this report and is incorporated herein by this reference.

Pledge Agreements

On March 20, 2020, PE Central, ICP and Cortland entered into a Pledge Agreement (the "ICP Pledge Agreement") under which PE Central pledged its equity interests in ICP in favor of the Secured Parties as security for the payment and performance of all the obligations of the Company to the Noteholders under the Notes Amendment Documents. The ICP Pledge Agreement also contains customary representations, warranties and covenants, and other terms and conditions.

On March 20, 2020, PE Central, Pekin and Cortland entered into a Pledge Agreement (the "Pekin Pledge Agreement") under which PE Central pledged its equity interests in Pekin in favor of the Secured Parties as security for the payment and performance of all the obligations of the Company to the Noteholders under the Notes Amendment Documents. The Pekin Pledge Agreement also contains customary representations, warranties and covenants, and other terms and conditions.

On March 20, 2020, PE Central, Pacific Aurora, LLC ("PAL"), an indirect subsidiary of the Company, and Cortland entered into a Pledge Agreement (the "PAL Pledge Agreement") under which PE Central pledged its equity interests in PAL in favor of the Secured Parties as security for the payment and performance of all the obligations of the Company to the Noteholders under the Notes Amendment Documents. The PAL Pledge Agreement also contains customary representations, warranties and covenants, and other terms and conditions.

The descriptions of the ICP Pledge Agreement, Pekin Pledge Agreement and PAL Pledge Agreement do not purport to be complete and are qualified in their entirety by reference to the ICP Pledge Agreement, Pekin Pledge Agreement and PAL Pledge Agreement, which are filed as Exhibits 10.6, 10.7 and 10.8 to this report, respectively, and are incorporated herein by this reference.

Western Assets Security Agreement

On March 20, 2020, PE Op Co. ("PE Op Co."), a wholly-owned subsidiary of the Company, Pacific Ethanol West, LLC ("PE West"), an indirect wholly-owned subsidiary of the Company, and Cortland entered into a Security Agreement (the "Western Assets Security Agreement") dated March 20, 2020 under which PE Op Co. and PE West granted a security interest in certain of their personal property in favor of Cortland as security for the Company's, PE Op Co.'s and PE West's (i) indebtedness and obligations of the Company, PE Op Co. and PE West under the Notes Amendment Documents, and (ii) all indebtedness and obligations owed to the Secured Parties.

The Western Assets Security Agreement also contains customary representations and warranties and other customary terms and conditions.

The description of the Western Assets Security Agreement does not purport to be complete and is qualified in its entirety by reference to the Western Assets Security Agreement, which is filed as Exhibit 10.9 to this report and is incorporated herein by this reference.

Third Amendment to Security Agreement

On March 20, 2020, the Company, Cortland, Cortland Capital Market Services LLC ("Cortland LLC") and the Noteholders entered into a Third Amendment to Security Agreement dated March 20, 2020 by and among the Company, Cortland, Cortland LLC and the Noteholders (the "Third Amendment"), further amending that certain Security Agreement dated as of December 15, 2016 by and among the Company, each holder named therein and Cortland LLC (as amended, the "Security Agreement").

Under the Third Amendment, the parties agreed to the resignation of Cortland LLC as collateral agent and appointed Cortland as the collateral agent under the Security Agreement. The parties also agreed to amend certain definitions under the Security Agreement, including the definition of "Intercreditor Agreement," to mean the Intercreditor Agreement.

The Third Amendment also contains customary representations, warranties and covenants, and other terms and conditions.

Descriptions of the Security Agreement are set forth in the Company's Current Reports on Forms 8-K for December 15, 2016, June 30, 2017 and December 20, 2019 filed with the Securities and Exchange Commission on December 20, 2016, July 5, 2017 and December 26, 2019, respectively, and are incorporated herein by this reference.

The description of the Third Amendment does not purport to be complete and is qualified in its entirety by reference to the Third Amendment, which is filed as Exhibit 10.10 to this report and is incorporated herein by this reference.

Company Security Agreement

On March 20, 2020, the Company entered into a Security Agreement dated March 20, 2020 by and between the Company and CoBank (the "Company Security Agreement") under which the Company granted a security interest in all of the equity interests of PE Op Co. held by the Company as security for the Company's obligations under the Pekin Credit Agreement and the ICP Credit Agreement.

The Company Security Agreement also contains customary representations and warranties and other customary terms and conditions.

The description of the Company Security Agreement does not purport to be complete and is qualified in its entirety by reference to the Company Security Agreement, which is filed as Exhibit 10.11 to this report and is incorporated herein by this reference.

Intercreditor Agreement

On March 20, 2020, the Company, PE Central, Pekin and ICP (collectively, the "Grantors"), Cortland and CoBank entered into the Intercreditor Agreement under which the parties agreed to make all obligations of any of the Grantors owed to CoBank or Compeer with respect to the western assets and certain other property and the existing Noteholder collateral junior to Cortland and the Noteholders, and all obligations of any of the Grantors owed to Cortland or the Noteholders with respect to the central assets and certain other property junior in priority to CoBank and Compeer.

The Intercreditor Agreement also contains customary representations and warranties and other customary terms and conditions.

The description of the Intercreditor Agreement does not purport to be complete and is qualified in its entirety by reference to the Intercreditor Agreement, which is filed as Exhibit 10.12 to this report and is incorporated herein by this reference.

Pekin and ICP Intercreditor Agreement

On March 20, 2020, the Pekin Lenders, ICP Lenders, CoBank, Pekin and ICP entered into an Intercreditor Agreement dated March 20, 2020 by and among the Pekin Lenders, ICP Lenders, CoBank, Pekin and ICP (the "Pekin and ICP Intercreditor Agreement") under which the parties agreed to make any security interest in favor of the Pekin Lenders on certain real property held by Pekin and the personal property referenced in the Pekin Credit Agreement (the "Pekin Priority Collateral") senior to any security interest in favor of the ICP Lenders on the Pekin Priority Collateral, and any security interest in favor of the ICP Lenders on certain real property held by ICP and the personal property referenced in the ICP Credit Agreement (the "ICP Priority Collateral") senior to any security interest in favor of the Pekin Lenders on the ICP Priority Collateral.

The parties also agreed that until ICP, collectively with Pekin, paid CoBank and Compeer the Paydown Amount, the Pekin Lenders shall receive 80% of any paydown proceeds and shall apply such funds to pay down the term loan under the Pekin Credit Agreement until paid in full, and then to the revolving term loan under the Pekin Credit Agreement. The ICP Lenders shall receive the remaining 20% of such paydown proceeds and shall apply such funds to the principal paydown of the term loan under the ICP Credit Agreement until paid in full, and then to the revolving term loan under the ICP Credit Agreement. The parties also agreed that in the event of a sale of all or substantially all of the stock or assets of either or both of Pekin and ICP, the proceeds would be applied: (i) first to pay down the principal of the term loan under the Pekin Credit Agreement or ICP Credit Agreement, as the case may be, until paid in full, (ii) second, to the revolving term loan under the Pekin Credit Agreement or ICP Credit Agreement, as the case may be, and (iii) any remaining proceeds to be applied as set forth in certain provisions of the Pekin Credit Agreement.

The Pekin and ICP Intercreditor Agreement also contains customary representations and warranties and other customary terms and conditions.

The description of the Pekin and ICP Intercreditor Agreement does not purport to be complete and is qualified in its entirety by reference to the Pekin and ICP Intercreditor Agreement, which is filed as Exhibit 10.13 to this report and is incorporated herein by this reference.

Item 2.02. Results of Operations and Financial Condition.

On March 26, 2020, the Company issued a press release announcing certain results of operations for the three and twelve months ended December 31, 2019. A copy of the press release is furnished (not filed) as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished in this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. The information in this Item 2.02 of this Current Report on Form 8-K is not incorporated by reference into any filings of the Company made under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Current Report on Form 8-K, regardless of any general incorporation language in the filing unless specifically stated so therein.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On March 20, 2020, ICP, Compeer and CoBank entered into Amendment No. 2, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, Pekin, Compeer and CoBank entered into Amendment No. 8, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, the Company and the Noteholders entered into Note Amendment No. 5, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, ICP and Cortland entered into the ICP Security Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, PE Central and Cortland entered into the PE Central Security Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, PE Central, ICP and Cortland entered into the ICP Pledge Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, PE Central, Pekin and Cortland entered into the Pekin Pledge Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, PE Central, PAL and Cortland entered into the PAL Pledge Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, PE Op Co., PE West and Cortland entered into the Western Assets Security Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, the Company, Cortland, Cortland LLC, and the Noteholders entered into the Third Amendment, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, the Company and CoBank entered into the Company Security Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, the Grantors, Cortland and CoBank entered into the Intercreditor Agreement, as described in Item 1.01 above and incorporated herein by this reference.

On March 20, 2020, the Pekin Lenders, the ICP Lenders, Pekin, ICP and CoBank entered into the Pekin and ICP Intercreditor Agreement, as described in Item 1.01 above and incorporated herein by this reference.

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

(c) On March 16, 2020, the Company appointed Winston Mar as its Chief Restructuring Officer ("CRO").

Mr. Mar, age 55, has served as a managing director of SierraConstellation Partners LLC ("Sierra") since 2013, where he currently serves as a partner and senior managing director. During his time at Sierra, Mr. Mar has provided advisory and interim management services to distressed companies, assisted companies in restructuring and implementing productivity improvements and served in senior-level positions, including as Chief Restructuring Officer and Chief Executive Officer. Prior to joining Sierra, Mr. Mar was a managing director at CRG Partners, where he worked on numerous high-profile restructuring cases. Mr. Mar holds a bachelor's degree in accounting from the University of Southern California and an MBA from the UCLA Anderson School of Management.

The appointment of Mr. Mar as CRO is made pursuant to an engagement letter (the "Engagement Letter") with Sierra. With the support of additional personnel from Sierra, Mr. Mar will provide consulting services in connection with the Company's current financial performance. The Company will pay Sierra $695 per hour for Mr. Mar's services. In addition to receiving fees for Mr. Mar's services, Sierra will also be entitled to compensation at specified hourly rates for the services of other Sierra personnel, as well as reimbursement for reasonable, actual out-of-pocket expenses incurred in connection with the services. Upon execution of the Engagement Letter, the Company was required to pay Sierra a retainer of $100,000, which fees will be applied to Sierra's fees and expenses for the engagement. The Company has also agreed to indemnify Sierra, Mr. Mar and the other Sierra personnel in connection with the engagement, subject to customary terms and conditions. As a result, Mr. Mar may have a direct or indirect material interest in Sierra's continued service, as defined in Item 404(a) of Regulation S-K promulgated under the Exchange Act.

There are no family relationships between Mr. Mar and any of the Company's directors or executive officers.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Number	Description
10.1	Amendment No. 2 to Credit Agreement dated as of March 20, 2020 by and among Illinois Corn Processing, LLC, Compeer Financial, PCA and CoBank, ACB (*)
10.2	Amendment No. 8 to Credit Agreement dated as of March 20, 2020 by and among Pacific Ethanol Pekin, LLC, Compeer Financial, PCA and CoBank, ACB (*)
10.3	Note Amendment No. 5 dated as of March 20, 2020 by and among Pacific Ethanol, Inc. and the noteholders named therein (*)
10.4	Security Agreement dated March 20, 2020 by Illinois Corn Processing, LLC in favor of Cortland Products Corp. (*)
10.5	Security Agreement dated March 20, 2020 by and between Pacific Ethanol Central, LLC and Cortland Products Corp. (*)
10.6	Pledge Agreement dated March 20, 2020 by and among Pacific Ethanol Central, LLC, Illinois Corn Processing, LLC and Cortland Products Corp. (*)
10.7	Pledge Agreement dated March 20, 2020 by and among Pacific Ethanol Central, LLC, Pacific Ethanol Pekin, LLC and Cortland Products Corp. (*)
10.8	Pledge Agreement dated March 20, 2020 by and among Pacific Ethanol Central, LLC, Pacific Aurora, LLC and Cortland Products Corp. (*)
10.9	Security Agreement dated March 20, 2020 by and among Pacific Ethanol West, LLC, PE Op Co. and Cortland Products Corp. (*)
10.10	Third Amendment to Security Agreement effective as of March 20, 2020 by and among Pacific Ethanol, Inc., each of the holders and new holders named therein, Cortland Products Corp. as successor agent and Cortland Capital Market Services LLC as existing collateral agent (*)
10.11	Security Agreement effective as of March 20, 2020 by and between Pacific Ethanol, Inc. and CoBank, ACB (*)
10.12	Intercreditor Agreement dated as of March 20, 2020 by and among Cortland Products Corp., CoBank, ACB, Pacific Ethanol, Inc. and the grantors named therein (*)
10.13	Intercreditor Agreement dated as of March 20, 2020 between the Pekin Lenders and the ICP Lenders named therein (*)
99.1	Press Release dated March 26, 2020

(*) Filed herewith. The agreement filed as an exhibit to this report contains 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.

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: March 26, 2020

PACIFIC ETHANOL, INC.

By: /S/ CHRISTOPHER W. WRIGHT
Christopher W. Wright,
Vice President, General Counsel & Secretary

Exhibit 10.1

Execution Version

AMENDMENT NO. 2 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO CREDIT AGREEMENT, dated as of March 20, 2020 (this "***Agreement***"), is entered into by and between ILLINOIS CORN PROCESSING, LLC, a limited liability company organized and existing under the laws of Delaware ("***Company***"), COMPEER FINANCIAL, PCA, a federally-chartered instrumentality of the United States, successor by merger to 1st Farm Credit Services, PCA ("***Lender***"), and COBANK, ACB, a federally-chartered instrumentality of the United States ("***Agent***"). Capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

BACKGROUND:

WHEREAS, the Company, the Lender, and the Agent are parties to that certain Credit Agreement, dated as of September 15, 2017 (as amended, restated, modified, or otherwise supplemented from time to time, the "***Credit Agreement***"), and the other Loan Documents;

WHEREAS, on March 16, 2020, PEI appointed Winston Mar as its Chief Restructuring Officer;

WHEREAS, the Company has requested that, as of the Effective Date, the Credit Agreement and certain other Loan Documents be amended as herein provided; and

WHEREAS, the Agent and Lender are willing, subject to the terms and conditions hereinafter set forth, to make such amendments;

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

ARTICLE 1 Amendments.

Effective on (and subject to the occurrence of) the Effective Date, the Credit Agreement is amended as follows:

1.1 **Amendment to Section 2.1 of the Credit Agreement** Section 2.1 of the Credit Agreement is hereby amended by adding new Sections 2.1(c) and (d) as follows:

"(c) **Deferred Principal Payments**. If the Company provides the Agent with the Senior Noteholders' written agreement to defer payments owed on account of the Senior Notes through May 20, 2020, payment of the principal installment payable under the Term Note on March 20, 2020 shall be deferred to (and shall be immediately due and payable upon) May 20, 2020. All other principal installments payable under the Term Note shall remain due and payable upon their respective payment dates as set forth in the Term Note.

(d) **Deferred Interest Payments**. If the Company provides the Agent with the Senior Noteholders' written agreement to defer payments owed on account of the Senior Notes through May 20, 2020, payment of the interest payable under the Term Note on (i) March 20, 2020 and (ii) April 20, 2020 shall be deferred to (and shall be immediately due and payable upon) May 20, 2020. All other interest installments payable under the Term Note shall remain due and payable upon their respective payment dates as set forth in the Term Note."

1.2 **Amendment to Section 6.1(f) of the Credit Agreement** Section 6.1(f) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(f) **Rolling 13-Week Cash Flow Forecasts; Variance Report; Payable and Receivable Report**. Until the Pekin Lenders and the ICP Lenders have received the Paydown Amount in full, by no later than 9:00 p.m. prevailing Mountain Time on the third Business Day of each week (each such day, a "***Reporting Date***"), the Company shall deliver to the Agent for each of the Company, PEI, and all wholly-owned and partially-owned subsidiaries of PEI:

(i) a rolling 13-week cash flow forecast prepared by the Company covering the 13-week period commencing with the immediately preceding week and detailing: (1) projected cash receipts; (2) projected disbursements; (3) net cash flow; and (4) such other items set forth therein and other information reasonably requested by Agent for such 13-week period (the "***Budget***"), in form and substance reasonably acceptable to the Agent.

(ii) a variance report tested as of the most recent Reporting Date for the immediately preceding one-week and four-week period then ended (each such period, a "***Testing Period***" and each such report, a "***Variance Report***"), in form and substance reasonably satisfactory to the Agent and the Lender, detailing the following: (i) the aggregate disbursements of the Loan Parties and aggregate receipts during the applicable Testing Period; (ii) any variance (whether positive or negative, expressed as a percentage) between the aggregate disbursements made during such Testing Period by the Loan Parties against the aggregate disbursements for the Testing Period, as set forth in the applicable Budget; and (iii) a management narrative explaining results of operations and any variances.

(iii) an accounts payable aging report and an accounts receivable aging report as of the last date of the Testing Period."

1.3 **Amendment to Section 6.2(b) of the Credit Agreement** Section 6.2(b) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(b) **Patronage**.

(i) Each party hereto acknowledges that the bylaws and capital plan (as each may be amended from time to time) of each Farm Credit Lender shall govern (A) the rights and obligations of the parties with respect to the Lender Equities and any patronage refunds or other distributions made on account thereof or on account of the Company's patronage with such Farm Credit Lender, (B) the Company's eligibility for patronage distributions from each Farm Credit Lender (in the form of equities and cash) and (C) patronage distributions, if any, in the event of a sale of a participation interest. Each Farm Credit Lender reserves the right to assign or sell participations on a non-patronage basis in all or any part of its commitments or outstanding Loans and other financial accommodations made hereunder.

(ii) Notwithstanding anything to the contrary herein (including, for the avoidance of doubt, Section 6.2(c) hereof) and whether or not any Default or Event of Default has occurred or is continuing, until the Pekin Lenders and the ICP Lenders have received the Paydown Amount, any patronage refunds, patronage distributions, or any other distributions due to the Company shall instead be applied by the Agent (1) first, to pay the Amendment Fee, (2) second, to pay professional fees and expenses of the Agent and Lender related to negotiation and documentation of the Eighth Amendment, and (3) third, to pay any other current or future professional fees and expenses of the Agent and Lender (including any retainers, as applicable) related to the Company's plan to address its balance sheet."

1.4 **New Section 6.14 of the Credit Agreement**. The following new Section 6.14 is hereby added to the Credit Agreement:

"6.14. **Milestones**. The Loan Parties shall perform and deliver the following items, in form and substance satisfactory to the Agent and Lender, on or before the dates specified with respect to such items (the "***Milestones***"):

(a) On or before April 20, 2020, PEI and the Company shall have delivered to the Agent and Lender a term sheet outlining the terms of a comprehensive balance sheet plan.

(b) On or before April 20, 2020, the Company shall have provided the Agent and Lender with a detailed 13-week cash flow budget, outlining the Company's capital needs.

1.5 **New Section 6.15 of the Credit Agreement**. The following new Section 6.15 is hereby added to the Credit Agreement:

"6.15. **Access to CRO**. PEI and the Company shall provide the Agent and Lender with access to the CRO, and the CRO shall provide the Agent and Lender with, at a minimum, weekly telephonic or in-person updates as to the Company's operations and restructuring progress."

1.6 **Amendment to Section 9.1 of the Credit Agreement** Section 9.1 of the Credit Agreement is hereby amended by adding new Sections 9.1(n) and (p) as follows:

"(n) **Removal of the CRO**. PEI terminates, replaces, or reduces the authority of the CRO without the prior written consent of the Agent.

(p) **Milestones**. The Company fails to satisfy any of the Milestones in accordance with the terms relating to such Milestone."

1.7 **Amendments to Annex A to Credit Agreement.**

(a) Annex A to the Credit Agreement is hereby amended by adding or amending the following definitions, as applicable, in the correct alphabetical order:

"***CRO***" means Winston Mar, the chief restructuring officer of PEI.

"***Pekin Amendment No. 8***" means Amendment No. 8 to Credit Agreement, dated March 20, 2020, executed by the Company, the Agent, and the Lender.

"***Farm Credit Lender***" means a federally-chartered Farm Credit System lending institution organized under the Farm Credit Act of 1971, as the same may be amended or supplemented from time to time. When used in this Agreement in reference to the Lender Equities, "Farm Credit Lender" shall also include the affiliate of such Farm Credit Lender in which such Lender Equities are purchased or acquired, as applicable.

"***Amendment No. 2***" means that certain Amendment No. 2 to Credit Agreement, dated March 20, 2020, executed by ICP, the ICP Lenders, and the agent thereto.

"***Senior Noteholders***" means the holders of the Senior Notes.

"***Senior Notes***" means PEI's senior secured notes due 2019, issued pursuant to that certain Note Purchase Agreement, dated December 12, 2016, in an aggregate principal amount of $68.9 million.

ARTICLE 2 Representations and Warranties; Acknowledgments.

2.1 In order to induce the Agent and the Lender to make the amendments provided for in Article 1, the Company hereby represents and warrants to the Agent and the Lender as of the Effective Date that:

(a) the recitals set forth above are true, complete, accurate, and correct in all material respects (unless qualified by materiality, in which case they shall be true and correct in all respects) and are part of this Agreement, and such recitals are incorporated herein by this reference;

(b) all representations and warranties made and given by the Loan Parties in the Loan Documents are true, complete, accurate, and correct in all material respects (unless qualified by materiality, in which case they shall be true and correct in all respects), as if given on the Effective Date (or, as to representations and warranties that specifically refer to an earlier date, as of such earlier date) after giving effect to this Agreement;

(c) the Loan Parties have no claims, offsets, rights of recoupment, counterclaims, or defenses (other than payment) with respect to: (a) the payment of any amount due under the Loans and the Loan Documents; (b) the performance of the Loan Parties' obligations under the Loan Documents; or (c) the liability of the Loan Parties under the Loan Documents;

(d) the Agent and the Lending Parties: (i) have not breached any duty to the Loan Parties in connection with the Loans or the Loan Documents; and (ii) have fully performed all obligations they may have had or now have to the Loan Parties;

(e) the Loan Parties have had the assistance of independent counsel of their own choice, or have had the opportunity to retain such independent counsel, in reviewing, discussing, and considering all the terms of this Agreement. Before execution of this Agreement, the Loan Parties have had adequate opportunity to make whatever investigation or inquiry it may deem necessary or desirable in connection with the subject matter of this Agreement;

(f) the Loan Parties are not acting in reliance on any representation, understanding, or agreement from or with the Agent or the Lending Parties not expressly set forth herein. The Loan Parties acknowledge that none of the Agent or the Lending Parties has made any representation with respect to the subject of this Agreement except as expressly set forth herein. The Company has executed this Agreement as its free and voluntary act, without any duress, coercion, or undue influence exerted by or on behalf of any Person;

(g) all interest or other fees or charges which have been imposed, accrued or collected by Agent under the Loan Documents or in connection with the Loans through the date of this Agreement, and the method of computing the same, were and are proper and agreed to by the Loan Parties, and were properly computed and collected;

(h) this Agreement is not intended by the parties to be a novation of the Loan Documents and, except as expressly waived, deferred, or otherwise modified herein, all terms, conditions, rights, and obligations as set out in the Loan Documents are hereby reaffirmed and shall otherwise remain in full force and effect as originally written and agreed;

(i) notwithstanding anything to the contrary in this Agreement, except as waived, deferred, or modified herein, the Loan Documents are in full force and effect in accordance with their respective terms, remain legal, valid and binding obligations of the Loan Parties that are enforceable in accordance with their respective terms, have not been modified or amended (except in written amendments executed by the parties), and are hereby reaffirmed and ratified by the Loan Parties;

(j) all information provided by the Loan Parties (or any of its agents or representatives) to the Agent or the Lending Parties prior to the Effective Date is true, correct and complete in all material respects as of the date provided and does not contain any untrue statements of fact or omit to state a fact necessary to make the statements made not misleading in any material respect;

(k) all financial statements delivered by the Loan Parties (or any of its agents or representatives) to the Agent or the Lending Parties prior to the Effective Date are true and correct in all material respects and fairly present the financial condition of the Loan Parties;

(l) as of the Effective Date, the Company has delivered to the Agent all statements, notices, certificates, projections, updates, and other information required under Article 6 of the Credit Agreement;

(m) the execution and delivery of this Agreement and the performance by the Company of its obligations hereunder are within the corporate or company powers and authority of the Company, have been duly authorized by all necessary corporate action, and do not and will not contravene or conflict with the charter or by-laws of the Company;

(n) this Agreement has been duly executed and delivered by the Company and constitutes the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms, covenants, and conditions;

(o) after giving effect to this Agreement, no Default or Event of Default (other than related to any Excluded Event) has occurred and is continuing; and

(p) the Company received and acknowledges the letter from counsel to the Agent, dated March 17, 2020, regarding the Agent's reservation of rights as to the proposed sale of Pacific Aurora, LLC.

2.2 In order to induce the Agent and Lender to make the amendments provided for in Article 1, the Company hereby represents and warrants to the Agent and the Lending Parties that (a) as of the Effective Date, the Accounts Receivable Amount is not greater than $18,000,000, and (b) at no time shall the Company permit the Accounts Receivable Amount to exceed $18,000,000.

2.3 In order to induce the Agent and Lender to make the amendments provided for in Article 1, the Company hereby ratifies and confirms all of the terms, covenants and conditions set forth in the Loan Documents as modified herein and hereby agrees, acknowledges and reaffirms that (a) the Loan Documents, as modified herein, constitute legal, valid, and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, covenants, and conditions, (b) the Company remains unconditionally liable to the Agent and the Lending Parties in accordance with the respective terms, covenants, and conditions set forth in the Loan Documents, as modified herein, (c) the Agent and Lender have valid, duly perfected, fully enforceable Liens on the Collateral, (d) all Liens heretofore granted to the Agent and Lender in the Collateral continue in full force and effect and secure the Obligations, (e) the Company shall execute and deliver to the Agent and the Lending Parties any and all agreements and other documentation and to take any and all actions reasonably requested by the Agent and the Lending Parties at any time to assure the perfection, protection, priority, and enforcement of the Agent's and the Lender's rights under the Loan Documents (including this Agreement) with respect to all such Liens (but without any increase to the obligations or liabilities of the Company under the Loan Documents), and (f) as of the Effective Date, the amount of the Obligations owing under the Loan Documents (exclusive of attorneys' fees and other fees, expenses, advances, and costs) totaled $30,255,516.70, consisting of (i) unpaid principal of $12,000,000.00 and accrued, unpaid interest of $102,206.66 on the Term Loan, and (ii) unpaid principal of $18,000,000.00 and accrued, unpaid interest of $153,310.00 on the Revolving Term Loan together with (iii) third party costs and expenses, including attorney and advisor fees and costs.

ARTICLE 3 Conditions to Effectiveness.

This Agreement shall become effective on such date (the "***Effective Date***") when each of the following conditions has been satisfied:

3.1 **Delivery of Closing Documents**. The Agent shall have received each of the documents set forth onSchedule I hereto in form and content acceptable to the Agent.

3.2 **Updated Schedules**. The Agent shall have received updated schedules (as applicable) to the Credit Agreement in accordance with Section 6.11 of the Credit Agreement.

3.3 **Reimbursement of Fees/Expenses**. The Company shall have paid all fees and expenses of the Agent and the Lending Parties (including legal, advisory, consulting, audit, and other professional fees and expenses) that accrued in relation to the Loan Documents, including, without limitation, all out-of-pocket fees and expenses incurred in connection with the preparation, drafting, negotiation, and implementation of this Agreement.

3.4 **Amendment Fee**. The Company shall have paid the Lender a non-refundable amendment fee, in cash, in an amount equal to 0.25 percent of the current amount of the outstanding principal (the "***Amendment Fee***").

3.5 **Required Consents, etc**. The Company shall have delivered to the Agent all consents, authorizations and amendments determined by the Agent to be necessary to ensure the enforceability of the Loan Documents, including a certificate of the secretary or other appropriate officer of each Loan Party certifying (i) that the execution, delivery and performance of this Agreement, the Credit Agreement as amended hereby and the other Loan Documents have been duly approved by all necessary action of the governing board of such Loan Party, and attaching true and correct copies of the applicable resolutions granting such approval; (ii) that the organizational document of such Loan Party, which were certified and delivered to the Agent pursuant to the most recent certificate of secretary or other appropriate officer of such Loan Party, continue in full force and effect and have not been amended or otherwise modified except as set forth in the certificate to be delivered as of the date hereof; and (iii) that the officers and agents of such Loan Party who have been certified to the Agent, pursuant to the most recent certificate of secretary or other appropriate officer given by such Loan Party, as being authorized to sign and to act on behalf of such Loan Party continue to be so authorized or setting forth the sample signatures of each of the officers and agents of such Loan Party authorized as of the date hereof to execute and deliver this Agreement, the other Loan Documents and all other documents, agreements and certificates on behalf of such Loan Party.

Upon the delivery by the Agent of a fully executed copy of this Agreement to the Company, the conditions set forth above shall be deemed satisfied and the Effective Date shall be deemed to have occurred as of the date so delivered.

ARTICLE 4 Release.

As a material part of the consideration for Agent and Lender entering into this Agreement, the Company agrees as follows (the "***Release Provision***")

4.1 The Company hereby releases and forever discharges the Agent and the Lending Parties and each such parties' respective predecessors, successors, assigns, participants, officers, managers, directors, shareholders, employees, agents, advisors, attorneys, representatives, parent corporations, subsidiaries, and affiliates (hereinafter all of the above collectively referred to as "***Released Group***"), jointly and severally, from any and all claims, counterclaims, demands, damages, debts, agreements, covenants, suits, contracts, obligations, liabilities, accounts, offsets, rights, actions, and causes of action of any nature whatsoever, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, whether presently possessed or possessed in the future, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, whether presently accrued or to accrue hereafter, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted, and including whether arising from the negligence (but not the gross negligence or willful misconduct) of any of the Released Group, which the Company may have or claim to have against any of the Released Group, in each case only to the extent arising or accruing prior to and including the Effective Date.

4.2 The Company agrees not to sue any of the Released Group or in any way assist any other person or entity in suing any of the Released Group with respect to any claim released herein. This Release Provision may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the release contained herein.

4.3 The Company is the sole owner of the claims released by the Release Provision, and the Company has not heretofore conveyed or assigned any interest in any such claims to any other person or entity. The Company understands that the Release Provision was a material consideration in the agreement of the Agent and Lender to enter into this Agreement.

4.4 It is the express intent of the Company that the release and discharge set forth in the Release Provision be construed as broadly as possible in favor of the Released Group so as to foreclose forever the assertion by the Company of any claims released hereby against any of the Released Group. If any term, provision, covenant, or condition of the Release Provision is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the remainder of the provisions shall remain in full force and effect.

ARTICLE 5 Miscellaneous.

5.1 **Loan Document Pursuant to Credit Agreement**. This Agreement is a Loan Document executed pursuant to the Credit Agreement. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, and conditions contained in the Credit Agreement and each other Loan Document shall remain unamended and otherwise unmodified and in full force and effect.

5.2 **Limitation of Amendments**. The amendments provided in Article 1 shall be limited precisely as provided for therein and shall not be deemed to be a waiver of, amendment of, consent to, or modification of any other term or provision of the Credit Agreement or any term or provision of any other Loan Document or of any transaction or further or future action on the part of the Loan Parties which would require the consent of the Agent or the Lending Parties under the Credit Agreement or any other Loan Document.

5.3 **Collateral**. To the extent any Collateral is personal property, the Loan Parties hereby renounce and waive all rights that are waivable under Article 9 of the Uniform Commercial Code (the "**UCC**") of any jurisdiction in which any Collateral may now or hereafter be located. The Loan Parties also hereby acknowledge and agree that a public sale shall constitute a commercially reasonable manner for the disposition of the Collateral.

5.4 **Counterparts; Effectiveness**. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or email shall be as effective as delivery of a manually executed counterpart of this Agreement.

5.5 **Incorporation of Credit Agreement Provisions**. The provisions of Article 11 of the Credit Agreement shall apply to this Agreement, mutatis mutandis.

[*Signature Pages Follow*]

[SIGNATURE PAGE TO AMENDMENT NO. 2]

IN WITNESS WHEREOF, the parties hereto, by their Authorized Officers, have executed this Agreement as of the date first set forth above.

COMPANY:

ILLINOIS CORN PROCESSING, LLC

By: /s/ Bryon T. McGregor
Name: Bryon T. McGregor
Title: Chief Financial Officer

[SIGNATURE PAGE TO AMENDMENT NO. 2]

IN WITNESS WHEREOF, the parties hereto, by their Authorized Officers, have executed this Agreement as of the date first set forth above.

LENDER:

COMPEER FINANCIAL, PCA

By: /s/ Kevin Buente
Name: Kevin Buente
Title: Principal Credit Officer

[SIGNATURE PAGE TO AMENDMENT NO. 2]

IN WITNESS WHEREOF, the parties hereto, by their Authorized Officers, have executed this Agreement as of the date first set forth above.

COBANK, ACB

By: /s/ Janet Downs
Name: Janet Downs
Title: Vice President

Schedule I

Closing Deliveries

1. Updated schedules to the Credit Agreement (as applicable)

2. Amendment to Pekin Credit Agreement executed by Pekin

3. Updated schedules to Pekin Credit Agreement (as applicable)

Exhibit 10.2

Execution Version

AMENDMENT NO. 8 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 8 TO CREDIT AGREEMENT, dated as of March 20, 2020 (this "***Agreement***"), is entered into by and between PACIFIC ETHANOL PEKIN, LLC, a limited liability company organized and existing under the laws of Delaware ("***Company***"), COMPEER FINANCIAL, PCA, a federally-chartered instrumentality of the United States, successor by merger to 1st Farm Credit Services, PCA ("***Lender***"), and COBANK, ACB, a federally-chartered instrumentality of the United States ("***Agent***"). Capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

BACKGROUND:

WHEREAS, the Company, the Lender, and the Agent are parties to that certain Credit Agreement, dated as of December 15, 2016 (as amended, restated, modified, or otherwise supplemented from time to time, the "***Credit Agreement***"), and the other Loan Documents;

WHEREAS, on March 16, 2020, PEI appointed Winston Mar as its Chief Restructuring Officer;

WHEREAS, the Company has requested that, as of the Effective Date, the Credit Agreement and certain other Loan Documents be amended as herein provided; and

WHEREAS, the Agent and Lender are willing, subject to the terms and conditions hereinafter set forth, to make such amendments;

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

ARTICLE 1 Amendments.

Effective on (and subject to the occurrence of) the Effective Date, the Credit Agreement is amended as follows:

1.1 **Amendment to Section 2.1 of the Credit Agreement** Section 2.1 of the Credit Agreement is hereby amended by adding new Section 2.1(d) as follows:

"(d) **Deferred Interest Payments**. If the Company provides the Agent with the Senior Noteholders' written agreement to defer payments owed on account of the Senior Notes through May 20, 2020, payment of the interest payable under the Term Note on (i) March 20, 2020 and (ii) April 20, 2020 shall be deferred to (and shall be immediately due and payable upon) May 20, 2020. All other interest installments payable under the Term Note shall remain due and payable upon their respective payment dates as set forth in the Term Note."

1.2 **Amendment to Section 6.1(g) of the Credit Agreement** Section 6.1(g) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(g) **Rolling 13-Week Cash Flow Forecasts; Variance Report; Payable and Receivable Report**. Until the Pekin Lenders and the ICP Lenders have received the Paydown Amount in full, by no later than 9:00 p.m. prevailing Mountain Time on the third Business Day of each week (each such day, a "***Reporting Date***"), the Company shall deliver to the Agent for each of the Company, PEI, and all wholly-owned and partially-owned subsidiaries of PEI:

(i) a rolling 13-week cash flow forecast prepared by the Company covering the 13-week period commencing with the immediately preceding week and detailing: (1) projected cash receipts; (2) projected disbursements; (3) net cash flow; and (4) such other items set forth therein and other information reasonably requested by Agent for such 13-week period (the "***Budget***"), in form and substance reasonably acceptable to the Agent.

(ii) a variance report tested as of the most recent Reporting Date for the immediately preceding one-week and four-week period then ended (each such period, a "***Testing Period***" and each such report, a "***Variance Report***"), in form and substance reasonably satisfactory to the Agent and the Lender, detailing the following: (i) the aggregate disbursements of the Loan Parties and aggregate receipts during the applicable Testing Period; (ii) any variance (whether positive or negative, expressed as a percentage) between the aggregate disbursements made during such Testing Period by the Loan Parties against the aggregate disbursements for the Testing Period, as set forth in the applicable Budget; and (iii) a management narrative explaining results of operations and any variances.

(iii) an accounts payable aging report and an accounts receivable aging report as of the last date of the Testing Period."

1.3 **Amendment to Section 6.2(b) of the Credit Agreement** Section 6.2(b) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(b) **Patronage**.

(i) Each party hereto acknowledges that the bylaws and capital plan (as each may be amended from time to time) of each Farm Credit Lender shall govern (A) the rights and obligations of the parties with respect to the Lender Equities and any patronage refunds or other distributions made on account thereof or on account of the Company's patronage with such Farm Credit Lender, (B) the Company's eligibility for patronage distributions from each Farm Credit Lender (in the form of equities and cash) and (C) patronage distributions, if any, in the event of a sale of a participation interest. Each Farm Credit Lender reserves the right to assign or sell participations on a non-patronage basis in all or any part of its commitments or outstanding Loans and other financial accommodations made hereunder.

(ii) Notwithstanding anything to the contrary herein (including, for the avoidance of doubt, Section 6.2(c) hereof) and whether or not any Default or Event of Default has occurred or is continuing, until the Pekin Lenders and the ICP Lenders have received the Paydown Amount, any patronage refunds, patronage distributions, or any other distributions due to the Company shall instead be applied by the Agent (1) first, to pay the Amendment Fee, (2) second, to pay professional fees and expenses of the Agent and Lender related to negotiation and documentation of the Eighth Amendment, and (3) third, to pay any other current or future professional fees and expenses of the Agent and Lender (including any retainers, as applicable) related to the Company's plan to address its balance sheet."

1.4 **New Section 6.14 of the Credit Agreement**. The following new Section 6.14 is hereby added to the Credit Agreement:

"6.14. **Milestones**. The Loan Parties shall perform and deliver the following items, in form and substance satisfactory to the Agent and Lender, on or before the dates specified with respect to such items (the "***Milestones***"):

(a) On or before April 20, 2020, PEI and the Company shall have delivered to the Agent and Lender a term sheet outlining the terms of a comprehensive balance sheet plan.

(b) On or before April 20, 2020, the Company shall have provided the Agent and Lender with a detailed 13-week cash flow budget, outlining the Company's capital needs.

1.5 **New Section 6.15 of the Credit Agreement**. The following new Section 6.15 is hereby added to the Credit Agreement:

"6.15. **Access to CRO**. PEI and the Company shall provide the Agent and Lender with access to the CRO, and the CRO shall provide the Agent and Lender with, at a minimum, weekly telephonic or in-person updates as to the Company's operations and restructuring progress."

1.6 **Amendment to Section 9.1 of the Credit Agreement** Section 9.1 of the Credit Agreement is hereby amended by adding new Sections 9.1(o) and (p) as follows:

"(o) **Removal of the CRO**. PEI terminates, replaces, or reduces the authority of the CRO without the prior written consent of the Agent.

(p) **Milestones**. The Company fails to satisfy any of the Milestones in accordance with the terms relating to such Milestone."

1.7 **Amendments to Annex A to Credit Agreement.**

(a) Annex A to the Credit Agreement is hereby amended by adding or amending the following definitions, as applicable, in the correct alphabetical order:

"***CRO***" means Winston Mar, the chief restructuring officer of PEI.

"***Eighth Amendment***" means Amendment No. 8 to Credit Agreement, dated March 20, 2020, executed by the Company, the Agent, and the Lender.

"***ICP Amendment No. 2***" means that certain Amendment No. 2 to Credit Agreement, dated March 20, 2020, executed by ICP, the ICP Lenders, and the agent thereto.

"***Senior Noteholders***" means the holders of the Senior Notes.

"***Senior Notes***" means PEI's senior secured notes due 2019, issued pursuant to that certain Note Purchase Agreement, dated December 12, 2016, in an aggregate principal amount of $68.9 million.

ARTICLE 2 Representations and Warranties; Acknowledgments.

2.1 In order to induce the Agent and the Lender to make the amendments provided for in Article 1, the Company hereby represents and warrants to the Agent and the Lender as of the Effective Date that:

(a) the recitals set forth above are true, complete, accurate, and correct in all material respects (unless qualified by materiality, in which case they shall be true and correct in all respects) and are part of this Agreement, and such recitals are incorporated herein by this reference;

(b) all representations and warranties made and given by the Loan Parties in the Loan Documents are true, complete, accurate, and correct in all material respects (unless qualified by materiality, in which case they shall be true and correct in all respects), as if given on the Effective Date (or, as to representations and warranties that specifically refer to an earlier date, as of such earlier date) after giving effect to this Agreement;

(c) the Loan Parties have no claims, offsets, rights of recoupment, counterclaims, or defenses (other than payment) with respect to: (a) the payment of any amount due under the Loans and the Loan Documents; (b) the performance of the Loan Parties' obligations under the Loan Documents; or (c) the liability of the Loan Parties under the Loan Documents;

(d) the Agent and the Lending Parties: (i) have not breached any duty to the Loan Parties in connection with the Loans or the Loan Documents; and (ii) have fully performed all obligations they may have had or now have to the Loan Parties;

(e) the Loan Parties have had the assistance of independent counsel of their own choice, or have had the opportunity to retain such independent counsel, in reviewing, discussing, and considering all the terms of this Agreement. Before execution of this Agreement, the Loan Parties have had adequate opportunity to make whatever investigation or inquiry it may deem necessary or desirable in connection with the subject matter of this Agreement;

(f) the Loan Parties are not acting in reliance on any representation, understanding, or agreement from or with the Agent or the Lending Parties not expressly set forth herein. The Loan Parties acknowledge that none of the Agent or the Lending Parties has made any representation with respect to the subject of this Agreement except as expressly set forth herein. The Company has executed this Agreement as its free and voluntary act, without any duress, coercion, or undue influence exerted by or on behalf of any Person;

(g) all interest or other fees or charges which have been imposed, accrued or collected by Agent under the Loan Documents or in connection with the Loans through the date of this Agreement, and the method of computing the same, were and are proper and agreed to by the Loan Parties, and were properly computed and collected;

(h) this Agreement is not intended by the parties to be a novation of the Loan Documents and, except as expressly waived, deferred, or otherwise modified herein, all terms, conditions, rights, and obligations as set out in the Loan Documents are hereby reaffirmed and shall otherwise remain in full force and effect as originally written and agreed;

(i) notwithstanding anything to the contrary in this Agreement, except as waived, deferred, or modified herein, the Loan Documents are in full force and effect in accordance with their respective terms, remain legal, valid and binding obligations of the Loan Parties that are enforceable in accordance with their respective terms, have not been modified or amended (except in written amendments executed by the parties), and are hereby reaffirmed and ratified by the Loan Parties;

(j) all information provided by the Loan Parties (or any of its agents or representatives) to the Agent or the Lending Parties prior to the Effective Date is true, correct and complete in all material respects as of the date provided and does not contain any untrue statements of fact or omit to state a fact necessary to make the statements made not misleading in any material respect;

(k) all financial statements delivered by the Loan Parties (or any of its agents or representatives) to the Agent or the Lending Parties prior to the Effective Date are true and correct in all material respects and fairly present the financial condition of the Loan Parties;

(l) as of the Effective Date, the Company has delivered to the Agent all statements, notices, certificates, projections, updates, and other information required under Article 6 of the Credit Agreement;

(m) the execution and delivery of this Agreement and the performance by the Company of its obligations hereunder are within the corporate or company powers and authority of the Company, have been duly authorized by all necessary corporate action, and do not and will not contravene or conflict with the charter or by-laws of the Company;

(n) this Agreement has been duly executed and delivered by the Company and constitutes the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms, covenants, and conditions;

(o) after giving effect to this Agreement, no Default or Event of Default (other than related to any Excluded Event) has occurred and is continuing; and

(p) the Company received and acknowledges the letter from counsel to the Agent, dated March 17, 2020, regarding the Agent's reservation of rights as to the proposed sale of Pacific Aurora, LLC.

2.2 In order to induce the Agent and Lender to make the amendments provided for in Article 1, the Company hereby represents and warrants to the Agent and the Lending Parties that (a) as of the Effective Date, the Accounts Receivable Amount is not greater than $18,000,000, and (b) at no time shall the Company permit the Accounts Receivable Amount to exceed $18,000,000.

2.3 In order to induce the Agent and Lender to make the amendments provided for in Article 1, the Company hereby ratifies and confirms all of the terms, covenants and conditions set forth in the Loan Documents as modified herein and hereby agrees, acknowledges and reaffirms that (a) the Loan Documents, as modified herein, constitute legal, valid, and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, covenants, and conditions, (b) the Company remains unconditionally liable to the Agent and the Lending Parties in accordance with the respective terms, covenants, and conditions set forth in the Loan Documents, as modified herein, (c) the Agent and Lender have valid, duly perfected, fully enforceable Liens on the Collateral, (d) all Liens heretofore granted to the Agent and Lender in the Collateral continue in full force and effect and secure the Obligations, (e) the Company shall execute and deliver to the Agent and the Lending Parties any and all agreements and other documentation and to take any and all actions reasonably requested by the Agent and the Lending Parties at any time to assure the perfection, protection, priority, and enforcement of the Agent's and the Lender's rights under the Loan Documents (including this Agreement) with respect to all such Liens (but without any increase to the obligations or liabilities of the Company under the Loan Documents), and (f) as of the Effective Date, the amount of the Obligations owing under the Loan Documents (exclusive of attorneys' fees and other fees, expenses, advances, and costs) totaled $72,292,874.70, consisting of (i) unpaid principal of $39,500,000.00 and accrued, unpaid interest of $441,763.61 on the Term Loan, and (ii) unpaid principal of $32,000,000.00 and accrued, unpaid interest of $351,111.12 on the Revolving Term Loan together with (iii) third party costs and expenses, including attorney and advisor fees and costs.

ARTICLE 3 Conditions to Effectiveness.

This Agreement shall become effective on such date (the "***Effective Date***") when each of the following conditions has been satisfied:

3.1 **Delivery of Closing Documents**. The Agent shall have received each of the documents set forth onSchedule I hereto in form and content acceptable to the Agent.

3.2 **Updated Schedules**. The Agent shall have received updated schedules (as applicable) to the Credit Agreement in accordance with Section 6.11 of the Credit Agreement.

3.3 **Reimbursement of Fees/Expenses**. The Company shall have paid all fees and expenses of the Agent and the Lending Parties (including legal, advisory, consulting, audit, and other professional fees and expenses) that accrued in relation to the Loan Documents, including, without limitation, all out-of-pocket fees and expenses incurred in connection with the preparation, drafting, negotiation, and implementation of this Agreement.

3.4 **Amendment Fee**. The Company shall have paid the Lender a non-refundable amendment fee, in cash, in an amount equal to 0.25 percent of the current amount of the outstanding principal (the "***Amendment Fee***").

3.5 **Required Consents, etc**. The Company shall have delivered to the Agent all consents, authorizations and amendments determined by the Agent to be necessary to ensure the enforceability of the Loan Documents, including a certificate of the secretary or other appropriate officer of each Loan Party certifying (i) that the execution, delivery and performance of this Agreement, the Credit Agreement as amended hereby and the other Loan Documents have been duly approved by all necessary action of the governing board of such Loan Party, and attaching true and correct copies of the applicable resolutions granting such approval; (ii) that the organizational document of such Loan Party, which were certified and delivered to the Agent pursuant to the most recent certificate of secretary or other appropriate officer of such Loan Party, continue in full force and effect and have not been amended or otherwise modified except as set forth in the certificate to be delivered as of the date hereof; and (iii) that the officers and agents of such Loan Party who have been certified to the Agent, pursuant to the most recent certificate of secretary or other appropriate officer given by such Loan Party, as being authorized to sign and to act on behalf of such Loan Party continue to be so authorized or setting forth the sample signatures of each of the officers and agents of such Loan Party authorized as of the date hereof to execute and deliver this Agreement, the other Loan Documents and all other documents, agreements and certificates on behalf of such Loan Party.

Upon the delivery by the Agent of a fully executed copy of this Agreement to the Company, the conditions set forth above shall be deemed satisfied and the Effective Date shall be deemed to have occurred as of the date so delivered.

ARTICLE 4 Release.

As a material part of the consideration for Agent and Lender entering into this Agreement, the Company agrees as follows (the "***Release Provision***")

4.1 The Company hereby releases and forever discharges the Agent and the Lending Parties and each such parties' respective predecessors, successors, assigns, participants, officers, managers, directors, shareholders, employees, agents, advisors, attorneys, representatives, parent corporations, subsidiaries, and affiliates (hereinafter all of the above collectively referred to as "***Released Group***"), jointly and severally, from any and all claims, counterclaims, demands, damages, debts, agreements, covenants, suits, contracts, obligations, liabilities, accounts, offsets, rights, actions, and causes of action of any nature whatsoever, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, whether presently possessed or possessed in the future, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, whether presently accrued or to accrue hereafter, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted, and including whether arising from the negligence (but not the gross negligence or willful misconduct) of any of the Released Group, which the Company may have or claim to have against any of the Released Group, in each case only to the extent arising or accruing prior to and including the Effective Date.

4.2 The Company agrees not to sue any of the Released Group or in any way assist any other person or entity in suing any of the Released Group with respect to any claim released herein. This Release Provision may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the release contained herein.

4.3 The Company is the sole owner of the claims released by the Release Provision, and the Company has not heretofore conveyed or assigned any interest in any such claims to any other person or entity. The Company understands that the Release Provision was a material consideration in the agreement of the Agent and Lender to enter into this Agreement.

4.4 It is the express intent of the Company that the release and discharge set forth in the Release Provision be construed as broadly as possible in favor of the Released Group so as to foreclose forever the assertion by the Company of any claims released hereby against any of the Released Group. If any term, provision, covenant, or condition of the Release Provision is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the remainder of the provisions shall remain in full force and effect.

ARTICLE 5 Miscellaneous.

5.1 **Loan Document Pursuant to Credit Agreement**. This Agreement is a Loan Document executed pursuant to the Credit Agreement. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, and conditions contained in the Credit Agreement and each other Loan Document shall remain unamended and otherwise unmodified and in full force and effect.

5.2 **Limitation of Amendments**. The amendments provided in Article 1 shall be limited precisely as provided for therein and shall not be deemed to be a waiver of, amendment of, consent to, or modification of any other term or provision of the Credit Agreement or any term or provision of any other Loan Document or of any transaction or further or future action on the part of the Loan Parties which would require the consent of the Agent or the Lending Parties under the Credit Agreement or any other Loan Document.

5.3 **Collateral**. To the extent any Collateral is personal property, the Loan Parties hereby renounce and waive all rights that are waivable under Article 9 of the Uniform Commercial Code (the "**UCC**") of any jurisdiction in which any Collateral may now or hereafter be located. The Loan Parties also hereby acknowledge and agree that a public sale shall constitute a commercially reasonable manner for the disposition of the Collateral.

5.4 **Counterparts; Effectiveness**. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or email shall be as effective as delivery of a manually executed counterpart of this Agreement.

5.5 **Incorporation of Credit Agreement Provisions**. The provisions of Article 11 of the Credit Agreement shall apply to this Agreement, mutatis mutandis.

[*Signature Pages Follow*]

[SIGNATURE PAGE TO AMENDMENT NO. 8]

IN WITNESS WHEREOF, the parties hereto, by their Authorized Officers, have executed this Agreement as of the date first set forth above.

COMPANY:

PACIFIC ETHANOL PEKIN, LLC

By: /s/ Bryon T. McGregor
Name: Bryon T. McGregor
Title: Chief Financial Officer

[SIGNATURE PAGE TO AMENDMENT NO. 8]

IN WITNESS WHEREOF, the parties hereto, by their Authorized Officers, have executed this Agreement as of the date first set forth above.

LENDER:

COMPEER FINANCIAL, PCA

By: /s/ Kevin Buente
Name: Kevin Buente
Title: Principal Credit Officer

[SIGNATURE PAGE TO AMENDMENT NO. 8]

IN WITNESS WHEREOF, the parties hereto, by their Authorized Officers, have executed this Agreement as of the date first set forth above.

COBANK, ACB

By: /s/ Janet Downs
Name: Janet Downs
Title: Vice President

Schedule I

Closing Deliveries

1. Updated schedules to the Credit Agreement (as applicable)

2. Amendment to ICP Credit Agreement executed by ICP

3. Updated schedules to ICP Credit Agreement (as applicable)

Exhibit 10.3

Execution Version

NOTE AMENDMENT NO. 5

THIS NOTE AMENDMENT NO. 5 (this "**Amendment**") is dated as of March 20, 2020 by and among Pacific Ethanol, Inc., a Delaware corporation (the "**Company**") and the Noteholders. Capitalized terms used and not otherwise defined in this Amendment shall have the meanings attributed to them in the Amended Note Agreement and Notes (as defined below).

RECITALS:

WHEREAS, pursuant to that certain Senior Secured Note Amendment Agreement dated December 22, 2019 (the "**Amended Note Agreement**") between the Company and the Noteholders, the Company has issued those certain Amended and Restated Senior Secured Notes with an Issuance Date of December 22, 2019 in the aggregate original principal amount of $65,649,177.91 (the "**Notes**");

WHEREAS, the Company has requested, and the Noteholders have agreed to defer the due date of the March 15, 2020 interest payment to May 20, 2020; and

WHEREAS, the Company and the Noteholders desire to amend the Notes to extend the time for the payment of such interest payment, among other amendments as set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Noteholders agree as follows:

1. Amendments to the Notes.

(a) Section 2 of the Notes is hereby amended by amending and restating the first sentence of Section 2 to read as follows:

"Interest on this Note shall accrue at the applicable Interest Rate and shall commence accruing on the Issuance Date and Interest shall be computed on the basis of a 360-day year and twelve 30-day months and shall be payable in cash to the record Holder in arrears on March 15, June 15, September 15 and December 15 of each calendar year and ending on the repayment of the Note; provided, however, that notwithstanding the foregoing, Interest for the period ending March 15, 2020 shall not be payable until May 20, 2020 unless an Event of Default occurs in which case such Interest shall be payable on demand of the Holder."

(b) A new Section 5.18 is hereby added to the Notes to read as follows:

"5.18 CoBank Reporting. If requested by Holder, the Company shall deliver a copy of each Budget, Variance Report (as such terms are defined in the CoBank Debt Documents) and any accounts payable aging reports and accounts receivable aging reports delivered to CoBank under the CoBank Debt Documents to the Holder within one (1) Business Day of the Holder's request, or, if requested one (1) Business Day prior to the delivery thereof to CoBank, concurrently with the delivery thereof to CoBank. By requesting such information, Holder is deemed to have acknowledged that such Rolling 13-Week Cash Flow Forecasts, Variance Reports and Payable and Receivable Reports may contain material non-public information about the Company and its Subsidiaries and agrees that it will keep all such information confidential in accordance with the non-disclosure agreement between the Holder and the Company and, if no such non-disclosure agreement exists, the Holder and the Company shall first enter into such a non-disclosure agreement in form and substance reasonably satisfactory to the Company and the Holder.

(c) A new Section 5.19 is hereby added to the Notes to read as follows:

"5.19. Milestones. The Company shall deliver to the Holder (but only if the Holder has requested the same) the following items, on or before the dates specified with respect to such items (the "**Milestones**"):

(a) On or before April 20, 2020 (or such later date as CoBank may approve under the CoBank Debt Documents), a term sheet outlining the terms of a comprehensive balance sheet plan.

(b) On or before April 20, 2020 (or such later date as CoBank may approve under the CoBank Debt Documents), a detailed 13-week cash flow budget, outlining the Company's capital needs."

(d) A new Section 5.20 is hereby added to the Notes to read as follows:

"5.20. CRO.

(a) The Company shall provide the Holder and its agents and advisors with access to the chief restructuring officer (the "**CRO**"), and the CRO shall provide the Holder with a weekly telephonic update (provided that the Company shall only be required to provide one such update each week for all the "Noteholders" as defined in the Note Amendment Agreement at a time approved by the Required Holders) but only if the Holder has requested the same) as to the Company's operations and restructuring progress. By requesting or participating in such updates, Holder shall be deemed to have acknowledged that such updates may disclose material non-public information about the Company and its Subsidiaries and agrees that it will keep all such information confidential in accordance with the non-disclosure agreement between the Holder and the Company and, if no such non-disclosure agreement exists, the Holder and the Company shall first enter into such a non-disclosure agreement in form and substance reasonably satisfactory to the Company and the Holder.

(b) The Company shall not terminate or replace Winston Mar as the CRO or reduce the authority of the CRO without the prior written consent of the Required Holders."

(e) The following sub-sections of Section 3.1 of the Notes are hereby amended in full to read as follows:

"(a) (i) the Company's failure to pay to the Holder on the Maturity Date all amounts then due and owing under the Note, including the outstanding Principal, all accrued but unpaid Interest and any other amounts which are then due and owing in accordance herewith, or (ii) the Company's or any Subsidiary's failure to pay to the Holder, or its agent, any amount of Principal, Interest and any other amounts required to be paid hereunder or under any other Transaction Document as and when due hereunder or thereunder and such failure remains uncured for a period of five (5) days;"

"(g) (i) any breach or failure in any respect by the Company to comply with any provision of Section 5.14, Section 5.19 or Section 5.20(b) of this Note, or (ii) any breach or failure in any respect by the Company or any Subsidiary to comply with any provision of this Note or any other Transaction Document for thirty (30) days after delivery to the Company of notice of such breach or failure by or on behalf of a Secured Party (as defined in the Security Agreement) or the Agent (as defined in the Security Agreement) or thirty (30) days after an officer of the Company or a Subsidiary has knowledge of such breach or failure, unless such default is capable of cure but cannot be cured within such time frame and the Company and such Subsidiary is using best efforts to cure the same in a timely manner;"

"(i) any provision of any Transaction Document shall at any time for any reason (other than pursuant to the express terms thereof) ceases to be valid and binding on or enforceable against the parties thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by the Company or any Subsidiary or any governmental authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or the Company or any Subsidiary shall deny in writing that it has any liability or obligation purported to be created under any Transaction Document to which it is a party, or any Lien created by any Collateral Document ceases to be enforceable and of the same effect and priority purported to be created thereby, other than as expressly permitted thereunder or thereunder;"

"(n) any representation, warranty, certification or other statement of fact made or deemed made by or on behalf of the Company or any Subsidiary herein or in any other Transaction Document proves to have been false or misleading in any material respect on or as of the date made or deemed made; or"

(f) The following definitions in Section 19 of the Notes are hereby amended in full to read as follows:

"**Intercreditor Agreement**" means that certain Intercreditor Agreement, dated as of March 20, 2020, made by any among Cortland Products Corp., as "Notes Agent", CoBank, ACB, as "CoBank Agent", the Company and each of the other grantors party thereto, as may be amended, restated, supplemented or otherwise modified from time to time.

"**Subsidiary**" means any Person in which the Company, directly or indirectly, (i) owns any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person.

"**Transaction Documents**" means the Notes, the Security Agreement, the Note Amendment Agreement and the schedules and exhibits attached thereto, the Purchase Agreement, the Warrants, the Registration Rights Agreement, the Transfer Agent Instructions, the Collateral Documents, and the Intercreditor Agreement, together with any amendments, restatements, extensions or other modifications thereto.

(g) Payment-in-Kind. Until evidenced by a new Note as described in Section 2(c) below, the aggregate principal amount of the Notes of each of the Noteholders listed in Section 2(c) below shall be increased by an amount equal to 0.25% of the aggregate principal amount of such Noteholder's Notes on the date hereof, immediately prior to such increase, and such increased amount shall be deemed to be principal of such Notes for all purposes, including accrual of interest.

2 . Conditions Precedent to The Effectiveness of This Amendment. This Amendment will become effective on the date the following conditions are satisfied (the "**Effective Date**"):

(a) receipt by the Noteholders of the following documents, duly executed by each party thereto, each in form and substance reasonable satisfactory to the Noteholders: (i) this Amendment; (ii) the Collateral Documents as required to be delivered by the Noteholders; (iii) the Intercreditor Agreement; (iv) that certain Third Amendment to Security Agreement dated as of the date hereof by and among the Company, all Noteholders, Cortland Products Corp., as successor agent, and Cortland Capital Market Services LLC, as existing collateral agent; (v) that certain Agent Fee Letter dated as of the date hereof between the Company and Cortland Products Corp.; (vi) the mortgages, deeds of trust, pledge agreements, security agreements and other collateral documents with respect to the collateral of CoBank, together with all amendments to the debt instruments with CoBank; and (vii) certificates executed by a secretary or assistant secretary of the Company or its Subsidiaries party to the Collateral Documents, as applicable, certifying as to (A) the resolutions authorizing the transactions contained in the Collateral Documents, (B) their respective certificates of formation or articles of incorporation, and (C) their respective bylaws or operating agreements, as amended, each as in effect on the Effective Date.

(b) receipt by the Noteholders of evidence of the payment in full of all fees, costs and expenses of Morrison & Foerster LLP, such fees, costs and expenses due and payable to Morrison & Foerster LLP in an amount not to exceed $100,000, Cortland Products Corp. in an amount not to exceed $10,000, and Arnold & Porter Kaye Scholer LLP in an amount not to exceed $32,784.60;

(c) receipt by the following Noteholders of an amendment fee in the amount of 0.25% of the Principal amount of each of the following Noteholders' Notes payable as compounded interest and added to the aggregate principal amount of each such Note (the amount of any such compounded interest being a "PIK Loan") (the "**Amendment Fee**"), which PIK Loan, shall be evidenced, within three (3) Business Days after the date hereof, by a note substantially in the form of the PIK Notes (such notes to reflect further amendments made to the Notes since the issuance of the PIK Notes), in form and substance satisfactory to the following Noteholders and the Company: CIF-Income Parts (A), LLC, Orange 2015 Dislocredit Fund, L.P., Sainsbury's Credit Opportunities Fund, Ltd., Co-Investment Income Fund, L.P. – US Taxable Series, Co-Investment Income Fund, L.P. – US Tax-Exempt Series, Corrum Capital Alternative Income Fund LP, Corrum Capital Global Credit Opportunities Co Investment Fund I LP, and Corrum Capital Global Credit Opportunities Fund LP; and

(d) the representations and warranties in Section 4 are true and correct.

All fees, costs and expenses paid hereunder (excluding the Amendment Fee) shall be paid in immediately available funds, and, including the Amendment Fee, nonrefundable and shall not be subject to reduction by way of setoff, counterclaim, or otherwise.

3. Post-Closing Obligations. The Company shall: (a) deliver to the title company within five (5) Business Days after the date hereof (or such other date as agreed to by the Required Holders in their discretion via electronic mail), (i) the deeds of trust with respect to the Western Assets, in each case providing for a first-priority, secured and perfected Lien on all of the Western Assets in favor of the Noteholders, (ii) the mortgages with respect to the collateral of CoBank in the real property assets of the Company and its Subsidiaries, (b) deliver to the Agent, within five (5) Business Days after the date hereof (or such other date as agreed to by the Required Holders in their discretion via electronic mail), title insurance policies and endorsements, or marked title commitments, with respect to the mortgages and deeds of trust reference in clauses (a)(i) and (a)(ii) above; (b) use commercially reasonable efforts to deliver to the Agent, on or before April 30, 2020 (or such other date as agreed to by the Required Holders in their discretion via electronic mail), a deposit account control agreement in favor of the Agent covering the deposit account held by Pacific Ethanol West, LLC, a Delaware limited liability company, in form and substance reasonably satisfactory to the Agent and the Required Holders; and (ii) customary legal opinions, subject to limitations, assumptions and qualifications which are either customary or appropriate for transactions of type contemplated by this Amendment, addressing the subjects set forth on Exhibit A attached hereto and incorporated herein by reference in connection with the Collateral Documents. If on the date the items in clause (a)(i) and (a)(ii) are due, the applicable title company cannot accept such deeds of trust or mortgages for recording as a result of a government-mandated closure, the due date for delivery of such items shall be deemed to be the next Business Day such title company accepts the deeds of trust or mortgages for recording.

4. Representations and Warranties. To induce the Noteholders to enter into this Amendment, the Company represents and warrants that

(a) the representations and warranties contained in the Note Amendment Agreement are true and correct in all material respects as of the date hereof, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date (for purposes of this Section, each reference to Transaction Document therein shall be deemed to include a reference to this Amendment and each of the other Transaction Documents being entered into in connection with this Amendment); and

(b) both before and after giving effect to the transactions contemplated by this Amendment and the other Transaction Documents being entered into in connection with this Amendment, there exists no Default or Event of Default.

5. Reaffirmation. The Company hereby affirms and agrees that: (a) the execution and delivery by the Company or any Subsidiary of and the performance of such Person's obligations thereunder shall not in any way amend, impair, invalidate or otherwise affect any of such Person's obligations under the Notes or any other Transaction Document, except as expressly amended hereby, (b) the Notes and the other Transaction Documents remain in full force and effect as written, except as expressly amended hereby, and (c) each Collateral Document remains in full force and effect to provide collateral security for the obligations under the Notes and the other Transaction Documents.

6. Release. To the extent that any offsets, defenses or claims that may exist arising out of or relating to this Amendment, the Notes or any of the other Transaction Documents and the transactions contemplated thereby against the Agent (as defined in the Security Agreement), any Noteholder or any of their respective subsidiaries, affiliates, officers, directors, employees, agents, attorneys, predecessors, successors or assigns, both present and former (collectively, the "**Released Parties**") whether asserted or unasserted, by execution of this Amendment, the Company, for itself and its subsidiaries and affiliates and each of their respective successors, assigns, affiliates, subsidiaries, predecessors, employees, heirs and executors, as applicable (collectively, "**Releasors**"), jointly and severally, release and forever discharge each of the Released Parties of and from any and all manner of actions, causes of action, torts, suits, debts, controversies, damages, judgments, executions, claims and demands whatsoever, asserted or unasserted, in law or in equity, that exist or have occurred on or prior to the date of this Amendment, arising out of or relating to this Amendment, the Notes or any of the other Transaction Documents which any of the Releasors ever had or now have against any of the Released Parties, including, without limitation, any presently existing claim whether or not presently suspected, contemplated or anticipated.

7. Costs and Expenses, Indemnification, etc.

(a) Notwithstanding anything to the contrary in any other Transaction Document and in addition to all of the other obligations under the Transaction Documents, the Company shall pay all out of pocket expenses fees, expenses and disbursements of Morrison & Foerster LLP invoiced on or before the date hereof and Arnold & Porter Kaye Scholer LLP in connection with (i) the preparation, negotiation, execution and delivery of the Transaction Documents, including the post-closing obligations described in Section 3 above, which the parties acknowledge and agree, in the case of Morrison & Foerster LLP, is $215,000 (prior to the payment of $100,000 described in Section 2(b) above), (ii) any amendments, modifications or waivers of the provisions to the Transaction Documents (whether or not the transactions contemplated thereby shall be consummated) and (iii) the enforcement or protection of its rights in connection with the Transaction Documents, including its rights under this Section, as incurred during any workout, restructuring or negotiations in respect thereof and the fees, charges and disbursements of counsel (provided that in the case of clauses (ii) and (iii) and any financial advisor or law firm, such amounts shall be limited to one financial advisor or law firm for the Agent and one financial advisor or law firm for all "Noteholders" (other than, in the case of a law firm, any bona fide conflict of interest) plus one law firm of local counsel in each relevant jurisdiction). The payment required by sub-clause (i) above shall be paid as soon as possible and, in any case, no later than April 15, 2020 (it being understand that failure to pay such amount as so provided shall be an immediate Event of Default).

(b) Notwithstanding anything to the contrary in any other Transaction Document and in addition to all of the other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless the Agent (as defined in the Security Agreement), each Noteholder and all of their respective affiliates, stockholders, partners, members, officers, directors, employees and direct or indirect Noteholders and any of the foregoing Persons' agents or other representatives and those retained in connection with the transactions contemplated by this Agreement) (collectively, the "**Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "**Indemnified Liabilities**"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company or any Subsidiary in the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company or any Subsidiary contained in the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby (c) any actual or alleged presence or release of hazardous materials on or from any property owned or operated by the Company or any Subsidiary, or any environmental liability related in any way to the Company or any Subsidiary, or (d) any cause of action, suit or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company or any Subsidiary) and arising out of or resulting from (i) the execution, delivery, performance or enforcement of the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (ii) the status of such Noteholder as a Noteholder of the Company pursuant to the transactions contemplated by the Transaction Documents; provided, however, that no Noteholder will be entitled to indemnification hereunder for any Indemnified Liabilities resulting, as determined by a non-appealable judgement of a court of competent jurisdiction from (w) such Indemnitee's material breach of applicable laws, rules or regulations, including, without limitation, any breach by such Indemnitee of any federal or state securities laws, rules or regulations with respect to short sales or other hedging activities, (x) such Indemnitee's breach of any environmental laws, rules or regulations, (y) such Noteholder's or Indemnitee's material breach of any covenant, agreement or obligation of such Noteholder contained in the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby or (z) the gross negligence or willful misconduct of such Indemnitee. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law.

(c) To the fullest extent permitted by applicable law, the Company hereby agrees on behalf of itself and each of its subsidiaries and affiliates that is shall not assert, and hereby waives, any claim against any of the Released Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Amendment, any other Transaction Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Note, or the use of the proceeds thereof.

(d) All amounts due under this Section shall be payable within fifteen (15) days after demand therefor.

(e) Each party's obligations under this Section shall survive the termination of the Transaction Documents and payment of the obligations thereunder.

8. No other Amendments; Counterparts; etc. Except as otherwise provided in this Amendment, no other amendments to the Notes are hereby made or intended and the Notes remain in full force and effect and legally binding on the Company. This Amendment may be executed in counterparts, all of which when taken together will constitute one and the same document. If any provision of this Amendment is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Amendment shall not in any way be affected or impaired thereby. This Amendment is a Transaction Document.

9. Governing Law. This Amendment shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Amendment shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Company and the Noteholders have executed this Note Amendment No. 5 as of the date first set forth above.

COMPANY:

PACIFIC ETHANOL, INC.

By: /s/ Bryon T. McGregor
Name: Bryon T. McGregor
Title: Chief Financial Officer

[Noteholders' Signature Pages Follow]

ACCEPTED AND AGREED:

NOTEHOLDERS:

CKP SOUTH LLC

By: /s/ Philip DeSantis

Name: Philip DeSantis

Title:

[Holder Signature Page to Note Amendment No. 5]

CIF-INCOME PARTNERS (A), LLC

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich

Name: Stephen Kavulich

Title: Director

[Holder Signature Page to Note Amendment No. 5]

ORANGE 2015 DISLOCREDIT FUND, L.P.

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich

Name: Stephen Kavulich

Title: Director

[Holder Signature Page to Note Amendment No. 5]

SAINSBURY'S CREDIT OPPORTUNITIES FUND, LTD.

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich

Name: Stephen Kavulich

Title: Director

[Holder Signature Page to Note Amendment No. 5]

CO-INVESTMENT INCOME FUND, L.P. - US TAXABLE SERIES

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich

Name: Stephen Kavulich

Title: Director

[Holder Signature Page to Note Amendment No. 5]

CO-INVESTMENT INCOME FUND, L.P. - US TAX-EXEMPT SERIES

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich

Name: Stephen Kavulich

Title: Director

[Holder Signature Page to Note Amendment No. 5]

ALFRED J. DE LEO

/s/ Alfred J. De Leo

[Holder Signature Page to Note Amendment No. 5]

CORRUM CAPITAL ALTERNATIVE INCOME FUND LP

By: /s/ Jonathan R. Mandle

Name: Jonathan R. Mandle

Title: Manager

[Holder Signature Page to Note Amendment No. 5]

CORRUM CAPITAL GLOBAL CREDIT OPPORTUNITIES CO INVESTMENT FUND I LP

By: /s/ Jonathan R. Mandle

Name: Jonathan R. Mandle

Title: Manager

[Holder Signature Page to Note Amendment No. 5]

CORRUM CAPITAL GLOBAL CREDIT OPPORTUNITIES FUND LP

By: /s/ Jonathan R. Mandle

Name: Jonathan R. Mandle

Title: Manager

[Holder Signature Page to Note Amendment No. 5]

DAVID KOENIG

/s/ David Koenig

[Holder Signature Page to Note Amendment No. 5]

JONATHAN W. WEISS

/s/ Jonathan W. Weiss

[Holder Signature Page to Note Amendment No. 5]

JUSTIN S. WOHLER

/s/ Justin S. Wohler

[Holder Signature Page to Note Amendment No. 5]

PHILIP DESANTIS

/s/ Philip DeSantis

[Holder Signature Page to Note Amendment No. 5]

Exhibit A

Legal Opinion Subjects

1. Existence and good standing of each Delaware Loan Party (as defined below)

2. Corporate or limited liability company power of each Delaware Loan Party to execute, deliver and perform the Collateral Documents to which it is a party

3. Due authorization, execution and delivery by each Delaware Loan Party of the Collateral Documents to which it is a party.

4. Enforceability of the Pledge Agreements and Security Agreements which are included in the Collateral Documents and which by their terms are governed by New York

5. Delaware UCC Perfection by filing opinion with respect to each Delaware Loan Party, excluding any opinion with respect to real property related financing statements

6. No conflicts with laws of and no additional governmental consents required under New York, the Delaware Limited Liability Company Act, Delaware General Business Corporation Law, or any applicable federal laws

7. No conflicts with each Delaware Loan Party's organizational documents

"Delaware Loan Party" means the following entities formed under Delaware law:

1. Pacific Ethanol Central, LLC

2. PE Op Co.

3. Pacific Ethanol Magic Valley, LLC

4. Pacific Ethanol Stockton LLC

5. Pacific Ethanol Columbia, LLC

6. Pacific Ethanol Madera LLC

Exhibit 10.4

Execution Version

ALL LIENS AND SECURITY INTERESTS EVIDENCED BY THIS AGREEMENT SHALL AT ALL TIMES BE SUBORDINATE AND JUNIOR TO THE LIENS AND SECURITY INTERESTS GRANTED TO COBANK, ACB, A FEDERALLY-CHARTERED INSTRUMENTALITY OF THE UNITED STATES, PURSUANT TO THAT CERTAIN SECURITY AGREEMENT DATED AS OF SEPTEMBER 15, 2017 (AS AMENDED FROM TIME TO TIME) MADE BY DEBTORS (DEFINED BELOW) IN FAVOR OF SENIOR AGENT AND SUBJECT TO THE TERMS OF THAT CERTAIN INTERCREDITOR AGREEMENT EVEN DATED HEREWITH (AS AMENDED FROM TIME TO TIME) BY AND AMONG SENIOR AGENT, DEBTOR, AGENT (DEFINED BELOW) AND THE OTHER PARTIES PARTY THERETO.

SECURITY AGREEMENT
(ILLINOIS CORN PROCESSING)

THIS SECURITY AGREEMENT (the "**Agreement**") is dated as of March 20, 2020, and is executed and delivered by ILLINOIS CORN PROCESSING, LLC (the "**Debtor**"), a Delaware limited liability company, having its place of business (or chief executive office if more than one place of business) located at 400 Capitol Mall, Suite 2060, Sacramento, California 95814 in favor of CORTLAND PRODUCTS CORP., as collateral agent for the benefit of the Noteholders party to the Initial Security Agreement (in such capacity, together with its successors and assigns, the "**Agent**"; together with the Noteholders, the "**Secured Parties**"). Capitalized terms not otherwise defined in this Agreement shall have the respective meanings ascribed to them in that certain Security Agreement, dated as of December 15, 2016, by and among Pacific Ethanol, Inc., a Delaware corporation (the "**Company**"), the noteholders party thereto, and the Agent, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the noteholders party thereto, and the Agent, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Agent, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Agent (as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "**Initial Security Agreement**").

RECTIALS:

WHEREAS, Debtor and CoBank, ACB, a federally-chartered instrumentality of the United States ("**Senior Agent**"), are party to that certain Security Agreement dated as of September 15, 2017 ("**Senior Agent Security Agreement**"), wherein Debtor granted to Senior Agent a first priority lien in the Collateral, securing the payment and performance when due of the Obligations (as defined in the Senior Agent Security Agreement);

WHEREAS, the lien granted herein shall be junior and subordinate in priority to the lien granted to Senior Agent, as set forth in that certain Intercreditor Agreement dated as of the date hereof ("**Intercreditor Agreement**") by and among Senior Agent, Agent, Pacific Ethanol, Inc. and the Grantors party thereto;

"Initial Noteholder Security Agreement" means that certain Security Agreement, dated as of December 15, 2016, by and among the Company, the Noteholders party thereto, and the Mortgagee, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the Noteholders party thereto, and the Mortgagee, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Mortgagee, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Mortgagee, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"Noteholders" means (x) each Person that is (i) a signatory to the Amendment Agreement and identified as a "Noteholder" on Exhibit A to the Amendment Agreement, (ii) a holder of any of the Notes (as defined in the Amendment Agreement), and (iii) a "Secured Party" party to the Initial Noteholder Security Agreement and (y) any other Person that becomes (i) a holder of any of the Notes pursuant to any permitted assignment or transfer and (ii) a "Secured Party" under the Initial Noteholder Security Agreement pursuant to a Security Agreement Joinder, other than any such Person that ceases to be a party to such agreement pursuant to an assignment of all of its Notes and its rights and obligations under the Transaction Documents (as defined in the Initial Security Agreement).

SECTION 1. GRANT OF SECURITY INTEREST. For valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby grants to the Agent, on behalf of each Secured Party, a security interest in all of the personal property of the Debtor, wherever located, together with all accessions and additions thereto, and all products and proceeds thereof, including:

All accounts; inventory (including without limitation, returned or repossessed goods); goods; as-extracted collateral; chattel paper; electronic chattel paper; instruments; investment property (including, without limitation, certificated and uncertificated securities, security entitlements, securities accounts, commodity contracts, and commodity accounts); letters of credit; letter-of-credit rights; documents; equipment; farm products; fixtures; general intangibles (including, without limitation, payment intangibles, choses or things in action, litigation rights and resulting judgments, goodwill, patents, trademarks and other intellectual property, tax refunds, miscellaneous rights to payment, investments and other interests in entities not included in the definition of investment property (including, without limitation, all equities and patronage rights in all cooperatives and all interests in partnerships and joint ventures), margin accounts, computer programs, software, invoices, books, records and other information relating to or arising out of the Debtor's business); and, to the extent not covered by the above, all other personal property of the Debtor of every type and description, including without limitation, supporting obligations, interests or claims in or under any policy of insurance, commercial tort claims, deposit accounts, money, and judgments (the "**Collateral**").

Where applicable, all terms used herein shall have the same meaning as presently and as hereafter defined in the Uniform Commercial Code of the State of New York (the "**UCC**").

SECTION 2. THE OBLIGATIONS. The security interest granted hereunder shall secure the payment of all indebtedness and the performance of all obligations of the Company and the Debtor to the Secured Parties of every type and description, whether now existing or hereafter arising, fixed or contingent, as primary obligor or as guarantor or surety, acquired directly or by assignment or otherwise, liquidated or unliquidated, regardless of how they arise or by what agreement or instrument they may be evidenced, including without limitation all notes issuances, loans, advances and other extensions of credit and all covenants, agreements, and provisions contained in all loan and other agreements between the parties, including the Transaction Documents (the "**Obligations**").

SECTION 3. REPRESENTATIONS, WARRANTIES AND COVENANTS. The Debtor represents, warrants and covenants as follows:

A. Title to Collateral. Except as expressly permitted under the Amendment Agreement or by any other written agreement between the parties, and except for any security interest in favor of Senior Agent or the Agent on behalf of each Secured Party, the Debtor has clear title to all Collateral free of all adverse claims, interests, liens, or encumbrances. Without the prior written consent of the Required Holders, the Debtor shall not create or permit the existence of any adverse claims, interests, liens, or other encumbrances against any of the Collateral. The Debtor shall provide prompt written notice to the Agent of any future adverse claims, interests, liens, or encumbrances against all Collateral, and shall defend diligently the Debtor's and the Agent's interests in all Collateral.

B. Validity of Agreement; Authority. This Agreement is the valid and binding obligation of the Debtor, enforceable in accordance with its terms. The Debtor is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation. The Debtor has the full power to execute, deliver and carry out the terms and provisions of this Agreement and all related documents and to grant to the Agent, on behalf of each Secured Party, a security interest in, and a lien on, the Collateral, has taken all necessary action to authorize the execution, delivery and performance of this Agreement and all related documents, and such execution, delivery and performance do not and will not (i) violate any of the terms or provisions of the organizational documents of the Debtor or any provision of any law, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Debtor, (ii) result in a breach of, or constitute a default under, any indenture or loan or credit agreement or any other agreement, document or instrument to which the Debtor is a party or by which the Debtor or any of the Debtor's property may be bound or affected or (iii) result in or require the creation or imposition of any lien or other encumbrance of any nature upon or with respect to any of the property of the Debtor (except for any security interest in favor of the Agent on behalf of each Secured Party).

C. Location of the Debtor. The Debtor's place of business (or chief executive office if more than one place of business) is located at the address shown above. The Debtor's state of incorporation or formation is as shown above.

D. Location of Fixtures. All fixtures are now at the location or locations specified on Schedule A attached hereto and made a part hereof

E. Name, Identity, and Corporate Structure. The Debtor's exact legal name is as set forth above. Except as set forth on Schedule B, the Debtor has not within the past one year changed its name, identity or corporate structure through incorporation, merger, consolidation, joint venture or otherwise.

F. Change in Name, State of Debtor's Location, Location of Collateral, Etc. Without giving at least thirty days' prior written notice to the Agent, the Debtor shall not change its name, identity or organizational structure, the location of its place of business (or chief executive office if more than one place of business), its state of incorporation or formation, or the location of the Collateral.

G. Further Assurances. Upon the reasonable request of the Agent or Required Holders, the Debtor shall do all acts and things as the Agent or Required Holders may from time to time reasonably deem necessary or advisable to enable it to perfect, maintain, and continue the perfection and priority of the security interest of the Agent in the Collateral, or to facilitate the exercise by the Agent of any rights or remedies granted to the Agent or any other Secured Party hereunder or provided by law. Without limiting the foregoing, the Debtor agrees to execute, in form and substance reasonably satisfactory to the Agent and Required Holders, such financing statements, amendments thereto, supplemental agreements, assignments, notices of assignments, and other instruments and documents as the Agent or Required Holders may from time to time reasonably request. In addition, in the event the Collateral or any part thereof consists of instruments, documents, chattel paper, or money (whether or not proceeds of the Collateral), the Debtor shall, upon the request of the Agent, deliver possession thereof to the Agent (or to a subagent of the Agent retained for that purpose), together with any appropriate endorsements and/or assignments, provided that such Collateral is not in the possession of Senior Agent and is subject to the terms of the Intercreditor Agreement. Where Collateral is in the possession of a third party, the Debtor will join with the Agent in notifying the third party of the Agent's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of the Agent. The Debtor will cooperate with the Agent in obtaining control with respect to Collateral consisting of deposit accounts (that are not held by the Agent as depositary institution), investment property, letter-of-credit rights and electronic chattel paper. The Agent shall use reasonable care in the custody and preservation of such Collateral in its possession (it being agreed that Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which it accords its own property), but shall not be, required to take any steps necessary to preserve rights against prior parties. All costs and expenses incurred by the Agent to establish, perfect, maintain, determine the priority of, or release the security interest granted hereunder (including the cost of all filings, recordings, and taxes thereon and the fees and expenses of any subagent retained by Agent) shall become part of the Obligations secured hereby and be paid by the Debtor on demand.

H. Insurance. The Debtor shall maintain such property and casualty insurance as required under the Transaction Documents. All such policies shall provide for loss payable clauses or endorsements and other terms and conditions in form and content acceptable to the Required Holders. Upon the request of the Agent, all policies (or such other proof of compliance with this Section as may be satisfactory to the Agent) shall be delivered to the Agent. The Debtor shall pay all insurance premiums when due. In the event of loss, damage, or injury to any insured Collateral, the Agent shall have full power to collect any and all insurance proceeds due under any of such policies (and the Debtor hereby agrees, upon request by the Agent, to promptly forward to the Agent all such insurance proceeds received directly by the Debtor), and may, at its option, apply such proceeds to the payment of any of the Obligations secured hereby, or may apply such proceeds to the repair or replacement of such Collateral.

I. Taxes, Levies, Etc. The Debtor has paid and shall continue to pay when due all taxes, levies, assessments, or other charges which may become an enforceable lien against the Collateral.

J. Receivables. The Debtor shall preserve, enforce, and collect all accounts, chattel paper, electronic chattel paper, instruments, documents and general intangibles, whether now owned or hereafter acquired or arising (the "**Receivables**"), in a diligent fashion and, upon the request of the Agent or the Required Holders, the Debtor shall execute an agreement in form and substance satisfactory to the Agent and Required Holders by which the Debtor shall direct all account debtors and obligors on Receivables to make payment to a lock box deposit account under the exclusive control of the Agent, on behalf of each Secured Party.

K. Condition of Collateral. All tangible Collateral is now in good repair and condition (ordinary wear and tear excepted) and the Debtor shall at all times hereafter, at its own expense, maintain all such Collateral in good repair and condition (ordinary wear and tear excepted).

L. Condition of Books and Records. The Debtor has maintained and shall maintain complete, accurate and up-to-date books, records, accounts, and other information relating to all Collateral in such form and in such detail as may be satisfactory to the Required Holders, and shall allow the Agent, other Secured Parties or their representatives at any reasonable time to examine and copy such books, records, accounts, and other information.

M. Right of Inspection. At all reasonable times upon the request of the Agent or the Required Holders, the Debtor shall allow the Agent, the other Secured Parties or any of their respective representatives to visit any of the Debtor's properties or locations so that such Secured Party or its representatives may confirm, inspect and appraise any of the Collateral.

SECTION 4. RIGHTS AND REMEDIES. If an Event of Default as defined under the Amended Notes (an "**Event of Default**") shall have occurred and be continuing, the Agent may exercise any and all rights and remedies of the Secured Parties in the enforcement of its security interest under the UCC, this Agreement, the Transaction Documents or any other applicable law, subject to the terms of the Intercreditor Agreement. Without limiting the foregoing:

A. Disposition of Collateral. Upon and during the existence of an Event of Default, the Agent may sell, lease, or otherwise dispose of all or any part of the Collateral, in its then present condition or following any commercially reasonable preparation or processing thereof, whether by public or private sale or at any brokers' board, in lots or in bulk, for cash, on credit or otherwise, with or without representations or warranties, and upon such other terms as may be acceptable to the Agent, and the Agent or any other Secured Party may purchase at any public sale. At any time when advance notice of sale is required, the Debtor agrees that ten days' prior written notice shall be reasonable. In connection with the foregoing, the Secured Party may:

1. require the Debtor to assemble the Collateral and all records pertaining thereto and make such Collateral and records available to the Agent at a place to be designated by the Agent which is reasonably convenient to both parties;

2. enter the premises of the Debtor or premises under the Debtor's control and take possession of the Collateral;

3. without charge, use or occupy the premises of the Debtor or premises under the Debtor's control, including without limitation, warehouse and other storage facilities;

4. without charge, use any patent, trademark, tradename, or other intellectual property or technical process used by the Debtor in connection with any of the Collateral; and

5. rely conclusively upon the advice or instructions of any one or more brokers or other experts selected by the Agent to determine the method or manner of disposition of any of the Collateral and, in such event, any disposition of the Collateral by the Agent in accordance with such advice or instructions shall be deemed to be commercially reasonable.

B. Collection of Receivables. Upon and during the existence of an Event of Default, the Agent may, but shall not be obligated to, take all actions reasonable or necessary to preserve, enforce or collect the Receivables, including without limitation, the right to notify account debtors and obligors on Receivables to make direct payment to the Agent on behalf of each Secured Party, to permit any extension, compromise, or settlement of any of the Receivables for less than face value, or to sue on any Receivable, all without prior notice to the Debtor.

C. Proceeds. Upon and during the existence of an Event of Default, the Agent may collect and apply all proceeds of the Collateral, and may endorse the name of the Debtor in favor of the Agent on any and all checks, drafts, money orders, notes, acceptances, or other instruments of the same or a different nature, constituting, evidencing, or relating to the Collateral. The Agent may receive and open all mail addressed to the Debtor and remove therefrom any cash or non-cash items of payment constituting proceeds of the Collateral.

D. Insurance Adjustments. Upon and during the existence of an Event of Default, the Agent may adjust, settle, and cancel any and all insurance covering any Collateral, endorse the name of the Debtor on any and all checks or drafts drawn by any insurer, whether representing payment for a loss or a return of unearned premium, and execute any and all proofs of claim and other documents or instruments of every kind required by any insurer in connection with any payment by such insurer.

The net proceeds of any disposition of the Collateral may be applied by the Agent, after deducting its reasonable expenses incurred in such disposition, to the payment in whole or in part of the Obligations in such manner permitted by the Transaction Documents. The enumeration of the foregoing rights and remedies is not intended to be exhaustive, and the exercise of any right and/or remedy shall not preclude the exercise of any other rights or remedies, all of which are cumulative and non-exclusive.

SECTION 5. OTHER PROVISIONS.

A. Amendment, Modification, and Waiver . Without the prior written consent of the Required Holders, no amendment, modification, or waiver of, or consent to any departure by the Debtor from, any provision hereunder shall be effective. Any such amendment, modification, waiver, or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay or failure by the Agent or any other Secured Party to exercise any remedy hereunder shall be deemed a waiver thereof or of any other remedy hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any remedy on any subsequent occasion.

B. Costs and Attorneys' Fees. Except as prohibited by law, if at any time any of the Secured Parties employs counsel in connection with the creation, perfection, preservation, or release of the Agent's security interest in the Collateral or the enforcement of any of the Agent or any other Secured Party's rights or remedies hereunder, all of each Secured Party's reasonable attorneys' fees arising from such services and all expenses, costs, or charges relating thereto shall become part of the Obligations secured hereby and be paid by the Debtor on demand.

C. No Obligation to Make Loans. Nothing contained herein or in any financing statement or other document executed or filed in connection herewith (other than the Amendment Agreement and the Amended Notes, to the extent obligations arise thereunder) shall be construed to obligate the Secured Parties to make any loans or advances to the Debtor or the Company, whether pursuant to a commitment or otherwise.

D. Revival of Obligations. To the extent the Debtor or any third party makes a payment or payments to the Agent or any other Secured Party or the Agent enforces its security interest or exercises any right of setoff, and such payment or payments or the proceeds thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, and/or required to be repaid to a trustee, receiver, or any other party under any bankruptcy, insolvency or other law or in equity, then, to the extent of such recovery, the Obligations or any part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment or payments had not been made, or such enforcement or setoff had not occurred.

E. Performance by the Secured Parties. In the event the Debtor shall at any time fail to pay or perform punctually any of its duties hereunder, upon ten (10) days after failure of the Debtor to pay or perform such duty (unless such failure may cause a material impairment to the value of the Collateral or the Agent's Liens, in which case, immediately upon such failure of the Debtor), the Secured Parties may, at their option and without notice to or demand upon the Debtor, without obligation and without waiving or diminishing any of its other rights or remedies hereunder, fully perform or discharge any of such duties. All costs and expenses incurred by the Secured Parties in connection therewith, together with interest thereon at the Secured Parties' "Interest Rate" plus two percent per annum, shall become part of the Obligations secured hereby and be paid by the Debtor upon demand. For purposes hereof, the Interest Rate shall mean the rate of interest established by the Secured Parties from time to time as its Interest Rate, which rate is intended by the Secured Parties to be a reference rate and not its lowest rate. For the avoidance of doubt, the Senior Agent has also been appointed Debtor's attorney-in-fact as set forth in subsection G below and Agent's rights to act as attorney-in-fact as set forth in subsection G and this subsection E are limited by the terms of the Intercreditor Agreement.

F. Indemnification, Etc. The Debtor hereby expressly indemnifies and holds the Agent and each Secured Party harmless from any and all claims, causes of action, or other proceedings, and from any and all liability, loss, damage, and expense of every nature, arising by reason of the Agent or such Secured Party's enforcement of its rights and remedies hereunder, or by reason of the Debtor's failure to comply with any environmental or other law or regulation. As to any action taken by the Agent or Secured Party hereunder, such Agent or Secured Party shall not be liable for any error of judgment or mistake of fact or law, absent gross negligence or willful misconduct on its part as determined by a court of compentent jurisdiction in a final and non-appealable judgment.

G. Power of Attorney. Subject to the terms of the Intercreditor Agreement, the Debtor hereby appoints the Agent or the Agent's designee as its attorney-in-fact, which appointment is irrevocable, durable, and coupled with an interest, with full power of substitution, in the name of the Debtor or in the name of the Agent, upon and during the existence of an Event of Default, to take any action which the Debtor is obligated to perform hereunder or which the Agent may deem necessary or advisable to accomplish the purposes of this Agreement. In taking any action in accordance with this Section, the Agent shall not be deemed to be the agent of the Debtor. The powers conferred upon the Agent in this Section are solely to protect its and each other Secured Party's interest in the Collateral and shall not impose any duty upon the Agent to exercise any such powers.

H. Continuing Effect. This Agreement, the Agent and each other Secured Party's security interest in the Collateral, and all other documents or instruments contemplated hereby shall continue in full force and effect until all of the Obligations have been satisfied in full, the Secured Parties has no commitment to make any further advances to the Debtor, and the Debtor has sent a valid written demand to the Agent for termination of this Agreement.

I. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Parties and their respective successors and assigns.

J. Security Agreement as Financing Statement and Authorization to File. A photographic copy or other reproduction of this Agreement may be used as a financing statement. In addition, the Debtor authorizes the Agent or its designees to prepare and file financing statements describing the Collateral, amendments thereto, and continuation statements and file any financing statement, amendment thereto or continuation statement electronically. In addition, the Debtor authorizes the Agent or its designees to file financing statements describing any agricultural liens or other statutory liens held by the Agent.

K. Governing Law; Waiver of Jury Trial. The laws of the State of New York will govern this Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby.

1. Debtor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against the Secured Parties in any way relating to this Agreement or the transactions contemplated hereby, in any forum other than the courts of the State of New York sitting in the city of New York, borough of Manhattan, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that any such action, litigation or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that the Secured Parties may otherwise have to bring any action or proceeding relating to this Agreement against Debtor or its properties in the courts of any jurisdiction.

2. Debtor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any such court referred to in subsection K of this Section 5. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

3. Debtor irrevocably consents to the service of process in the manner provided for notices in subsection N of this Section 5 and agrees that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

4. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTES AMENDMENT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION

L. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

M. Counterparts; Integration; Effectiveness. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. This Agreement and the other Notes Amendment Documents constitute the entire contract among the parties with respect to the subject matter of the Notes Amendment Documents and supersede all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

N. Notices. All notices, requests, demands, or other communications required or permitted hereunder shall be given as provided in Section 6.5 of the Amendment Agreement, and if to Agent, pursuant to Agent's notice information provided in the signature pages hereof.

O. Severability. The determination that any term or provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other term or provision hereof.

P. Incorporation of Recitals. Each of the Recitals set forth above are true and correct and are incorporated herein and made a part of this Agreement.

Q. Inconsistency with Intercreditor Agreement. In the event of any conflict between the terms of this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall control.

[Signature pages follow]

IN WITNESS WHEREOF, the Debtor has executed this Agreement by its duly authorized officer as of the day and year first set forth above.

Debtor: ILLINOIS CORN PROCESSING, LLC, a Delaware limited liability company,

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

AGREED TO AND ACCEPTED BY:

Agent: CORTLAND PRODUCTS CORP.

By: /s/ Matthew Trybula
Print Name: Matthew Trybula
Title: Associate Counsel

225 W Washington Street, 9th Floor
Chicago, IL 60606

SCHEDULE A

To Security Agreement Dated March 20, 2020

Executed By: ILLINOIS CORN PROCESSING, LLC

Set forth below are the present locations (by county and state) of the Debtor's fixtures.

County:	Tazewell	State:	Illinois

SCHEDULE B

To Security Agreement Dated March 20, 2020

Executed By: **ILLINOIS CORN PROCESSING, LLC**

Set forth below is an explanation of any changes within the past one (1) year to the Debtor's name, identity or corporate structure through incorporation, merger, consolidation, joint venture or otherwise.

None.

ALL LIENS AND SECURITY INTERESTS EVIDENCED BY THIS AGREEMENT SHALL AT ALL TIMES BE SUBORDINATE AND JUNIOR TO THE LIENS AND SECURITY INTERESTS GRANTED TO COBANK, ACB, A FEDERALLY-CHARTERED INSTRUMENTALITY OF THE UNITED STATES, PURSUANT TO THAT CERTAIN SECURITY AGREEMENT DATED AS OF SEPTEMBER 15, 2017 (AS AMENDED FROM TIME TO TIME) MADE BY DEBTORS (DEFINED BELOW) IN FAVOR OF SENIOR AGENT AND SUBJECT TO THE TERMS OF THAT CERTAIN INTERCREDITOR AGREEMENT EVEN DATED HEREWITH (AS AMENDED FROM TIME TO TIME) BY AND AMONG SENIOR AGENT, DEBTOR, AGENT (DEFINED BELOW), AND THE OTHER PARTIES PARTY THERETO.

SECURITY AGREEMENT
(PACIFIC ETHANOL CENTRAL, LLC)

This Security Agreement, dated as of March 20, 2020 (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), made by and between PACIFIC ETHANOL CENTRAL, LLC, a limited liability company organized under the laws of Delaware ("**Grantor**"), and Cortland Products Corp., as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**").

RECITALS:

WHEREAS, Pacific Ethanol, Inc., a Delaware corporation (the "**Company**") issued certain secured promissory notes in the aggregate original principal amount of $55,000,000 on December 15, 2016 (the "**Initial Notes**") pursuant to a Note Purchase Agreement dated as of December 12, 2016 by and among the Company and the Investors identified therein (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Initial Purchase Agreement**");

WHEREAS, the Company and certain Investors identified therein are parties to a Note Purchase Agreement dated as of June 26, 2017 (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Additional Purchase Agreement**"), pursuant to which the Company issued $13,948,078 in aggregate original principal amount of senior secured notes due December 15, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "**Additional Notes**").

WHEREAS, the Noteholders are holders of the Initial Notes, the Additional Notes and certain other secured promissory notes issued by the Company on December 16, 2019 (the "**Existing Notes**");

WHEREAS, pursuant to that certain Senior Secured Note Amendment Agreement dated as of December 22, 2019 between the Noteholders defined therein and the Company (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Amendment Agreement**"), the Existing Notes were amended and restated in their entirety (the "**Amended Notes**," and together with the Amendment Agreement and the Transaction Documents (as defined in the Initial Noteholder Security Agreement (as defined below)), the "**Notes Amendment Documents**");

WHEREAS, Cortland Products Corp. has been appointed by the Noteholders to act as collateral agent under the Notes Amendment Documents (and as successor to Cortland Capital Market Services LLC in such capacity) pursuant to that certain Security Agreement, dated as of December 15, 2016 (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety), among the Company, the Agent and the other Secured Parties;

WHEREAS, Grantor and CoBank, ACB, a federally-chartered instrumentality of the United States ("**Senior Agent**"), are party to that certain Security Agreement dated as of March 20, 2019 ("**Senior Agent Security Agreement**"), wherein Grantor granted to Senior Agent a First Priority Lien in the Collateral, securing the payment and performance when due of the Secured Obligations (as defined in the Senior Agent Security Agreement);

WHEREAS, the Lien granted herein shall be junior and subordinate in priority to the Lien granted to Senior Agent, as set forth in that certain Intercreditor Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**") by and among Senior Agent, Agent, Pacific Ethanol, Inc. and the Grantors party thereto; and

WHEREAS, to secure the obligations of the Company under the Notes Amendment Documents, pursuant to the Notes Amendment Documents, the Grantor is required to enter into this Agreement.

NOW, THEREFORE, for Ten Dollars ($10.00) in hand paid to Grantor and in consideration of the premises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the timely payment and performance of the Secured Obligations (as hereinafter defined), the parties hereto agree as follows:

1. **Definitions**.

(a) Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Amendment Agreement or the Initial Noteholder Security Agreement, as applicable. As used herein, the following terms shall have the following meanings:

"**Collateral**" has the meaning set forth in Section 2.

"**Existing Notes**" has the meaning set forth in the Recitals.

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to this Agreement, such Lien is the most senior Lien to which such Collateral is subject (subject only to Permitted Liens).

"**Initial Noteholder Security Agreement**" means that certain Security Agreement, dated as of December 15, 2016, by and among the Company, the Noteholders party thereto, and the Agent, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the Noteholders party thereto, and the Agent, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Agent, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Agent, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"**Noteholders**" means (x) each Person that is (i) a signatory to the Amendment Agreement and identified as a "Noteholder" on Exhibit A to the Amendment Agreement, (ii) a holder of any of the Notes (as defined in the Amendment Agreement), and (iii) a "Secured Party" party to the Initial Noteholder Security Agreement and (y) any other Person that becomes (i) a holder of any of the Notes pursuant to any permitted assignment or transfer and (ii) a "Secured Party" under the Initial Noteholder Security Agreement pursuant to a Security Agreement Joinder, other than any such Person that ceases to be a party to such agreement pursuant to an assignment of all of its Notes and its rights and obligations under the Transaction Documents (as defined in the Initial Security Agreement).

"**Proceeds**" means "proceeds" as such term is defined in section 9-102 of the UCC and, in any event, shall include all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.

"**Secured Obligations**" has the meaning set forth in Section 3.

"**UCC**" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code as in effect from time to time in such state.

(b) **Deposit Accounts**. All of the Grantor's deposit accounts are listed on **Schedule 2** attached hereto and made a part hereof. Each of the deposit accounts listed on **Schedule 2** shall be deemed to be a "deposit account" referenced in the definition of "Collateral" contained in Section 2 of this Agreement and shall be subject in all respects to the security interest granted by the Grantor to the Agent on behalf of each Secured Party pursuant to this Agreement. Upon establishing a deposit account that is not listed on **Schedule 2** (to the extent that establishing such deposit account is otherwise permitted hereunder and under any other Notes Amendment Document), the Grantor shall promptly give notice to the Agent that such deposit account has been established and shall immediately execute or otherwise authenticate a supplement to **Schedule 2** that includes such deposit account and take all action necessary to give the Agent on behalf of each Secured Party "control" (as such term is defined in the UCC) over such deposit account, including causing the applicable bank or financial institution to enter into a control agreement (in form and substance acceptable to the Agent) with the Agent for such deposit account.

2. **Grant of Security Interest**. Grantor hereby grants to the Agent, on behalf of each Secured Party a continuing security interest in all of its right, title and interest in and to the following, wherever located, whether now existing or hereafter arising or acquired (collectively, the "**Collateral**"):

(a) all accounts (including health-care-insurance receivables), goods (including inventory and equipment), goods (including inventory and equipment) currently or hereafter held on consignment, documents (including, if applicable, electronic documents), fixtures, instruments, promissory notes, chattel paper (whether tangible or electronic), letters of credit, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), securities and all other investment property, commercial tort claims described on **Schedule 1** hereof as supplemented by any written notification given by Grantor to Agent pursuant to Section 4(e), general intangibles (including all payment intangibles), money, deposit accounts (including each of the deposit accounts listed on **Schedule 2** attached hereto), and any other contract rights or rights to the payment of money; and

(b) all Proceeds and products of each of the foregoing, all books and records relating to the foregoing, all supporting obligations related thereto, and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to Grantor from time to time with respect to any of the foregoing.

3 . **Secured Obligations**. The Collateral secures the payment and performance of (a) all indebtedness and obligations of the Company and the Grantor under the Notes Amendment Documents and (b) and all indebtedness and obligations of the Company and the Grantor owed to the Secured Parties now or hereafter existing under this Agreement (collectively, "**Secured Obligations**").

4. **Perfection of Security Interest and Further Assurances**.

(a) Grantor shall, from time to time, as may be required by Agent with respect to all Collateral, promptly take all actions as may be reasonably requested by Agent to perfect the Lien of Agent in the Collateral, including, with respect to all Collateral over which control may be obtained within the meaning of sections 8-106, 9-104, 9-105, 9-106 and 9-107 of the UCC, section 201 of the federal Electronic Signatures in Global and National Commerce Act and, as the case may be, section 16 of the Uniform Electronic Transactions Act, as applicable, Grantor shall promptly take all actions as may be reasonably requested from time to time by Agent so that control of such Collateral is obtained and at all times held by the Agent on behalf of each Secured Party. All of the foregoing shall be at Grantor's sole cost and expense.

(b) Grantor hereby irrevocably authorizes Agent or its designees at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Lien granted by Grantor hereunder, without Grantor's signature where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by Grantor, or words of similar effect. Grantor agrees to provide all information required by Agent pursuant to this Section promptly to Agent upon request.

(c) Grantor hereby further authorizes Agent or its designees to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any state of the United States or in any other country) this Agreement and other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Lien granted by Grantor hereunder, without Grantor's signature where permitted by law.

(d) If Grantor shall at any time hold or acquire any certificated securities, promissory notes, tangible chattel paper, negotiable documents or warehouse receipts relating to the Collateral, Grantor shall promptly indorse, assign and deliver the same to Agent, accompanied by such instruments of transfer or assignment duly executed in blank as Agent may from time to time specify.

(e) If Grantor shall at any time hold or acquire a commercial tort claim, Grantor shall (a) promptly notify Agent in a writing signed by Grantor of the particulars thereof and grant to Agent on behalf of the Secured Parties in such writing a Lien therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Agent and (b) deliver to Agent an updated **Schedule 1**.

(f) If any Collateral is at any time in the possession of a bailee, Grantor shall promptly notify Agent thereof and, at Agent's request and option, shall promptly obtain an acknowledgment from the bailee, in form and substance satisfactory to Agent, that the bailee holds such Collateral for the benefit of the Secured Parties and the bailee agrees to comply, without Grantor's further consent, at any time with instructions of Agent as to such Collateral.

(g) If Grantor is at any time a beneficiary under a letter of credit, Grantor will promptly notify Agent and, at Agent's request, Grantor will, pursuant to an agreement in form and substance reasonably acceptable to Agent, either (a) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to Agent of the proceeds of the letter of credit or (b) arrange for Agent to become the transferee beneficiary of the letter of credit.

(h) Grantor agrees that at any time and from time to time, at Grantor's expense, Grantor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that Agent may reasonably request, in order to perfect and protect any Lien granted hereby or to enable Agent to exercise and enforce its and the other Secured Parties' rights and remedies hereunder or under any other agreement with respect to any Collateral.

5. **Representations and Warranties**. Grantor represents and warrants as follows:

(a) (i) Grantor's exact legal name is that indicated on the signature page hereof and (ii) Grantor is an organization of the type, and is organized in the jurisdiction, set forth in the preamble hereof.

(b) The Collateral consisting of securities have been duly authorized and validly issued, and are fully paid and non-assessable and subject to no options to purchase or similar rights. Grantor holds no commercial tort claims except as indicated on **Schedule 1**. None of the Collateral constitutes, or is the proceeds of, "farm products" as defined in section 9-102(a)(34) of the UCC. None of the account debtors or other persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral. Grantor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

(c) At the time the Collateral becomes subject to the Lien created by this Agreement, Grantor will be the sole, direct, legal and beneficial owner thereof, free and clear of any Lien, claim, option or right of others except for the Lien created by this Agreement and other Permitted Liens.

(d) The grant of security interest in the Collateral pursuant to this Agreement creates a valid and perfected Lien in the Collateral, securing the payment and performance when due of the Secured Obligations.

(e) Grantor has full power, authority and legal right to grant a security interest in the Collateral pursuant to this Agreement.

(f) This Agreement has been duly authorized, executed and delivered by Grantor and constitutes a legal, valid and binding obligation of Grantor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).

(g) No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the issuance of the Amended Notes and the grant of the security interest by Grantor of the Collateral pursuant to this Agreement or for the execution and delivery of this Agreement by Grantor or the performance by Grantor of its obligations thereunder, other than filings to perfect the security interest.

(h) The execution and delivery of this Agreement by Grantor and the performance by Grantor of its obligations hereunder, will not violate any provision of any applicable law or regulation or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to Grantor or any of its property, or the organizational or governing documents of Grantor or any agreement or instrument to which Grantor is party or by which it or its property is bound.

(i) Grantor has taken all action required on its part for control (as defined in sections 8-106, 9-104, 9-105, 9-106 and 9-107 of the UCC, section 201 of the federal Electronic Signatures in Global and National Commerce Act and, as the case may be, section 16 of the Uniform Electronic Transactions Act, as applicable) to have been obtained by Agent over all Collateral with respect to which such control may be obtained pursuant to the UCC. No person other than Senior Agent or Agent has control or possession of all or any part of the Collateral.

6. **Accounts Receivable**.

(a) Agent may at any time and from time to time send or require Grantor to send requests for verification of Accounts or notices of assignment to account debtors and other obligors. Agent may also at any time and from time to time telephone account debtors and other obligors to verify accounts.

(b) After the obligations of the Grantor under the CoBank Debt Documents are paid in full:

(i) the Agent may establish a collateral account for the deposit of checks, drafts and cash payments made by Grantor's account debtors. If a collateral account is so established, Grantor shall promptly deliver to Agent, for deposit into said collateral account, all payments on Accounts and chattel paper received by it. All such payments shall be delivered to Agent in the form received (except for Grantor's endorsement where necessary). Until so deposited, all payments on Accounts and chattel paper received by Grantor shall be held in trust by Grantor for and as the property of Agent on behalf of the Secured Parties and shall not be commingled with any funds or property of Grantor. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Secured Obligation. Unless otherwise agreed in writing, Grantor shall have no right to withdraw amounts on deposit in any collateral account.

(ii) Agent may, by notice to Grantor, require Grantor to direct each of its account debtors to make payment directly to a special lockbox to be under the control of Agent. Grantor hereby authorizes and directs Agent to deposit all checks, drafts and cash payments received in said lockbox into the collateral account established as set forth above.

(iii) Agent may notify any account debtor, or any other Person obligated to pay any amount due, that such chattel paper, general intangible, Account, or other right to payment has been assigned or transferred to Agent for security and shall be paid directly to Agent. At any time after Secured Party or Grantor gives such notice to an account debtor or other obligor, Agent, on behalf of the Secured Parties, may (but need not), in its own name or in Grantor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such chattel paper, Account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

7. **Voting and Distributions**.

(a) The Secured Parties agree that unless an Event of Default shall have occurred and be continuing, Grantor may, to the extent Grantor has such right as a holder of the Collateral consisting of securities, other equity interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, in Agent's reasonable judgment, any such vote, consent, ratification or waiver would detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of this Agreement or any other Notes Amendment Documents, and from time to time, upon request from Grantor, Agent shall deliver to Grantor suitable proxies so that Grantor may cast such votes, consents, ratifications and waivers.

(b) The Secured Parties agree that Grantor may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other equity interests or indebtedness owed by any obligor.

8. **Covenants**. Grantor covenants as follows:

(a) Grantor will not, without providing at least 30 days' prior written notice to Agent, change its legal name, identity, type of organization, jurisdiction of organization, corporate structure, location of its chief executive office or its principal place of business or its organizational identification number. Grantor will, prior to any change described in the preceding sentence, take all actions reasonably requested by Agent to maintain the perfection and priority of Agent's Lien in the Collateral.

(b) Grantor will keep the Collateral, to the extent not delivered to Agent pursuant to Section 4, at those locations listed on **Schedule 3** attached hereto and Grantor will not remove the Collateral from such locations without providing at least 10 days' prior written notice to Agent except for (a) vehicles and equipment out for repair or in service in the field, and (b) inventory in transit in the ordinary course of business.

(c) Grantor will, at its own cost and expense, defend title to the Collateral and the Lien of Agent therein against the claim of any person claiming against or through Grantor and shall maintain and preserve such perfected Lien for so long as this Agreement shall remain in effect.

(d) Grantor will not grant, create, permit or suffer to exist any Lien, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein except for Permitted Liens.

(e) Grantor will not sell, lease, or otherwise dispose of any of the Collateral except for in the ordinary course of business or as otherwise permitted by the Notes Amendment Documents.

(f) Grantor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. Grantor will permit Agent, or its designee, to inspect the Collateral at any reasonable time, wherever located.

(g) Grantor will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement.

(h) Grantor will continue to operate its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

9. **Agent Appointed Attorney-in-Fact**. Subject to the terms of the Intercreditor Agreement, Grantor hereby appoints Agent as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor or otherwise, from time to time during the continuance of an Event of Default in Agent's discretion to take any action and to execute any instrument which Agent may deem necessary or advisable to accomplish the purposes of this Agreement (but Agent shall not be obligated to and shall have no liability to Grantor or any third party for failure to do so or take action). This appointment, being coupled with an interest, shall be irrevocable. Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof.

10. **Agent May Perform**. If Grantor fails to perform any obligation contained in this Agreement, upon ten (10) days after failure of the Grantor to perform such obligation (unless such failure may cause a material impairment to the value of the Collateral or the Agent's Liens, in which case, immediately upon such failure of the Grantor), Agent may itself perform, or cause performance of, such obligation, and the expenses of Agent or any other Secured Party incurred in connection therewith shall be payable by Grantor; *provided that* Agent or any other Secured Party shall not be required to perform or discharge any obligation of Grantor. For the avoidance of doubt, the Senior Agent has also been appointed Grantor's attorney-in-fact as set forth in Section 9 above and Agent's rights to act as attorney-in-fact as set forth in Sections 9 and this Section 10 are limited by the terms of the Intercreditor Agreement.

11. **Reasonable Care**. Agent shall have no duty with respect to the care and preservation of the Collateral beyond the exercise of reasonable care. Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which Agent accords its own property, it being understood that Agent shall not have any responsibility for (a) ascertaining or taking action with respect to any claims, the nature or sufficiency of any payment or performance by any party under or pursuant to any agreement relating to the Collateral or other matters relative to any Collateral, whether or not Agent has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral. Nothing set forth in this Agreement, nor the exercise by Agent, on behalf of the Secured Parties, of any of the rights and remedies hereunder, shall relieve Grantor from the performance of any obligation on Grantor's part to be performed or observed in respect of any of the Collateral.

12. **Remedies Upon Default**. If any Event of Default shall have occurred and be continuing:

(a) Agent, without any other notice to or demand upon Grantor, may assert all rights and remedies of a secured party under the UCC or other applicable law, including the right to take possession of, hold, collect, sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral, subject to the terms of the Intercreditor Agreement. If notice prior to disposition of the Collateral or any portion thereof is necessary under applicable law, written notice mailed to Grantor at its notice address as provided in Section 19 hereof 10 days prior to the date of such disposition shall constitute reasonable notice, but notice given in any other reasonable manner shall be sufficient. So long as the sale of the Collateral is made in a commercially reasonable manner, Agent may sell such Collateral on such terms and to such purchaser(s) as Agent, on behalf of the Secured Parties, in its absolute discretion may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Without precluding any other methods of sale, the sale of the Collateral or any portion thereof shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of creditors disposing of similar property. At any sale of the Collateral, if permitted by applicable law, Agent or any other Secured Party may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price of the Collateral or any part thereof payable at such sale. To the extent permitted by applicable law, Grantor waives all claims, damages and demands it may acquire against Agent or any other Secured Party arising out of the exercise by it of any rights hereunder. Grantor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Secured Obligations or otherwise. At any such sale, unless prohibited by applicable law, Agent or any other Secured Party or any custodian may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. None of Agent, any other Secured Party or any custodian shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing, nor shall it be under any obligation to take any action whatsoever with regard thereto.

(b) All rights of Grantor to (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 7(a) and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to Section 7(b), shall immediately cease, and all such rights shall thereupon become vested in Agent, on behalf of the Secured Parties, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral.

(c) Any cash held by Agent as Collateral and all cash Proceeds received by Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by Agent to the payment of expenses incurred by Secured Party in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order set forth in the Transaction Documents. Any surplus of such cash or cash Proceeds held by Agent and remaining after payment in full of all the Secured Obligations shall be paid over to Grantor or to whomsoever may be lawfully entitled to receive such surplus. Grantor shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any attorneys employed by Agent or any other Secured Party to collect such deficiency.

(d) If Agent shall determine to exercise its rights to sell all or any of the Collateral pursuant to this Section, Grantor agrees that, upon request of Agent, Grantor will, at its own expense, do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

13. **Standards for Exercising Rights and Remedies**. To the extent that applicable law imposes duties on Agent to exercise remedies in a commercially reasonable manner, Grantor acknowledges and agrees that it is not commercially unreasonable for Agent (a) to fail to incur expenses reasonably deemed significant by Agent to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Company, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to decline to provide credit to any potential purchaser of the Collateral in connection with Agent's disposition of the Collateral, (k) to disclaim disposition warranties, (l) to purchase insurance or credit enhancements to insure Agent against risks of loss, collection or disposition of Collateral or to provide to Agent a guaranteed return from the collection or disposition of Collateral, or (m) to the extent deemed appropriate by Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Agent in the collection or disposition of any of the Collateral. Grantor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Agent would satisfy Agent's duties under the UCC in Agent's exercise of remedies against the Collateral and that other actions or omissions by Agent shall not be deemed to fail to satisfy such duties solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to Grantor or to impose any duties on Agent that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

14. **No Waiver and Cumulative Remedies**. Agent or any other Secured Party shall not by any act (except by a written instrument pursuant to Section 18), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

15. **Security Interest Absolute**. All rights of Agent, the other Secured Parties and Liens hereunder, and all Secured Obligations of Grantor hereunder, shall be absolute and unconditional irrespective of: (a) any illegality or lack of validity or enforceability of any Secured Obligation or any related agreement or instrument; (b) any change in the time, place or manner of payment of, or in any other term of, the Secured Obligations, or any rescission, waiver, amendment or other modification of the Notes Amendment Documents, including any increase in the Secured Obligations resulting from any extension of additional credit or otherwise; (c) any taking, exchange, substitution, release, impairment or non-perfection of any Collateral or any other collateral, or any taking, release, impairment, amendment, waiver or other modification of any guaranty, for all or any of the Secured Obligations; (d) any manner of sale, disposition or application of proceeds of any Collateral or any other collateral or other assets to all or part of the Secured Obligations; (e) any default, failure or delay, willful or otherwise, in the performance of the Secured Obligations; (f) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, Grantor against the Secured Parties; or (g) any other circumstance (including any statute of limitations) or manner of administering the Amended Notes or any existence of or reliance on any representation by Secured Parties that might vary the risk of Grantor or otherwise operate as a defense available to, or a legal or equitable discharge of, Grantor or any other grantor, guarantor or surety.

16. **Continuing Security Interest; Further Actions**. This Agreement creates a continuing Lien in the Collateral and shall (a) subject to Section 17, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon Grantor, its successors and assigns, and (c) inure to the benefit of Secured Parties and their successors, transferees and assigns; *provided that* Grantor may not assign or otherwise transfer any of its rights or obligations under this Agreement without Agent's prior written consent.

17. **Termination; Release**. On the date on which all Principal, accrued Interest, and other amounts at any time owed on the Notes Amendment Documents have been paid in full, this Agreement will terminate automatically without any delivery of any instrument or performance of any act by any party, except that provisions that by their terms survive the termination of the Notes Amendment Documents will so survive. Upon such termination, Agent will, at the request and expense of Grantor, (a) duly assign, transfer and deliver to or at the direction of Grantor (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of Agent, together with any monies at the time held by Agent hereunder, and (b) execute and deliver to Grantor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

18. **Amendments**. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by Grantor therefrom shall be effective unless the same shall be in writing and signed by Agent and Grantor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

19. **Notices**. All notices, requests and demands to or upon any party hereto shall be given in the manner and become effective as stipulated in the Amendment Agreement. Regardless of the manner in which notice is provided, notices may be sent to Agent at the Agent's notice information set forth in the signature pages hereof and to Grantor at the Grantor's notice information set forth in the signature pages hereof or to such other address or telephone number as any party may give to the other for such purpose in accordance with this paragraph.

20. **Headings**. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

21. **Counterparts; Integration; Effectiveness**. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. This Agreement and the other Notes Amendment Documents constitute the entire contract among the parties with respect to the subject matter of the Notes Amendment Documents and supersede all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

22. **Governing Law; Jurisdiction; Etc.**

(a) The laws of the State of New York will govern this Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby.

(b) Grantor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against the Secured Parties in any way relating to this Agreement or the transactions contemplated hereby, in any forum other than the courts of the State of New York sitting in the city of New York, borough of Manhattan, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that any such action, litigation or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that the Secured Parties may otherwise have to bring any action or proceeding relating to this Agreement against Grantor or its properties in the courts of any jurisdiction.

(c) Grantor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any such court referred to in Section 22(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Grantor irrevocably consents to the service of process in the manner provided for notices in Section 19 and agrees that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

23. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTES AMENDMENT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

24. **Incorporation of Recitals.** Each of the Recitals set forth above are true and correct and are incorporated herein and made a part of this Agreement.

25. **Inconsistency with Intercreditor Agreement.** In the event of any conflict between the terms of this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall control.

[signature page to follow]

The parties have executed this Security Agreement as of the date set forth in the introductory paragraph.

AGENT:

CORTLAND PRODUCTS CORP., as Agent

By: /s/ Matthew Trybula
Print Name: Matthew Trybula
Title: Associate Counsel

225 W Washington Street, 9th Floor
Chicago, IL 60606

GRANTOR:

PACIFIC ETHANOL CENTRAL, LLC

By: /s/ Neil M. Koehler
Print Name: Neil M. Koehler
Title: President and Chief Executive Officer

c/o Pacific Ethanol, Inc.
400 Capital Mall, Suite 2060
Sacramento, California 95814

SCHEDULE 1

COMMERCIAL TORT CLAIMS

None.

SCHEDULE 2

DEPOSIT ACCOUNT

Depository Bank	Account Holder	Account Number	Account Name
Bank of America	Pacific Ethanol Central, LLC	325000605601	Pacific Ethanol Central, LLC

Schedule 2 to Security Agreement

SCHEDULE 3

COLLATERAL LOCATIONS

400 Capitol Mall, Suite 2060, Sacramento, California 95814

Exhibit 10.6

Execution Version

ALL LIENS AND SECURITY INTERESTS EVIDENCED BY THIS AGREEMENT SHALL AT ALL TIMES BE SUBORDINATE AND JUNIOR TO THE LIENS AND SECURITY INTERESTS GRANTED TO COBANK, ACB, A FEDERALLY-CHARTERED INSTRUMENTALITY OF THE UNITED STATES, PURSUANT TO THAT CERTAIN SECURITY AGREEMENT DATED AS OF MARCH 20, 2019 (AS AMENDED FROM TIME TO TIME) MADE BY GRANTORS (DEFINED BELOW) IN FAVOR OF SENIOR AGENT (DEFINED BELOW) AND SUBJECT TO THE TERMS OF THAT CERTAIN INTERCREDITOR AGREEMENT EVEN DATED HEREWITH (AS AMENDED FROM TIME TO TIME) BY AND AMONG SENIOR AGENT, GRANTORS, AND AGENT (DEFINED BELOW), AND THE OTHER PARTIES PARTY THERETO.

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**") is made on March 20, 2020 by and among PACIFIC ETHANOL CENTRAL, LLC, a limited liability company organized under the laws of Delaware ("**Pledgor**"), ILLINOIS CORN PROCESSING, LLC, a limited liability company organized under the laws of Delaware ("**ICP**"), and CORTLAND PRODUCTS CORP., as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**").

RECITALS:

WHEREAS, Pacific Ethanol, Inc., a Delaware corporation ("**PEI**"), issued certain secured promissory notes in the aggregate original principal amount of $55,000,000 on December 15, 2016 (the "**Initial Notes**") pursuant to a Note Purchase Agreement dated as of December 12, 2016 by and among PEI and the Investors identified therein (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Initial Purchase Agreement**");

WHEREAS, PEI and certain Investors identified therein are parties to a Note Purchase Agreement dated as of June 26, 2017 (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Additional Purchase Agreement**"), pursuant to which PEI issued $13,948,078 in aggregate original principal amount of senior secured notes due December 15, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "**Additional Notes**").

WHEREAS, the Noteholders are holders of the Initial Notes, the Additional Notes and certain other secured promissory notes issued by PEI on December 16, 2019 (the "**Existing Notes**");

WHEREAS, pursuant to that certain Senior Secured Note Amendment Agreement dated as of December 22, 2019 between the Noteholders defined therein and PEI (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Amendment Agreement**"), the Existing Notes were amended and restated in their entirety (the "**Amended Notes**," and together with the Amendment Agreement and the Transaction Documents (as defined in the Initial Noteholder Security Agreement (as defined below)), the "**Notes Amendment Documents**");

WHEREAS, Cortland Products Corp. has been appointed by the Noteholders to act as collateral agent under the Notes Amendment Documents (and as successor to Cortland Capital Market Services LLC in such capacity) pursuant to the Initial Noteholder Security Agreement;

WHEREAS, Pledgor, ICP and CoBank, ACB, a federally-chartered instrumentality of the United States ("**Senior Agent**"), are party to that certain Pledge Agreement dated as of March 20, 2019 ("**Senior Agent Pledge Agreement**"), wherein Pledgor granted to Senior Agent a senior security interest in the Pledged Collateral, securing the payment and performance when due of the Secured Obligations (as defined in the Senior Agent Pledge Agreement);

WHEREAS, the Lien granted herein shall be junior in priority to the Lien granted to Senior Agent, as set forth in that certain Intercreditor Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, "**Intercreditor Agreement**") by and among Senior Agent, Agent, PEI and the Grantors party thereto; and

WHEREAS, to secure the obligations of PEI under the Notes Amendment Documents, pursuant to the Notes Amendment Documents, the Pledgor is required to enter into this Agreement.

1. Definitions. Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Amendment Agreement or the Initial Noteholder Security Agreement, as applicable. As used herein, the following terms shall have the following meanings:

"Companies" shall mean each of the entities identified as an "Issuer" on Annex A hereto, and each such entity individually is referred to herein as a "Company".

"Equity Interests" shall mean all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial partnership or membership interests, joint venture interests, units, limited liability company interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

"Existing Notes" has the meaning set forth in the Recitals.

"Initial Noteholder Security Agreement" means that certain Security Agreement, dated as of December 15, 2016, by and among the Company, the Noteholders party thereto, and the Agent, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the Noteholders party thereto, and the Agent, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Agent, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Agent, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"Initial Noteholder Security Agreement" means that certain Security Agreement, dated as of December 15, 2016, by and among the Company, the Noteholders party thereto, and the Agent, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the Noteholders party thereto, and the Agent, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Agent, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Agent, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"Noteholders" means (x) each Person that is (i) a signatory to the Amendment Agreement and identified as a "Noteholder" on Exhibit A to the Amendment Agreement, (ii) a holder of any of the Notes (as defined in the Amendment Agreement), and (iii) a "Secured Party" party to the Initial Noteholder Security Agreement and (y) any other Person that becomes (i) a holder of any of the Notes pursuant to any permitted assignment or transfer and (ii) a "Secured Party" under the Initial Noteholder Security Agreement pursuant to a Security Agreement Joinder, other than any such Person that ceases to be a party to such agreement pursuant to an assignment of all of its Notes and its rights and obligations under the Transaction Documents (as defined in the Initial Security Agreement).

"Pledged Collateral" shall have the meaning ascribed to it in Section 2 hereof.

"Power" shall have the meaning ascribed to it in Section 2 hereof.

"Secured Obligations" shall mean all obligations of PEI to the Noteholders now or hereafter existing under the Notes Amendment Documents.

2. Pledge; Agent's Duties; Intercreditor Agreement.

(a) Pledgor hereby pledges, assigns, transfers, sets over and delivers to Agent, and hereby grants to Agent, for the benefit of the Secured Parties, a security interest in, all of the Equity Interests of the Companies now or hereafter held by Pledgor, including the Equity Interests more particularly described on Annex A hereto and all of Pledgor's options, if any, for the purchase of any Equity Interests of any of the Companies, herewith delivered to Agent, and where certificated, accompanied by powers ("**Powers**") duly executed in blank, and all proceeds thereof including, without limitation, all proceeds from the sale of any such Equity Interests and all dividends and distributions at any time payable in connection such Equity Interests (said Equity Interests, Powers, options, and proceeds hereinafter collectively called the "**Pledged Collateral**") as security for the due and punctual payment and performance of the Secured Obligations.

(b) Agent shall have no duty with respect to any part or all of the Pledged Collateral of any nature or kind other than the duty to use reasonable care in the safe custody of any tangible items of the Pledged Collateral in its possession (it being agreed that Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which it accords its own property). Without limiting the generality of the foregoing, Agent shall be under no obligation to sell any of the Pledged Collateral or otherwise to take any steps necessary to preserve the value of any of the Pledged Collateral or to preserve rights in the Pledged Collateral against any other Persons, but may do so at its option upon an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of Pledgor.

(c) For the avoidance of doubt, all obligations of Pledgor, and all rights of Agent, hereunder shall be subject to the obligations of the Pledgor and the subordinated rights of Agent under the Intercreditor Agreement.

3. Voting Rights. During the term of this Agreement, and so long as no Event of Default shall have occurred, Pledgor shall have the right to vote all or any portion of the Equity Interests owned by such Pledgor on all corporate and other company questions for all purposes not inconsistent with the terms of this Agreement or any of the other Notes Amendment Documents. To that end, if Agent transfers all or any portion of the Pledged Collateral into its name or the name of its nominee, to the extent authorized to do so under this Agreement or any of the other Notes Amendment Documents, Agent shall, upon the request of a Pledgor, unless an Event of Default shall have occurred, execute and deliver or cause to be executed and delivered to Pledgor, proxies with respect to the applicable portion of the Pledged Collateral. Pledgor hereby grants to Agent, effective upon or after the occurrence of an Event of Default and pursuant to the terms of the Intercreditor Agreement, an **IRREVOCABLE PROXY** pursuant to which Agent shall be entitled (but shall not be obligated) to exercise all voting powers pertaining to the Pledged Collateral, including to call and attend all meetings of the shareholders, members or partners of the Companies to be held from time to time with full power to act and vote in the name, place and stead of Pledgor (whether or not the Equity Interests shall have been transferred into its name or the name of its nominee or nominees), give all consents, waivers and ratifications in respect of the Pledged Collateral and otherwise act with respect thereto as though it were the outright owner thereof, and any and all proxies theretofore executed by Pledgor shall terminate and thereafter be null and void and of no effect whatsoever.

4. Collection of Dividend Payments. During the term of this Agreement, and so long as there no Event of Default shall exist, Pledgor shall have the right to receive and retain any and all dividends and other distributions payable by any Company to Pledgor on account of any of the Pledged Collateral except as otherwise provided in the Notes Amendment Documents. Upon or after the occurrence of any Event of Default and pursuant to the terms of the Intercreditor Agreement, all dividends and other distributions payable by any Company on account of any of the Pledged Collateral shall be paid to Agent and any such sum received by Pledgor shall be deemed to be held by Pledgor in trust for the benefit of Agent and the other Secured Parties and shall be forthwith turned over to Agent for application by Agent to the Secured Obligations in the manner authorized by the Notes Amendment Documents.

5. Representations and Warranties of Pledgor. Pledgor hereby represents and warrants to Agent and the other Secured Parties as follows (which representations and warranties shall be deemed continuing): (a) Pledgor is the legal and beneficial owner of the Pledged Collateral identified on Annex A; (b) all of the Equity Interests have been duly and validly issued, are fully paid and nonassessable, and are owned by Pledgor free of any Liens except for Agent's security interest hereunder and the Permitted Liens; (c) the Pledged Collateral constitutes the percentage of the issued and outstanding Equity Interests of each of the Companies identified on Annex A hereto; (d) there are no contractual or charter restrictions upon the voting rights or upon the transfer of any of the Pledged Collateral; (e) Except as required under the Intercreditor Agreement, Pledgor has the right to vote, pledge and grant a security interest in or otherwise transfer the Pledged Collateral without the consent of any other Person and free of any Liens and applicable restrictions imposed by any governmental authority, and without any restriction under the organizational documents of Pledgor or any Company or any agreement among Pledgor's or any Company's shareholders, partners or members; (f) this Agreement has been duly authorized, executed and delivered by Pledgor and constitutes a legal, valid and binding obligation of Pledgor, enforceable in accordance with its terms except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights; (g) the execution, delivery and performance by Pledgor of this Agreement and the exercise by Agent of its rights and remedies hereunder do not and will not result in the violation of any of the organizational documents of Pledgor, any agreement, indenture, instrument or law by which Pledgor or any Company is bound or to which Pledgor or any Company is subject (except that Pledgor makes no representation or warranty with respect to Agent's prospective compliance with any federal or state laws or regulations governing the sale or exchange of securities); (h) no consent, filing, approval, registration or recording is required (1) for the pledge by Pledgor of its respective portion of the Pledged Collateral pursuant to this Agreement or (2) except for the filing of an appropriate UCC financing statement, to perfect the Lien created by this Agreement (to the extent that a Lien created by this Agreement can be perfected by filing a financing statement); (i) none of the Pledged Collateral is held or maintained in the form of a securities entitlement or credited to any securities account; and (j) if the Pledged Collateral is certificated, Pledgor shall cause such certificates or other documents evidencing or representing such Pledged Collateral, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders to be delivered to Agent.

6. Affirmative Covenants of Pledgor. Until all of the Secured Obligations are paid in full, Pledgor covenants that it will: (a) warrant and defend at its own expense Agent's right, title and security interest in and to the Pledged Collateral against the claims of any Person; (b) promptly deliver to Agent all written notices with respect to the Pledged Collateral, and promptly give written notice to Agent of any other notices received by Pledgor with respect to the Pledged Collateral; (c) promptly deliver to Agent to hold under this Agreement any Equity Interests of any Company subsequently acquired by Pledgor, whether acquired by Pledgor by virtue of the exercise of any options included within the Pledged Collateral or otherwise (which Equity Interests, whether or not delivered, shall be deemed to be a part of the Pledged Collateral); (d) if any of the Pledged Collateral constituting membership interests in a limited liability company or general or limited partnership interests in a limited partnership or limited liability partnership is hereafter designated by the relevant Company as a "security" under (and as defined in) Article 8 of the UCC, cause such Pledged Collateral to be certificated and deliver to Agent all certificates evidencing such Pledged Collateral, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders; and (e) if at any time hereafter any of the Pledged Collateral that is not currently certificated becomes certificated, deliver all certificates or other documents evidencing or representing the Pledged Collateral to Agent, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders.

7. Negative Covenants of Pledgor. Until the Secured Obligations are paid in full, Pledgor covenants that it will not, without the prior written consent of Agent and Required Holders, (a) sell, convey or otherwise dispose of any of the Pledged Collateral or any interest therein other than as permitted under the Notes Amendment Documents; (b) grant or permit to exist any Lien whatsoever upon or with respect to any of the Pledged Collateral or the proceeds thereof, other than the security interest created hereby; (c) consent to the issuance by any Company of any new Equity Interests; (d) consent to any merger or other consolidation of any Company with or into any corporation or other entity other than as permitted under the Notes Amendment Documents; (e) cause any Pledged Collateral to be held or maintained in the form of a security entitlement or credited to any securities account; (f) designate, or cause any Company to designate, any of the Pledged Collateral constituting membership interests in a limited liability company or general or limited partnership interests in a limited partnership or limited liability partnership as a "security" under Article 8 of the UCC, unless such Company has caused such Pledged Collateral to become certificated and has complied with the requirements of Section 6(e) hereof with respect to such Pledged Collateral; (g) evidence, or permit any Company to evidence, any of the Pledged Collateral that is not currently certificated, with any certificates, instruments or other writings, unless such Company has complied with the provisions of Section 6(e) of this Agreement; or (h) consent to or permit any amendment of the organizational documents of any Company that would restrict Pledgor's right to vote, pledge or grant a security interest in or otherwise transfer its respective portion of the Pledged Collateral.

8. Irrevocable Authorization and Instruction to Companies. To the extent that any portion of the Pledged Collateral might now or hereafter consist of uncertificated securities within the meaning of Article 8 of the UCC, Pledgor irrevocably authorizes and instructs each Company to comply with any instruction received by such Company from Agent with respect to such Pledged Collateral without any other or further instructions from or consent of Pledgor, and Pledgor agrees that each Company shall be fully protected in so complying; provided, however, that Agent agrees that Agent will not issue or deliver any such instructions to any Company except upon or after the occurrence of an Event of Default.

9. Subsequent Changes Affecting Pledged Collateral. Pledgor hereby represents to Agent that Pledgor has made its own arrangements for keeping informed of changes or potential changes affecting the Pledged Collateral (including rights to convert, rights to subscribe, payment of dividends and distributions, reorganization or other exchanges, tender offers and voting rights), and Pledgor hereby agrees that Agent shall have no responsibility or liability for informing Pledgor of any such changes or potential changes or for taking any action or omitting to take any action with respect thereto. Agent may, at any time that an Event of Default exists, at its option and without notice to Pledgor, transfer or register the Pledged Collateral or any portion thereof into its or its nominee's name with or without any indication that such Pledged Collateral is subject to the security interest hereunder.

10. Equity Interest Adjustments. If during the term of this Agreement any dividend, reclassification, readjustment or other change is declared or made in the capital structure of any of the Companies, or any option included within the Pledged Collateral is exercised, or both, all new, substituted and additional Equity Interests or other securities issued by reason of any such change or exercise shall, if received by Pledgor, be held in trust for the Secured Parties' benefit and shall be promptly delivered to and held by Agent under the terms of this Agreement in the same manner as the Pledged Collateral originally pledged hereunder.

11. Warrants, Options and Rights. If during the term of this Agreement subscription warrants or any other rights or options are issued or exercised by Pledgor in connection with the Pledged Collateral, then such warrants, rights and options shall be promptly assigned by Pledgor to Agent and all certificates evidencing new Equity Interests or other securities so acquired by Pledgor shall be promptly delivered to Agent to be held under the terms of this Agreement in the same manner as the Pledged Collateral originally pledged hereunder.

12. Registration. If Agent determines that it is required to register under or otherwise comply in any way with the Securities Act of 1933, as amended from time to time (the "Securities Act") or any similar federal or state law with respect to the securities, if any, included in the Pledged Collateral prior to sale thereof by Agent, then upon or after the occurrence of any Event of Default, Pledgor will use its best efforts to cause any such registration to be effectively made, at no expense to Agent, and to continue such registration effective for such time as may be necessary in the reasonable opinion of Agent and Required Holders, and will reimburse Agent for any out-of-pocket expense incurred by Agent, including reasonable attorneys' fees and accountants' fees and expenses, in connection therewith.

13. Consent. Pledgor hereby consents that from time to time, before or after the occurrence or existence of any default or Event of Default, with or without notice to or assent from Pledgor, any other security at any time held by or available to Agent for any of the Secured Obligations may be exchanged, surrendered, or released, and any of the Secured Obligations may be changed, altered, renewed, extended, continued, surrendered, compromised, waived or released, in whole or in part, as Agent may see fit, and Pledgor shall remain bound under this Agreement and under the other Notes Amendment Documents notwithstanding any such exchange, surrender, release, alteration, renewal, extension, continuance, compromise, waiver or inaction, extension of further credit or other dealing.

14. Remedies Upon Default. Upon or after the occurrence of any Event of Default and subject to the terms of the Intercreditor Agreement, (i) Agent shall have, in addition to any other rights given by law or the rights given hereunder or under each of the other Notes Amendment Documents, all of the rights and remedies with respect to the Pledged Collateral of a secured party under the UCC and (ii) Agent may cause all or any part of the Equity Interests held by it to be transferred into its name or the name of its nominee or nominees. In addition, upon or at any time after the occurrence of an Event of Default, Agent may sell or cause the Pledged Collateral, or any part thereof, which shall then be or shall thereafter come into Agent's possession or custody, to be sold at any broker's board or at public or private sale, in one or more sales or lots, at such price as Agent may deem best, and for cash or on credit or for future delivery, and the purchaser of any or all of the Pledged Collateral so sold shall thereafter hold the same absolutely, free from any claim, encumbrance or right of any kind whatsoever of Pledgor or arising through Pledgor. If any of the Pledged Collateral is sold by Agent upon credit or for future delivery, Agent shall not be liable for the failure of the purchaser to pay the same and in such event Agent may resell such Pledged Collateral. Unless the Pledged Collateral threatens to decline speedily in value or is or becomes of a type sold on a recognized market, Agent will give the applicable Pledgor reasonable notice of the time and place of any public sale thereof, or of the time after which any private sale or other intended disposition is to be made. Any sale of the Pledged Collateral conducted in conformity with reasonable commercial practices of banks, insurance companies or other financial institutions disposing of property similar to the Pledged Collateral shall be deemed to be commercially reasonable. Any requirements of reasonable notice shall be met if such notice is mailed to the applicable Pledgor, as provided in Section 22 below, at least ten (10) days before the time of the sale or disposition. Any other requirement of notice, demand or advertisement for sale is, to the fullest extent permitted by applicable law, waived. Agent may, in its own name, or in the name of a designee or nominee, buy at any public sale of the Pledged Collateral and, if permitted by applicable law, buy at any private sale thereof. Pledgor will pay to Agent on demand all expenses (including court costs and reasonable attorneys' fees and expenses) of, or incident to, the enforcement of any of the provisions hereof and all other charges due against the Pledged Collateral, including taxes, assessments or Liens upon the Pledged Collateral and any expenses, including transfer or other taxes, arising in connection with any sale, transfer or other disposition of Pledged Collateral. In connection with any sale of Pledged Collateral by Agent, Agent shall have the right to execute any document or form, in its name or in the name of Pledgor, that may be necessary or desirable in connection with such sale, including Form 144 promulgated by the Securities and Exchange Commission. In view of the fact that federal and state securities laws may impose certain restrictions on the method by which a sale of the Pledged Collateral may be effected after an Event of Default, Pledgor agrees that Agent may, from time to time, attempt to sell all or any part of the Pledged Collateral by means of a private placement restricting the bidders and prospective purchasers to those who will represent and agree that they are purchasing for investment only and not for distribution. Pledgor agrees that any such private sales may be at prices and other terms less favorable to the seller than if sold at public sales and that such private sales shall not by reason thereof be deemed not to have been made in a commercially reasonable manner. Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act even if the issuer would agree to do so. Agent shall apply the cash proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling and the like, to reasonable attorneys' fees, and all legal expenses, travel and other expenses that might be incurred by Agent in attempting to collect the Secured Obligations or to enforce this Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Agreement; and then to the Secured Obligations in the manner authorized by the Notes Amendment Documents.

15. Redemption; Marshaling. Pledgor hereby waives and releases to the fullest extent permitted by applicable law any right or equity of redemption with respect to the Pledged Collateral before or after a sale conducted pursuant to Section 14 hereof. Pledgor agrees that Agent shall not be required to marshal any present or future security (including this Agreement and the Pledged Collateral pledged hereunder) for, or guaranties of, the Secured Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of Agent's rights hereunder and in respect of such security and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the fullest extent that it lawfully may, Pledgor hereby agrees that it will not invoke any law relating to the marshaling of collateral that might cause delay in or impede the enforcement of Agent's rights under this Agreement or under any other instrument evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or guaranteed, and to the fullest extent that it lawfully may, Pledgor hereby irrevocably waives the benefits of all such laws.

16. Term. This Agreement shall become effective only when accepted by Agent and, when so accepted, shall constitute a continuing agreement and shall remain in full force and effect until the Secured Obligations are paid in full, at which time this Agreement shall terminate and Agent shall deliver to the Pledgor, at Pledgor's expense, such of the Pledged Collateral as shall not have been sold or otherwise applied pursuant to this Agreement. Notwithstanding the foregoing, in no event shall any termination of this Agreement terminate any indemnity set forth in this Agreement or any of the other Notes Amendment Documents, all of which indemnities shall survive any termination of this Agreement or any of the other Notes Amendment Documents.

17. Rules and Construction. The singular shall include the plural and vice versa, and any gender shall include any other gender as the text shall indicate. All references to "including" shall mean "including, without limitation." Each reference in this Agreement to a "corporation" shall also be deemed to include a reference to a limited liability company, limited partnership or limited liability partnership and vice versa, each reference to "shareholders" of a Person shall also be deemed to include a reference to members or partners and vice versa and each reference to "certificate of incorporation" or "articles of incorporation" or "bylaws" shall also be deemed to include a reference to "certificate of formation" or "certificate of limited partnership" and "limited liability company operating agreement" or "limited partnership agreement" or other organizational documents of a limited liability company, limited partnership or limited liability partnership and vice versa.

18. Successors and Assigns. This Agreement shall be binding upon Pledgor and its respective successors and assigns, and shall inure to the benefit of Agent and the other Secured Parties and their respective successors and assigns. This Agreement is fully assignable by any Secured Party without the consent of Pledgor or ICP; provided that this Agreement may not be assigned by Pledgor or ICP without the prior written consent of the Agent.

19. Construction and Applicable Law. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Agreement shall be held to be prohibited or invalid under any applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. This Agreement shall be governed by and the rights and liabilities of the parties hereto determined and construed in accordance with the internal laws of the State of New York without regard to its conflicts of law provisions. This Agreement is intended to take effect as a document executed and delivered under seal.

20. Cooperation and Further Assurances. Pledgor agrees that it will cooperate with Agent and will, upon Agent's request, execute and deliver, or cause to be executed and delivered, all such other powers, instruments, financing statements, certificates, legal opinions and other documents, and will take all such other action as Agent and Required Holders request from time to time, in order to carry out the provisions and purposes hereof, including delivering to Agent, if requested by Agent, irrevocable proxies with respect to the Equity Interests in form satisfactory to Agent and Required Holders. Until receipt thereof, this Agreement shall constitute Pledgor's proxy to Agent or its nominee to vote all shares of the Equity Interests then registered in Pledgor's name (subject to Pledgor's voting rights under Section 3 hereof) upon or after the occurrence of an Event of Default.

21. Agent's Exoneration. Under no circumstances shall Agent be deemed to assume any responsibility for or obligation or duty with respect to any part or all of the Pledged Collateral of any nature or kind, other than the physical custody thereof, or any matter or proceedings arising out of or relating thereto. Agent shall not be required to take any action of any kind to collect, preserve or protect its or Pledgor's rights in the Pledged Collateral or against other parties thereto. Agent's prior recourse to any part or all of the Pledged Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Secured Obligations.

22. Notices. All notices, requests and demands to or upon any party hereto shall be given in the manner and become effective as stipulated in the Amendment Agreement. Regardless of the manner in which notice is provided, notices may be sent to Agent and Pledgor pursuant to the notice information set forth in the signature pages hereof or to such other address or telephone number as any party may give to the other for such purpose in accordance with this paragraph.

23. Pledgor's Obligations Not Affected. The obligations of Pledgor hereunder shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of Pledgor; (b) any exercise or nonexercise, or any waiver, by Agent of any right, remedy, power or privilege under or in respect of any of the Secured Obligations or any security thereof (including this Agreement); (c) any amendment to or modification of the Amendment Agreement, the other Notes Amendment Documents or any of the Secured Obligations; (d) any amendment to or modification of any instrument (other than this Agreement) securing any of the Secured Obligations; or (e) the taking of additional security for, or any guaranty of, any of the Secured Obligations or the release or discharge or termination of any security or guaranty for any of the Secured Obligations, regardless of whether or not Pledgor shall have notice or knowledge of any of the foregoing.

24. No Waiver, Etc. No act, failure or delay by Agent shall constitute a waiver of any of its rights and remedies hereunder or otherwise. No single or partial waiver by Agent of any default or Event of Default or right or remedy that Agent might have shall operate as a waiver of any other default, Event of Default, right or remedy or of the same default, Event of Default, right or remedy on a future occasion. Pledgor hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing any of the Secured Obligations or the Pledged Collateral, and any and all other notices and demands whatsoever (except as expressly provided herein).

25. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

26. Agent Appointed Attorney-In-Fact. Upon and after the occurrence of an Event of Default, Agent shall be deemed to be Pledgor's attorney-in-fact, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that Agent reasonably deems necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing, Agent shall have the power to arrange for the transfer, upon or at any time after the occurrence of an Event of Default, of any of the Pledged Collateral on the books of any or all of the Companies to the name of Agent or Agent's nominee. Pledgor agrees to indemnify and save Agent harmless from and against any liability or damage that Agent might suffer or incur, in the exercise or performance of any of Agent's powers and duties specifically set forth herein, except to the extent that such liability or damage arises from Agent's gross negligence or willful misconduct.

27. Use of Proceeds. Pledgor hereby represents and warrants to Agent that none of the proceeds heretofore and hereafter received by it under the Amendment Agreement are for the purpose of purchasing any "margin stock" as that term is defined in either Regulation U promulgated by the Board of Governors of the Federal Reserve System, or refinancing any indebtedness originally incurred to purchase any such "margin stock."

28. Waiver of Subrogation and Other Claims. Pledgor recognizes that Agent, in exercising its rights and remedies with respect to the Pledged Collateral, may likely be unable to find one or more purchasers thereof if, after the sale of the Pledged Collateral, the Company were, because of any claim based on subrogation or any other theory, liable to Pledgor on account of the sale by Agent of the Pledged Collateral in full or partial satisfaction of the Secured Obligations or liable to Pledgor on account of any indebtedness owing to Pledgor that is subordinated to any or all of the Secured Obligations. Pledgor hereby agrees, therefore, that if Agent sells any of the Pledged Collateral in full or partial satisfaction of the Secured Obligations, Pledgor shall in such case have no right or claim against any Company on account of any such subordinated indebtedness or on the theory that Pledgor has become subrogated to any claim or right of Agent against such Company or on any basis whatsoever, and Pledgor hereby expressly waives and relinquishes, to the fullest extent permitted by applicable law, all such rights and claims against Companies.

29. Execution in 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 counterparts taken together shall constitute but one and the same instrument. In proving this Agreement in any judicial proceeding, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought. Any manually-executed signature page delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature page hereto.

30. WAIVERS. PLEDGOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: NOTICE OF AGENT'S ACCEPTANCE OF THIS AGREEMENT; NOTICE OF EXTENSIONS OF CREDIT, NOTICES ISSUANCES, LOANS, ADVANCES OR OTHER FINANCIAL ASSISTANCE BY SECURED PARTIES TO PLEDGOR; THE RIGHT TO TRIAL BY JURY (WHICH AGENT ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM CONCERNING THIS AGREEMENT OR ANY OF THE PLEDGED COLLATERAL; PRESENTMENT AND DEMAND FOR PAYMENT OF ANY OF THE SECURED OBLIGATIONS; PROTEST AND NOTICE OF DISHONOR OR DEFAULT WITH RESPECT TO ANY OF THE SECURED OBLIGATIONS; AND ALL OTHER NOTICES TO WHICH PLEDGOR MIGHT OTHERWISE BE ENTITLED EXCEPT AS HEREIN OTHERWISE EXPRESSLY PROVIDED.

31. **Governing Law; Jurisdiction; Etc**.

(a) The laws of the State of New York will govern this Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby.

(b) Pledgor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against any Secured Party in any way relating to this Agreement or the transactions contemplated hereby, in any forum other than the courts of the State of New York sitting in the city of New York, borough of Manhattan, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that any such action, litigation or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that each Secured Party may otherwise have to bring any action or proceeding relating to this Agreement against Pledgor or its properties in the courts of any jurisdiction.

(c) Pledgor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any such court referred to in Section 31(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Pledgor irrevocably consents to the service of process in the manner provided for notices in Section 22 and agrees that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

32. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTES AMENDMENT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION

33. **Incorporation of Recitals.** Each of the Recitals set forth above are true and correct and are incorporated herein and made a part of this Agreement.

34. **Inconsistency with Intercreditor Agreement.** In the event of any conflict between the terms of this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall control.

[Remainder of page intentionally left blank; signatures begin on following page.]

IN WITNESS WHEREOF, Pledgor has caused this Agreement to be signed, sealed and delivered by its duly authorized representative on the day and year first above written.

PLEDGOR:

PACIFIC ETHANOL CENTRAL, LLC

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

c/o Pacific Ethanol, Inc.
400 Capital Mall, Suite 2060
Sacramento, California 95814

Accepted:

AGENT:

CORTLAND PRODUCTS CORP.

By: /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

225 W Washington Street, 9th Floor
Chicago, IL 60606

ANNEX A

to Pledge Agreement

Pledgor	Issuer	Type and Class of Equity Interests	Number of Pledged Shares	Certificate Number	Percentage of Outstanding Equity Interests
Pacific Ethanol Central, LLC	ILLINOIS CORN PROCESSING, LLC	Membership Interest	N/A	N/A	100%

ACKNOWLEDGMENT AND AGREEMENT OF ISSUER

The undersigned ("**Issuer**") hereby acknowledges, represents and agrees that: (i) such Issuer has received a true and correct copy of the within and foregoing Pledge Agreement (the "**Agreement**") by and among PACIFIC ETHANOL CENTRAL, LLC, a limited liability company organized under the laws of Delaware ("**Pledgor**"), ILLINOIS CORN PROCESSING, LLC, a limited liability company organized under the laws of Delaware ("**ICP**"), and CORTLAND CAPITAL MARKET SERVICES LLC, as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**"); (ii) the Agreement has been duly recorded and noted on the books and records of Issuer and will be maintained as part of such books and records; (iii) the Agreement does not violate any term, condition or covenant of the organizational documents of Issuer, or of any other agreement to which Issuer is a party; (iv) Issuer will comply with written instructions originated by Agent without further consent of Pledgor as the registered owner of Pledgor's respective portion of the Pledged Collateral; (v) Issuer consents to the execution of the Agreement and to the assignment, transfer and pledge of the Pledged Collateral effected thereby; and (vi) upon and after the occurrence of an Event of Default, Issuer consents to a public or private sale or sales of all or any part of the Pledged Collateral by Agent in accordance with the terms of the Agreement and consents to each purchaser of all or any part of the Pledged Collateral at such sale or sales becoming a shareholder, member, partner or other owner, as applicable, of Issuer thereby entitled to the same rights and privileges and subject to the same duties as the owner of the applicable Pledged Collateral under the organizational documents of Issuer.

Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Agreement. Any manually-executed signature page delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature page hereto.

[Remainder of page intentionally left blank; signature appears on the following page.]

IN WITNESS WHEREOF, Issuer has executed this Acknowledgment and Agreement of Issuer under seal as of the date of the Agreement referenced above.

ISSUER:

ILLINOIS CORN PROCESSING, LLC

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

ALL LIENS AND SECURITY INTERESTS EVIDENCED BY THIS AGREEMENT SHALL AT ALL TIMES BE SUBORDINATE AND JUNIOR TO THE LIENS AND SECURITY INTERESTS GRANTED TO COBANK, ACB, A FEDERALLY-CHARTERED INSTRUMENTALITY OF THE UNITED STATES, PURSUANT TO THAT CERTAIN SECURITY AGREEMENT DATED AS OF MARCH 20, 2019 (AS AMENDED FROM TIME TO TIME) MADE BY GRANTORS (DEFINED BELOW) IN FAVOR OF SENIOR AGENT (DEFINED BELOW) AND SUBJECT TO THE TERMS OF THAT CERTAIN INTERCREDITOR AGREEMENT DATED AS OF EVEN DATE HEREWITH (AS AMENDED FROM TIME TO TIME) BY AND AMONG SENIOR AGENT, GRANTORS, AGENT (DEFINED BELOW), AND THE OTHER PARTIES PARTY THERETO.

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**") is made on March 20, 2020 by and among PACIFIC ETHANOL CENTRAL, LLC, a limited liability company organized under the laws of Delaware ("**Pledgor**"), PACIFIC ETHANOL PEKIN, LLC, a limited liability company organized under the laws of Delaware ("**Pekin**"), and CORTLAND PRODUCTS CORP., as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**").

RECITALS:

WHEREAS, Pacific Ethanol, Inc., a Delaware corporation ("**PEI**"), issued certain secured promissory notes in the aggregate original principal amount of $55,000,000 on December 15, 2016 (the "**Initial Notes**") pursuant to a Note Purchase Agreement dated as of December 12, 2016 by and among PEI and the Investors identified therein (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Initial Purchase Agreement**");

WHEREAS, PEI and certain Investors identified therein are parties to a Note Purchase Agreement dated as of June 26, 2017 (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Additional Purchase Agreement**"), pursuant to which PEI issued $13,948,078 in aggregate original principal amount of senior secured notes due December 15, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "**Additional Notes**").

WHEREAS, the Noteholders are holders of the Initial Notes, the Additional Notes and certain other secured promissory notes issued by PEI on December 16, 2019 (the "**Existing Notes**");

WHEREAS, pursuant to that certain Senior Secured Note Amendment Agreement dated as of December 22, 2019 between the Noteholders defined therein and PEI (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Amendment Agreement**"), the Existing Notes were amended and restated in their entirety (the "**Amended Notes**," and together with the Amendment Agreement and the Transaction Documents (as defined in the Initial Noteholder Security Agreement (as defined below)), the "**Notes Amendment Documents**");

WHEREAS, Cortland Products Corp. has been appointed by the Noteholders to act as collateral agent under the Notes Amendment Documents (and as successor to Cortland Capital Market Services LLC in such capacity) pursuant to the Initial Noteholder Security Agreement;

WHEREAS, Pledgor, Pekin and CoBank, ACB, a federally-chartered instrumentality of the United States ("**Senior Agent**"), are party to that certain Pledge Agreement dated as of March 20, 2019 ("**Senior Agent Pledge Agreement**"), wherein Pledgor granted to Senior Agent a senior security interest in the Pledged Collateral, securing the payment and performance when due of the Secured Obligations (as defined in the Senior Agent Pledge Agreement);

WHEREAS, the Lien granted herein shall be junior in priority to the Lien granted to Senior Agent, as set forth in that certain Intercreditor Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, "**Intercreditor Agreement**") by and among Senior Agent, Agent, PEI and the Grantors party thereto; and

WHEREAS, to secure the obligations of PEI under the Notes Amendment Documents, pursuant to the Notes Amendment Documents, the Pledgor is required to enter into this Agreement.

1. Definitions. Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Amendment Agreement or the Initial Noteholder Security Agreement, as applicable. As used herein, the following terms shall have the following meanings:

"Companies" shall mean each of the entities identified as an "Issuer" on Annex A hereto, and each such entity individually is referred to herein as a "Company".

"Equity Interests" shall mean all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial partnership or membership interests, joint venture interests, units, limited liability company interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

"Existing Notes" has the meaning set forth in the Recitals.

"Initial Noteholder Security Agreement" means that certain Security Agreement, dated as of December 15, 2016, by and among the Company, the Noteholders party thereto, and the Agent, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the Noteholders party thereto, and the Agent, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Agent, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Agent, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"Noteholders" means (x) each Person that is (i) a signatory to the Amendment Agreement and identified as a "Noteholder" on Exhibit A to the Amendment Agreement, (ii) a holder of any of the Notes (as defined in the Amendment Agreement), and (iii) a "Secured Party" party to the Initial Noteholder Security Agreement and (y) any other Person that becomes (i) a holder of any of the Notes pursuant to any permitted assignment or transfer and (ii) a "Secured Party" under the Initial Noteholder Security Agreement pursuant to a Security Agreement Joinder, other than any such Person that ceases to be a party to such agreement pursuant to an assignment of all of its Notes and its rights and obligations under the Transaction Documents (as defined in the Initial Security Agreement).

"Pledged Collateral" shall have the meaning ascribed to it in Section 2 hereof.

"Power" shall have the meaning ascribed to it in Section 2 hereof.

"Secured Obligations" shall mean all obligations of PEI to the Noteholders now or hereafter existing under the Notes Amendment Documents.

2. Pledge; Agent's Duties; Intercreditor Agreement.

(a) Pledgor hereby pledges, assigns, transfers, sets over and delivers to Agent, and hereby grants to Agent, for the benefit of the Secured Parties, a security interest in, all of the Equity Interests of the Companies now or hereafter held by Pledgor, including the Equity Interests more particularly described on Annex A hereto and all of Pledgor's options, if any, for the purchase of any Equity Interests of any of the Companies, herewith delivered to Agent, and where certificated, accompanied by powers ("**Powers**") duly executed in blank, and all proceeds thereof including, without limitation, all proceeds from the sale of any such Equity Interests and all dividends and distributions at any time payable in connection such Equity Interests (said Equity Interests, Powers, options, and proceeds hereinafter collectively called the "**Pledged Collateral**") as security for the due and punctual payment and performance of the Secured Obligations.

(b) Agent shall have no duty with respect to any part or all of the Pledged Collateral of any nature or kind other than the duty to use reasonable care in the safe custody of any tangible items of the Pledged Collateral in its possession (it being agreed that Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which it accords its own property). Without limiting the generality of the foregoing, Agent shall be under no obligation to sell any of the Pledged Collateral or otherwise to take any steps necessary to preserve the value of any of the Pledged Collateral or to preserve rights in the Pledged Collateral against any other Persons, but may do so at its option upon an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of Pledgor.

(c) For the avoidance of doubt, all obligations of Pledgor, and all rights of Agent, hereunder shall be subject to the obligations of the Pledgor and the subordinated rights of Agent under the Intercreditor Agreement.

3. Voting Rights. During the term of this Agreement, and so long as no Event of Default shall have occurred, Pledgor shall have the right to vote all or any portion of the Equity Interests owned by such Pledgor on all corporate and other company questions for all purposes not inconsistent with the terms of this Agreement or any of the other Notes Amendment Documents. To that end, if Agent transfers all or any portion of the Pledged Collateral into its name or the name of its nominee, to the extent authorized to do so under this Agreement or any of the other Notes Amendment Documents, Agent shall, upon the request of a Pledgor, unless an Event of Default shall have occurred, execute and deliver or cause to be executed and delivered to Pledgor, proxies with respect to the applicable portion of the Pledged Collateral. Pledgor hereby grants to Agent, effective upon or after the occurrence of an Event of Default and pursuant to the terms of the Intercreditor Agreement, an **IRREVOCABLE PROXY** pursuant to which Agent shall be entitled (but shall not be obligated) to exercise all voting powers pertaining to the Pledged Collateral, including to call and attend all meetings of the shareholders, members or partners of the Companies to be held from time to time with full power to act and vote in the name, place and stead of Pledgor (whether or not the Equity Interests shall have been transferred into its name or the name of its nominee or nominees), give all consents, waivers and ratifications in respect of the Pledged Collateral and otherwise act with respect thereto as though it were the outright owner thereof, and any and all proxies theretofore executed by Pledgor shall terminate and thereafter be null and void and of no effect whatsoever.

4. Collection of Dividend Payments. During the term of this Agreement, and so long as there no Event of Default shall exist, Pledgor shall have the right to receive and retain any and all dividends and other distributions payable by any Company to Pledgor on account of any of the Pledged Collateral except as otherwise provided in the Notes Amendment Documents. Upon or after the occurrence of any Event of Default and pursuant to the terms of the Intercreditor Agreement, all dividends and other distributions payable by any Company on account of any of the Pledged Collateral shall be paid to Agent and any such sum received by Pledgor shall be deemed to be held by Pledgor in trust for the benefit of Agent and the other Secured Parties and shall be forthwith turned over to Agent for application by Agent to the Secured Obligations in the manner authorized by the Notes Amendment Documents.

5. Representations and Warranties of Pledgor. Pledgor hereby represents and warrants to Agent and the other Secured Parties as follows (which representations and warranties shall be deemed continuing): (a) Pledgor is the legal and beneficial owner of the Pledged Collateral identified on Annex A; (b) all of the Equity Interests have been duly and validly issued, are fully paid and nonassessable, and are owned by Pledgor free of any Liens except for Agent's security interest hereunder and the Permitted Liens; (c) the Pledged Collateral constitutes the percentage of the issued and outstanding Equity Interests of each of the Companies identified on Annex A hereto; (d) there are no contractual or charter restrictions upon the voting rights or upon the transfer of any of the Pledged Collateral; (e) Except as required under the Intercreditor Agreement, Pledgor has the right to vote, pledge and grant a security interest in or otherwise transfer the Pledged Collateral without the consent of any other Person and free of any Liens and applicable restrictions imposed by any governmental authority, and without any restriction under the organizational documents of Pledgor or any Company or any agreement among Pledgor's or any Company's shareholders, partners or members; (f) this Agreement has been duly authorized, executed and delivered by Pledgor and constitutes a legal, valid and binding obligation of Pledgor, enforceable in accordance with its terms except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights; (g) the execution, delivery and performance by Pledgor of this Agreement and the exercise by Agent of its rights and remedies hereunder do not and will not result in the violation of any of the organizational documents of Pledgor, any agreement, indenture, instrument or law by which Pledgor or any Company is bound or to which Pledgor or any Company is subject (except that Pledgor makes no representation or warranty with respect to Agent's prospective compliance with any federal or state laws or regulations governing the sale or exchange of securities); (h) no consent, filing, approval, registration or recording is required (1) for the pledge by Pledgor of its respective portion of the Pledged Collateral pursuant to this Agreement or (2) except for the filing of an appropriate UCC financing statement, to perfect the Lien created by this Agreement (to the extent that a Lien created by this Agreement can be perfected by filing a financing statement); (i) none of the Pledged Collateral is held or maintained in the form of a securities entitlement or credited to any securities account; and (j) if the Pledged Collateral is certificated, Pledgor shall cause such certificates or other documents evidencing or representing such Pledged Collateral, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders to be delivered to Agent.

6. Affirmative Covenants of Pledgor. Until all of the Secured Obligations are paid in full, Pledgor covenants that it will: (a) warrant and defend at its own expense Agent's right, title and security interest in and to the Pledged Collateral against the claims of any Person; (b) promptly deliver to Agent all written notices with respect to the Pledged Collateral, and promptly give written notice to Agent of any other notices received by Pledgor with respect to the Pledged Collateral; (c) promptly deliver to Agent to hold under this Agreement any Equity Interests of any Company subsequently acquired by Pledgor, whether acquired by Pledgor by virtue of the exercise of any options included within the Pledged Collateral or otherwise (which Equity Interests, whether or not delivered, shall be deemed to be a part of the Pledged Collateral); (d) if any of the Pledged Collateral constituting membership interests in a limited liability company or general or limited partnership interests in a limited partnership or limited liability partnership is hereafter designated by the relevant Company as a "security" under (and as defined in) Article 8 of the UCC, cause such Pledged Collateral to be certificated and deliver to Agent all certificates evidencing such Pledged Collateral, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders; and (e) if at any time hereafter any of the Pledged Collateral that is not currently certificated becomes certificated, deliver all certificates or other documents evidencing or representing the Pledged Collateral to Agent, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders.

7. Negative Covenants of Pledgor. Until the Secured Obligations are paid in full, Pledgor covenants that it will not, without the prior written consent of Agent and Required Holders, (a) sell, convey or otherwise dispose of any of the Pledged Collateral or any interest therein other than as permitted under the Notes Amendment Documents; (b) grant or permit to exist any Lien whatsoever upon or with respect to any of the Pledged Collateral or the proceeds thereof, other than the security interest created hereby; (c) consent to the issuance by any Company of any new Equity Interests; (d) consent to any merger or other consolidation of any Company with or into any corporation or other entity other than as permitted under the Notes Amendment Documents; (e) cause any Pledged Collateral to be held or maintained in the form of a security entitlement or credited to any securities account; (f) designate, or cause any Company to designate, any of the Pledged Collateral constituting membership interests in a limited liability company or general or limited partnership interests in a limited partnership or limited liability partnership as a "security" under Article 8 of the UCC, unless such Company has caused such Pledged Collateral to become certificated and has complied with the requirements of Section 6(e) hereof with respect to such Pledged Collateral; (g) evidence, or permit any Company to evidence, any of the Pledged Collateral that is not currently certificated, with any certificates, instruments or other writings, unless such Company has complied with the provisions of Section 6(e) of this Agreement; or (h) consent to or permit any amendment of the organizational documents of any Company that would restrict Pledgor's right to vote, pledge or grant a security interest in or otherwise transfer its respective portion of the Pledged Collateral.

8. Irrevocable Authorization and Instruction to Companies. To the extent that any portion of the Pledged Collateral might now or hereafter consist of uncertificated securities within the meaning of Article 8 of the UCC, Pledgor irrevocably authorizes and instructs each Company to comply with any instruction received by such Company from Agent with respect to such Pledged Collateral without any other or further instructions from or consent of Pledgor, and Pledgor agrees that each Company shall be fully protected in so complying; provided, however, that Agent agrees that Agent will not issue or deliver any such instructions to any Company except upon or after the occurrence of an Event of Default.

9. Subsequent Changes Affecting Pledged Collateral. Pledgor hereby represents to Agent that Pledgor has made its own arrangements for keeping informed of changes or potential changes affecting the Pledged Collateral (including rights to convert, rights to subscribe, payment of dividends and distributions, reorganization or other exchanges, tender offers and voting rights), and Pledgor hereby agrees that Agent shall have no responsibility or liability for informing Pledgor of any such changes or potential changes or for taking any action or omitting to take any action with respect thereto. Agent may, at any time that an Event of Default exists, at its option and without notice to Pledgor, transfer or register the Pledged Collateral or any portion thereof into its or its nominee's name with or without any indication that such Pledged Collateral is subject to the security interest hereunder.

10. Equity Interest Adjustments. If during the term of this Agreement any dividend, reclassification, readjustment or other change is declared or made in the capital structure of any of the Companies, or any option included within the Pledged Collateral is exercised, or both, all new, substituted and additional Equity Interests or other securities issued by reason of any such change or exercise shall, if received by Pledgor, be held in trust for the Secured Parties' benefit and shall be promptly delivered to and held by Agent under the terms of this Agreement in the same manner as the Pledged Collateral originally pledged hereunder.

11. Warrants, Options and Rights. If during the term of this Agreement subscription warrants or any other rights or options are issued or exercised by Pledgor in connection with the Pledged Collateral, then such warrants, rights and options shall be promptly assigned by Pledgor to Agent and all certificates evidencing new Equity Interests or other securities so acquired by Pledgor shall be promptly delivered to Agent to be held under the terms of this Agreement in the same manner as the Pledged Collateral originally pledged hereunder.

12. Registration. If Agent determines that it is required to register under or otherwise comply in any way with the Securities Act of 1933, as amended from time to time (the "Securities Act") or any similar federal or state law with respect to the securities, if any, included in the Pledged Collateral prior to sale thereof by Agent, then upon or after the occurrence of any Event of Default, Pledgor will use its best efforts to cause any such registration to be effectively made, at no expense to Agent, and to continue such registration effective for such time as may be necessary in the reasonable opinion of Agent and Required Holders, and will reimburse Agent for any out-of-pocket expense incurred by Agent, including reasonable attorneys' fees and accountants' fees and expenses, in connection therewith.

13. Consent. Pledgor hereby consents that from time to time, before or after the occurrence or existence of any default or Event of Default, with or without notice to or assent from Pledgor, any other security at any time held by or available to Agent for any of the Secured Obligations may be exchanged, surrendered, or released, and any of the Secured Obligations may be changed, altered, renewed, extended, continued, surrendered, compromised, waived or released, in whole or in part, as Agent may see fit, and Pledgor shall remain bound under this Agreement and under the other Notes Amendment Documents notwithstanding any such exchange, surrender, release, alteration, renewal, extension, continuance, compromise, waiver or inaction, extension of further credit or other dealing.

14. Remedies Upon Default. Upon or after the occurrence of any Event of Default and subject to the terms of the Intercreditor Agreement, (i) Agent shall have, in addition to any other rights given by law or the rights given hereunder or under each of the other Notes Amendment Documents, all of the rights and remedies with respect to the Pledged Collateral of a secured party under the UCC and (ii) Agent may cause all or any part of the Equity Interests held by it to be transferred into its name or the name of its nominee or nominees. In addition, upon or at any time after the occurrence of an Event of Default, Agent may sell or cause the Pledged Collateral, or any part thereof, which shall then be or shall thereafter come into Agent's possession or custody, to be sold at any broker's board or at public or private sale, in one or more sales or lots, at such price as Agent may deem best, and for cash or on credit or for future delivery, and the purchaser of any or all of the Pledged Collateral so sold shall thereafter hold the same absolutely, free from any claim, encumbrance or right of any kind whatsoever of Pledgor or arising through Pledgor. If any of the Pledged Collateral is sold by Agent upon credit or for future delivery, Agent shall not be liable for the failure of the purchaser to pay the same and in such event Agent may resell such Pledged Collateral. Unless the Pledged Collateral threatens to decline speedily in value or is or becomes of a type sold on a recognized market, Agent will give the applicable Pledgor reasonable notice of the time and place of any public sale thereof, or of the time after which any private sale or other intended disposition is to be made. Any sale of the Pledged Collateral conducted in conformity with reasonable commercial practices of banks, insurance companies or other financial institutions disposing of property similar to the Pledged Collateral shall be deemed to be commercially reasonable. Any requirements of reasonable notice shall be met if such notice is mailed to the applicable Pledgor, as provided in Section 22 below, at least ten (10) days before the time of the sale or disposition. Any other requirement of notice, demand or advertisement for sale is, to the fullest extent permitted by applicable law, waived. Agent may, in its own name, or in the name of a designee or nominee, buy at any public sale of the Pledged Collateral and, if permitted by applicable law, buy at any private sale thereof. Pledgor will pay to Agent on demand all expenses (including court costs and reasonable attorneys' fees and expenses) of, or incident to, the enforcement of any of the provisions hereof and all other charges due against the Pledged Collateral, including taxes, assessments or Liens upon the Pledged Collateral and any expenses, including transfer or other taxes, arising in connection with any sale, transfer or other disposition of Pledged Collateral. In connection with any sale of Pledged Collateral by Agent, Agent shall have the right to execute any document or form, in its name or in the name of Pledgor, that may be necessary or desirable in connection with such sale, including Form 144 promulgated by the Securities and Exchange Commission. In view of the fact that federal and state securities laws may impose certain restrictions on the method by which a sale of the Pledged Collateral may be effected after an Event of Default, Pledgor agrees that Agent may, from time to time, attempt to sell all or any part of the Pledged Collateral by means of a private placement restricting the bidders and prospective purchasers to those who will represent and agree that they are purchasing for investment only and not for distribution. Pledgor agrees that any such private sales may be at prices and other terms less favorable to the seller than if sold at public sales and that such private sales shall not by reason thereof be deemed not to have been made in a commercially reasonable manner. Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act even if the issuer would agree to do so. Agent shall apply the cash proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling and the like, to reasonable attorneys' fees, and all legal expenses, travel and other expenses that might be incurred by Agent in attempting to collect the Secured Obligations or to enforce this Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Agreement; and then to the Secured Obligations in the manner authorized by the Notes Amendment Documents.

15. Redemption; Marshaling. Pledgor hereby waives and releases to the fullest extent permitted by applicable law any right or equity of redemption with respect to the Pledged Collateral before or after a sale conducted pursuant to Section 14 hereof. Pledgor agrees that Agent shall not be required to marshal any present or future security (including this Agreement and the Pledged Collateral pledged hereunder) for, or guaranties of, the Secured Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of Agent's rights hereunder and in respect of such security and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the fullest extent that it lawfully may, Pledgor hereby agrees that it will not invoke any law relating to the marshaling of collateral that might cause delay in or impede the enforcement of Agent's rights under this Agreement or under any other instrument evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or guaranteed, and to the fullest extent that it lawfully may, Pledgor hereby irrevocably waives the benefits of all such laws.

16. Term. This Agreement shall become effective only when accepted by Agent and, when so accepted, shall constitute a continuing agreement and shall remain in full force and effect until the Secured Obligations are paid in full, at which time this Agreement shall terminate and Agent shall deliver to the Pledgor, at Pledgor's expense, such of the Pledged Collateral as shall not have been sold or otherwise applied pursuant to this Agreement. Notwithstanding the foregoing, in no event shall any termination of this Agreement terminate any indemnity set forth in this Agreement or any of the other Notes Amendment Documents, all of which indemnities shall survive any termination of this Agreement or any of the other Notes Amendment Documents.

17. Rules and Construction. The singular shall include the plural and vice versa, and any gender shall include any other gender as the text shall indicate. All references to "including" shall mean "including, without limitation." Each reference in this Agreement to a "corporation" shall also be deemed to include a reference to a limited liability company, limited partnership or limited liability partnership and vice versa, each reference to "shareholders" of a Person shall also be deemed to include a reference to members or partners and vice versa and each reference to "certificate of incorporation" or "articles of incorporation" or "bylaws" shall also be deemed to include a reference to "certificate of formation" or "certificate of limited partnership" and "limited liability company operating agreement" or "limited partnership agreement" or other organizational documents of a limited liability company, limited partnership or limited liability partnership and vice versa.

18. Successors and Assigns. This Agreement shall be binding upon Pledgor and its respective successors and assigns, and shall inure to the benefit of Agent and the other Secured Parties and their respective successors and assigns. This Agreement is fully assignable by any Secured Party without the consent of Pledgor or Pekin; provided that this Agreement may not be assigned by Pledgor or Pekin without the prior written consent of the Agent.

19. Construction and Applicable Law. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Agreement shall be held to be prohibited or invalid under any applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. This Agreement shall be governed by and the rights and liabilities of the parties hereto determined and construed in accordance with the internal laws of the State of New York without regard to its conflicts of law provisions. This Agreement is intended to take effect as a document executed and delivered under seal.

20. Cooperation and Further Assurances. Pledgor agrees that it will cooperate with Agent and will, upon Agent's request, execute and deliver, or cause to be executed and delivered, all such other powers, instruments, financing statements, certificates, legal opinions and other documents, and will take all such other action as Agent and Required Holders request from time to time, in order to carry out the provisions and purposes hereof, including delivering to Agent, if requested by Agent, irrevocable proxies with respect to the Equity Interests in form satisfactory to Agent and Required Holders. Until receipt thereof, this Agreement shall constitute Pledgor's proxy to Agent or its nominee to vote all shares of the Equity Interests then registered in Pledgor's name (subject to Pledgor's voting rights under Section 3 hereof) upon or after the occurrence of an Event of Default.

21. Agent's Exoneration. Under no circumstances shall Agent be deemed to assume any responsibility for or obligation or duty with respect to any part or all of the Pledged Collateral of any nature or kind, other than the physical custody thereof, or any matter or proceedings arising out of or relating thereto. Agent shall not be required to take any action of any kind to collect, preserve or protect its or Pledgor's rights in the Pledged Collateral or against other parties thereto. Agent's prior recourse to any part or all of the Pledged Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Secured Obligations.

22. Notices. All notices, requests and demands to or upon any party hereto shall be given in the manner and become effective as stipulated in the Amendment Agreement. Regardless of the manner in which notice is provided, notices may be sent to Agent and Pledgor pursuant to the notice information set forth in the signature pages hereof or to such other address or telephone number as any party may give to the other for such purpose in accordance with this paragraph.

23. Pledgor's Obligations Not Affected. The obligations of Pledgor hereunder shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of Pledgor; (b) any exercise or nonexercise, or any waiver, by Agent of any right, remedy, power or privilege under or in respect of any of the Secured Obligations or any security thereof (including this Agreement); (c) any amendment to or modification of the Amendment Agreement, the other Notes Amendment Documents or any of the Secured Obligations; (d) any amendment to or modification of any instrument (other than this Agreement) securing any of the Secured Obligations; or (e) the taking of additional security for, or any guaranty of, any of the Secured Obligations or the release or discharge or termination of any security or guaranty for any of the Secured Obligations, regardless of whether or not Pledgor shall have notice or knowledge of any of the foregoing.

24. No Waiver, Etc. No act, failure or delay by Agent shall constitute a waiver of any of its rights and remedies hereunder or otherwise. No single or partial waiver by Agent of any default or Event of Default or right or remedy that Agent might have shall operate as a waiver of any other default, Event of Default, right or remedy or of the same default, Event of Default, right or remedy on a future occasion. Pledgor hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing any of the Secured Obligations or the Pledged Collateral, and any and all other notices and demands whatsoever (except as expressly provided herein).

25. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

26. Agent Appointed Attorney-In-Fact. Upon and after the occurrence of an Event of Default, Agent shall be deemed to be Pledgor's attorney-in-fact, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that Agent reasonably deems necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing, Agent shall have the power to arrange for the transfer, upon or at any time after the occurrence of an Event of Default, of any of the Pledged Collateral on the books of any or all of the Companies to the name of Agent or Agent's nominee. Pledgor agrees to indemnify and save Agent harmless from and against any liability or damage that Agent might suffer or incur, in the exercise or performance of any of Agent's powers and duties specifically set forth herein, except to the extent that such liability or damage arises from Agent's gross negligence or willful misconduct.

27. Use of Proceeds. Pledgor hereby represents and warrants to Agent that none of the proceeds heretofore and hereafter received by it under the Amendment Agreement are for the purpose of purchasing any "margin stock" as that term is defined in either Regulation U promulgated by the Board of Governors of the Federal Reserve System, or refinancing any indebtedness originally incurred to purchase any such "margin stock."

28. Waiver of Subrogation and Other Claims. Pledgor recognizes that Agent, in exercising its rights and remedies with respect to the Pledged Collateral, may likely be unable to find one or more purchasers thereof if, after the sale of the Pledged Collateral, the Company were, because of any claim based on subrogation or any other theory, liable to Pledgor on account of the sale by Agent of the Pledged Collateral in full or partial satisfaction of the Secured Obligations or liable to Pledgor on account of any indebtedness owing to Pledgor that is subordinated to any or all of the Secured Obligations. Pledgor hereby agrees, therefore, that if Agent sells any of the Pledged Collateral in full or partial satisfaction of the Secured Obligations, Pledgor shall in such case have no right or claim against any Company on account of any such subordinated indebtedness or on the theory that Pledgor has become subrogated to any claim or right of Agent against such Company or on any basis whatsoever, and Pledgor hereby expressly waives and relinquishes, to the fullest extent permitted by applicable law, all such rights and claims against Companies.

29. Execution in 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 counterparts taken together shall constitute but one and the same instrument. In proving this Agreement in any judicial proceeding, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought. Any manually-executed signature page delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature page hereto.

30. WAIVERS. PLEDGOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: NOTICE OF AGENT'S ACCEPTANCE OF THIS AGREEMENT; NOTICE OF EXTENSIONS OF CREDIT, NOTICES ISSUANCES, LOANS, ADVANCES OR OTHER FINANCIAL ASSISTANCE BY SECURED PARTIES TO PLEDGOR; THE RIGHT TO TRIAL BY JURY (WHICH AGENT ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM CONCERNING THIS AGREEMENT OR ANY OF THE PLEDGED COLLATERAL; PRESENTMENT AND DEMAND FOR PAYMENT OF ANY OF THE SECURED OBLIGATIONS; PROTEST AND NOTICE OF DISHONOR OR DEFAULT WITH RESPECT TO ANY OF THE SECURED OBLIGATIONS; AND ALL OTHER NOTICES TO WHICH PLEDGOR MIGHT OTHERWISE BE ENTITLED EXCEPT AS HEREIN OTHERWISE EXPRESSLY PROVIDED.

31. Governing Law; Jurisdiction; Etc.

(a) The laws of the State of New York will govern this Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby.

(b) Pledgor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against any Secured Party in any way relating to this Agreement or the transactions contemplated hereby, in any forum other than the courts of the State of New York sitting in the city of New York, borough of Manhattan, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that any such action, litigation or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that each Secured Party may otherwise have to bring any action or proceeding relating to this Agreement against Pledgor or its properties in the courts of any jurisdiction.

(c) Pledgor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any such court referred to in Section 31(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Pledgor irrevocably consents to the service of process in the manner provided for notices in Section 22 and agrees that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

32. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTES AMENDMENT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION

33. **Incorporation of Recitals.** Each of the Recitals set forth above are true and correct and are incorporated herein and made a part of this Agreement.

34. **Inconsistency with Intercreditor Agreement.** In the event of any conflict between the terms of this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall control.

[Remainder of page intentionally left blank; signatures begin on following page.]

IN WITNESS WHEREOF, Pledgor has caused this Agreement to be signed, sealed and delivered by its duly authorized representative on the day and year first above written.

PLEDGOR:

PACIFIC ETHANOL CENTRAL, LLC

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

c/o Pacific Ethanol, Inc.
400 Capital Mall, Suite 2060
Sacramento, California 95814

Accepted:

AGENT:

CORTLAND PRODUCTS CORP.

By: /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

225 W Washington Street, 9th Floor
Chicago, IL 60606

ANNEX A

to Pledge Agreement

Pledgor	Issuer	Type and Class of Equity Interests	Number of Pledged Shares	Certificate Number	Percentage of Outstanding Equity Interests
Pacific Ethanol Central, LLC	PACIFIC ETHANOL PEKIN, LLC	Membership Interest	N/A	N/A	100%

ACKNOWLEDGMENT AND AGREEMENT OF ISSUER

The undersigned ("**Issuer**") hereby acknowledges, represents and agrees that: (i) such Issuer has received a true and correct copy of the within and foregoing Pledge Agreement (the "**Agreement**") by and among PACIFIC ETHANOL CENTRAL, LLC, a limited liability company organized under the laws of Delaware ("**Pledgor**"), PACIFIC ETHANOL PEKIN, LLC, a limited liability company organized under the laws of Delaware ("**Pekin**"), and CORTLAND CAPITAL MARKET SERVICES LLC, as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**"); (ii) the Agreement has been duly recorded and noted on the books and records of Issuer and will be maintained as part of such books and records; (iii) the Agreement does not violate any term, condition or covenant of the organizational documents of Issuer, or of any other agreement to which Issuer is a party; (iv) Issuer will comply with written instructions originated by Agent without further consent of Pledgor as the registered owner of Pledgor's respective portion of the Pledged Collateral; (v) Issuer consents to the execution of the Agreement and to the assignment, transfer and pledge of the Pledged Collateral effected thereby; and (vi) upon and after the occurrence of an Event of Default, Issuer consents to a public or private sale or sales of all or any part of the Pledged Collateral by Agent in accordance with the terms of the Agreement and consents to each purchaser of all or any part of the Pledged Collateral at such sale or sales becoming a shareholder, member, partner or other owner, as applicable, of Issuer thereby entitled to the same rights and privileges and subject to the same duties as the owner of the applicable Pledged Collateral under the organizational documents of Issuer.

Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Agreement. Any manually-executed signature page delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature page hereto.

[Remainder of page intentionally left blank; signature appears on the following page.]

IN WITNESS WHEREOF, Issuer has executed this Acknowledgment and Agreement of Issuer under seal as of the date of the Agreement referenced above.

ISSUER:

PACIFIC ETHANOL PEKIN, LLC

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

ALL LIENS AND SECURITY INTERESTS EVIDENCED BY THIS AGREEMENT SHALL AT ALL TIMES BE SUBORDINATE AND JUNIOR TO THE LIENS AND SECURITY INTERESTS GRANTED TO COBANK, ACB, A FEDERALLY-CHARTERED INSTRUMENTALITY OF THE UNITED STATES, PURSUANT TO THAT CERTAIN SECURITY AGREEMENT DATED AS OF MARCH 20, 2019 (AS AMENDED FROM TIME TO TIME) MADE BY GRANTORS (DEFINED BELOW) IN FAVOR OF SENIOR AGENT (DEFINED BELOW) AND SUBJECT TO THE TERMS OF THAT CERTAIN INTERCREDITOR AGREEMENT EVEN DATED HEREWITH (AS AMENDED FROM TIME TO TIME) BY AND AMONG SENIOR AGENT, GRANTORS, AGENT (DEFINED BELOW), AND THE OTHER PARTIES PARTY THERETO.

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**") is made on March 20, 2020 by and among PACIFIC ETHANOL CENTRAL, LLC, a limited liability company organized under the laws of Delaware ("**Pledgor**"), PACIFIC AURORA, LLC, a limited liability company organized under the laws of Delaware ("**Aurora**"), and CORTLAND PRODUCTS CORP., as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**").

RECITALS:

WHEREAS, Pacific Ethanol, Inc., a Delaware corporation ("**PEI**"), issued certain secured promissory notes in the aggregate original principal amount of $55,000,000 on December 15, 2016 (the "**Initial Notes**") pursuant to a Note Purchase Agreement dated as of December 12, 2016 by and among PEI and the Investors identified therein (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Initial Purchase Agreement**");

WHEREAS, PEI and certain Investors identified therein are parties to a Note Purchase Agreement dated as of June 26, 2017 (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Additional Purchase Agreement**"), pursuant to which PEI issued $13,948,078 in aggregate original principal amount of senior secured notes due December 15, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "**Additional Notes**").

WHEREAS, the Noteholders are holders of the Initial Notes, the Additional Notes and certain other secured promissory notes issued by PEI on December 16, 2019 (the "**Existing Notes**");

WHEREAS, pursuant to that certain Senior Secured Note Amendment Agreement dated as of December 22, 2019 between the Noteholders defined therein and PEI (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Amendment Agreement**"), the Existing Notes were amended and restated in their entirety (the "**Amended Notes**," and together with the Amendment Agreement and the Transaction Documents (as defined in the Initial Noteholder Security Agreement (as defined below)), the "**Notes Amendment Documents**");

WHEREAS, Cortland Products Corp. has been appointed by the Noteholders to act as collateral agent under the Notes Amendment Documents (and as successor to Cortland Capital Market Services LLC in such capacity) pursuant to the Initial Noteholder Security Agreement;

WHEREAS, Pledgor, Aurora and CoBank, ACB, a federally-chartered instrumentality of the United States ("**Senior Agent**"), are party to that certain Pledge Agreement dated as of March 20, 2019 ("**Senior Agent Pledge Agreement**"), wherein Pledgor granted to Senior Agent a senior security interest in the Pledged Collateral, securing the payment and performance when due of the Secured Obligations (as defined in the Senior Agent Pledge Agreement);

WHEREAS, the Lien granted herein shall be junior in priority to the Lien granted to Senior Agent, as set forth in that certain Intercreditor Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, "**Intercreditor Agreement**") by and among Senior Agent, Agent, PEI and the Grantors party thereto; and

WHEREAS, to secure the obligations of PEI under the Notes Amendment Documents, pursuant to the Notes Amendment Documents, the Pledgor is required to enter into this Agreement.

1. Definitions. Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Amendment Agreement or the Initial Noteholder Security Agreement, as applicable. As used herein, the following terms shall have the following meanings:

"Companies" shall mean each of the entities identified as an "Issuer" on Annex A hereto, and each such entity individually is referred to herein as a "Company".

"Equity Interests" shall mean all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial partnership or membership interests, joint venture interests, units, limited liability company interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

"Existing Notes" has the meaning set forth in the Recitals.

"Initial Noteholder Security Agreement" means that certain Security Agreement, dated as of December 15, 2016, by and among the Company, the Noteholders party thereto, and the Agent, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the Noteholders party thereto, and the Agent, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Agent, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Agent, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"Noteholders" means (x) each Person that is (i) a signatory to the Amendment Agreement and identified as a "Noteholder" on Exhibit A to the Amendment Agreement, (ii) a holder of any of the Notes (as defined in the Amendment Agreement), and (iii) a "Secured Party" party to the Initial Noteholder Security Agreement and (y) any other Person that becomes (i) a holder of any of the Notes pursuant to any permitted assignment or transfer and (ii) a "Secured Party" under the Initial Noteholder Security Agreement pursuant to a Security Agreement Joinder, other than any such Person that ceases to be a party to such agreement pursuant to an assignment of all of its Notes and its rights and obligations under the Transaction Documents (as defined in the Initial Security Agreement).

"Operating Agreement" means that certain Amended and Restated Limited Liability Company Agreement of Pacific Aurora, LLC, dated December __, 2016 (the "Operating Agreement") by and among Pledgor and Aurora Cooperative Elevator Company, a Nebraska cooperative corporation.

"Pledged Collateral" shall have the meaning ascribed to it in Section 2 hereof.

"Power" shall have the meaning ascribed to it in Section 2 hereof.

"Secured Obligations" shall mean all obligations of PEI to the Noteholders now or hereafter existing under the Notes Amendment Documents.

2. Pledge; Agent's Duties; Intercreditor Agreement.

(a) Pledgor hereby pledges, assigns, transfers, sets over and delivers to Agent, and hereby grants to Agent, for the benefit of the Secured Parties, a security interest in, all of the Equity Interests of the Companies now or hereafter held by Pledgor, including the Equity Interests more particularly described on Annex A hereto and all of Pledgor's options, if any, for the purchase of any Equity Interests of any of the Companies, herewith delivered to Agent, and where certificated, accompanied by powers ("**Powers**") duly executed in blank, and all proceeds thereof including, without limitation, all proceeds from the sale of any such Equity Interests and all dividends and distributions at any time payable in connection such Equity Interests (said Equity Interests, Powers, options, and proceeds hereinafter collectively called the "**Pledged Collateral**") as security for the due and punctual payment and performance of the Secured Obligations.

(b) Agent shall have no duty with respect to any part or all of the Pledged Collateral of any nature or kind other than the duty to use reasonable care in the safe custody of any tangible items of the Pledged Collateral in its possession (it being agreed that Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which it accords its own property). Without limiting the generality of the foregoing, Agent shall be under no obligation to sell any of the Pledged Collateral or otherwise to take any steps necessary to preserve the value of any of the Pledged Collateral or to preserve rights in the Pledged Collateral against any other Persons, but may do so at its option upon an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of Pledgor.

(c) For the avoidance of doubt, all obligations of Pledgor, and all rights of Agent, hereunder shall be subject to the obligations of the Pledgor and the subordinated rights of Agent under the Intercreditor Agreement.

3. Voting Rights. During the term of this Agreement, and so long as no Event of Default shall have occurred, Pledgor shall have the right to vote all or any portion of the Equity Interests owned by such Pledgor on all corporate and other company questions for all purposes not inconsistent with the terms of this Agreement or any of the other Notes Amendment Documents. To that end, if Agent transfers all or any portion of the Pledged Collateral into its name or the name of its nominee, to the extent authorized to do so under this Agreement or any of the other Notes Amendment Documents, Agent shall, upon the request of a Pledgor, unless an Event of Default shall have occurred, execute and deliver or cause to be executed and delivered to Pledgor, proxies with respect to the applicable portion of the Pledged Collateral. Pledgor hereby grants to Agent, effective upon or after the occurrence of an Event of Default and pursuant to the terms of the Intercreditor Agreement, an **IRREVOCABLE PROXY** pursuant to which Agent shall be entitled (but shall not be obligated) to exercise all voting powers pertaining to the Pledged Collateral, including to call and attend all meetings of the shareholders, members or partners of the Companies to be held from time to time with full power to act and vote in the name, place and stead of Pledgor (whether or not the Equity Interests shall have been transferred into its name or the name of its nominee or nominees), give all consents, waivers and ratifications in respect of the Pledged Collateral and otherwise act with respect thereto as though it were the outright owner thereof, and any and all proxies theretofore executed by Pledgor shall terminate and thereafter be null and void and of no effect whatsoever.

4. Collection of Dividend Payments. During the term of this Agreement, and so long as there no Event of Default shall exist, Pledgor shall have the right to receive and retain any and all dividends and other distributions payable by any Company to Pledgor on account of any of the Pledged Collateral except as otherwise provided in the Notes Amendment Documents. Upon or after the occurrence of any Event of Default and pursuant to the terms of the Intercreditor Agreement, all dividends and other distributions payable by any Company on account of any of the Pledged Collateral shall be paid to Agent and any such sum received by Pledgor shall be deemed to be held by Pledgor in trust for the benefit of Agent and the other Secured Parties and shall be forthwith turned over to Agent for application by Agent to the Secured Obligations in the manner authorized by the Notes Amendment Documents.

5. Representations and Warranties of Pledgor. Pledgor hereby represents and warrants to Agent and the other Secured Parties as follows (which representations and warranties shall be deemed continuing): (a) Pledgor is the legal and beneficial owner of the Pledged Collateral identified on Annex A; (b) all of the Equity Interests have been duly and validly issued, are fully paid and nonassessable, and are owned by Pledgor free of any Liens except for Agent's security interest hereunder and the Permitted Liens; (c) the Pledged Collateral constitutes the percentage of the issued and outstanding Equity Interests of each of the Companies identified on Annex A hereto; (d) except as provided in Article 3 of the Operating Agreement, there are no contractual or charter restrictions upon the voting rights or upon the transfer of any of the Pledged Collateral; (e) except as required under the Intercreditor Agreement, Pledgor has the right to vote, pledge and grant a security interest in or otherwise transfer the Pledged Collateral without the consent of any other Person and free of any Liens and applicable restrictions imposed by any governmental authority, and without any restriction under the organizational documents of Pledgor or any Company or any agreement among Pledgor's or any Company's shareholders, partners or members; (f) this Agreement has been duly authorized, executed and delivered by Pledgor and constitutes a legal, valid and binding obligation of Pledgor, enforceable in accordance with its terms except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights; (g) the execution, delivery and performance by Pledgor of this Agreement and the exercise by Agent of its rights and remedies hereunder do not and will not result in the violation of any of the organizational documents of Pledgor, any agreement, indenture, instrument or law by which Pledgor or any Company is bound or to which Pledgor or any Company is subject (except that Pledgor makes no representation or warranty with respect to Agent's prospective compliance with any federal or state laws or regulations governing the sale or exchange of securities); (h) no consent, filing, approval, registration or recording is required (1) for the pledge by Pledgor of its respective portion of the Pledged Collateral pursuant to this Agreement or (2) except for the filing of an appropriate UCC financing statement, to perfect the Lien created by this Agreement (to the extent that a Lien created by this Agreement can be perfected by filing a financing statement); (i) none of the Pledged Collateral is held or maintained in the form of a securities entitlement or credited to any securities account; and (j) if the Pledged Collateral is certificated, Pledgor shall cause such certificates or other documents evidencing or representing such Pledged Collateral, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders to be delivered to Agent.

6. Affirmative Covenants of Pledgor. Until all of the Secured Obligations are paid in full, Pledgor covenants that it will: (a) warrant and defend at its own expense Agent's right, title and security interest in and to the Pledged Collateral against the claims of any Person; (b) promptly deliver to Agent all written notices with respect to the Pledged Collateral, and promptly give written notice to Agent of any other notices received by Pledgor with respect to the Pledged Collateral; (c) promptly deliver to Agent to hold under this Agreement any Equity Interests of any Company subsequently acquired by Pledgor, whether acquired by Pledgor by virtue of the exercise of any options included within the Pledged Collateral or otherwise (which Equity Interests, whether or not delivered, shall be deemed to be a part of the Pledged Collateral); (d) if any of the Pledged Collateral constituting membership interests in a limited liability company or general or limited partnership interests in a limited partnership or limited liability partnership is hereafter designated by the relevant Company as a "security" under (and as defined in) Article 8 of the UCC, cause such Pledged Collateral to be certificated and deliver to Agent all certificates evidencing such Pledged Collateral, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders; and (e) if at any time hereafter any of the Pledged Collateral that is not currently certificated becomes certificated, deliver all certificates or other documents evidencing or representing the Pledged Collateral to Agent, accompanied by Powers, all in form and substance satisfactory to Agent and Required Holders.

7. Negative Covenants of Pledgor. Until the Secured Obligations are paid in full, Pledgor covenants that it will not, without the prior written consent of Agent and Required Holders, (a) sell, convey or otherwise dispose of any of the Pledged Collateral or any interest therein other than as permitted under the Notes Amendment Documents; (b) grant or permit to exist any Lien whatsoever upon or with respect to any of the Pledged Collateral or the proceeds thereof, other than the security interest created hereby; (c) consent to the issuance by any Company of any new Equity Interests; (d) consent to any merger or other consolidation of any Company with or into any corporation or other entity other than as permitted under the Notes Amendment Documents; (e) cause any Pledged Collateral to be held or maintained in the form of a security entitlement or credited to any securities account; (f) designate, or cause any Company to designate, any of the Pledged Collateral constituting membership interests in a limited liability company or general or limited partnership interests in a limited partnership or limited liability partnership as a "security" under Article 8 of the UCC, unless such Company has caused such Pledged Collateral to become certificated and has complied with the requirements of Section 6(e) hereof with respect to such Pledged Collateral; (g) evidence, or permit any Company to evidence, any of the Pledged Collateral that is not currently certificated, with any certificates, instruments or other writings, unless such Company has complied with the provisions of Section 6(e) of this Agreement; or (h) consent to or permit any amendment of the organizational documents of any Company that would restrict Pledgor's right to vote, pledge or grant a security interest in or otherwise transfer its respective portion of the Pledged Collateral.

8. Irrevocable Authorization and Instruction to Companies. To the extent that any portion of the Pledged Collateral might now or hereafter consist of uncertificated securities within the meaning of Article 8 of the UCC, Pledgor irrevocably authorizes and instructs each Company to comply with any instruction received by such Company from Agent with respect to such Pledged Collateral without any other or further instructions from or consent of Pledgor, and Pledgor agrees that each Company shall be fully protected in so complying; provided, however, that Agent agrees that Agent will not issue or deliver any such instructions to any Company except upon or after the occurrence of an Event of Default.

9. Subsequent Changes Affecting Pledged Collateral. Pledgor hereby represents to Agent that Pledgor has made its own arrangements for keeping informed of changes or potential changes affecting the Pledged Collateral (including rights to convert, rights to subscribe, payment of dividends and distributions, reorganization or other exchanges, tender offers and voting rights), and Pledgor hereby agrees that Agent shall have no responsibility or liability for informing Pledgor of any such changes or potential changes or for taking any action or omitting to take any action with respect thereto. Agent may, at any time that an Event of Default exists, at its option and without notice to Pledgor, transfer or register the Pledged Collateral or any portion thereof into its or its nominee's name with or without any indication that such Pledged Collateral is subject to the security interest hereunder.

10. Equity Interest Adjustments. If during the term of this Agreement any dividend, reclassification, readjustment or other change is declared or made in the capital structure of any of the Companies, or any option included within the Pledged Collateral is exercised, or both, all new, substituted and additional Equity Interests or other securities issued by reason of any such change or exercise shall, if received by Pledgor, be held in trust for the Secured Parties' benefit and shall be promptly delivered to and held by Agent under the terms of this Agreement in the same manner as the Pledged Collateral originally pledged hereunder.

11. Warrants, Options and Rights. If during the term of this Agreement subscription warrants or any other rights or options are issued or exercised by Pledgor in connection with the Pledged Collateral, then such warrants, rights and options shall be promptly assigned by Pledgor to Agent and all certificates evidencing new Equity Interests or other securities so acquired by Pledgor shall be promptly delivered to Agent to be held under the terms of this Agreement in the same manner as the Pledged Collateral originally pledged hereunder.

12. Registration. If Agent determines that it is required to register under or otherwise comply in any way with the Securities Act of 1933, as amended from time to time (the "Securities Act") or any similar federal or state law with respect to the securities, if any, included in the Pledged Collateral prior to sale thereof by Agent, then upon or after the occurrence of any Event of Default, Pledgor will use its best efforts to cause any such registration to be effectively made, at no expense to Agent, and to continue such registration effective for such time as may be necessary in the reasonable opinion of Agent and Required Holders, and will reimburse Agent for any out-of-pocket expense incurred by Agent, including reasonable attorneys' fees and accountants' fees and expenses, in connection therewith.

13. Consent. Pledgor hereby consents that from time to time, before or after the occurrence or existence of any default or Event of Default, with or without notice to or assent from Pledgor, any other security at any time held by or available to Agent for any of the Secured Obligations may be exchanged, surrendered, or released, and any of the Secured Obligations may be changed, altered, renewed, extended, continued, surrendered, compromised, waived or released, in whole or in part, as Agent may see fit, and Pledgor shall remain bound under this Agreement and under the other Notes Amendment Documents notwithstanding any such exchange, surrender, release, alteration, renewal, extension, continuance, compromise, waiver or inaction, extension of further credit or other dealing.

14. Remedies Upon Default. Upon or after the occurrence of any Event of Default and subject to the terms of the Intercreditor Agreement, (i) Agent shall have, in addition to any other rights given by law or the rights given hereunder or under each of the other Notes Amendment Documents, all of the rights and remedies with respect to the Pledged Collateral of a secured party under the UCC and (ii) Agent may cause all or any part of the Equity Interests held by it to be transferred into its name or the name of its nominee or nominees. In addition, upon or at any time after the occurrence of an Event of Default, Agent may sell or cause the Pledged Collateral, or any part thereof, which shall then be or shall thereafter come into Agent's possession or custody, to be sold at any broker's board or at public or private sale, in one or more sales or lots, at such price as Agent may deem best, and for cash or on credit or for future delivery, and the purchaser of any or all of the Pledged Collateral so sold shall thereafter hold the same absolutely, free from any claim, encumbrance or right of any kind whatsoever of Pledgor or arising through Pledgor. If any of the Pledged Collateral is sold by Agent upon credit or for future delivery, Agent shall not be liable for the failure of the purchaser to pay the same and in such event Agent may resell such Pledged Collateral. Unless the Pledged Collateral threatens to decline speedily in value or is or becomes of a type sold on a recognized market, Agent will give the applicable Pledgor reasonable notice of the time and place of any public sale thereof, or of the time after which any private sale or other intended disposition is to be made. Any sale of the Pledged Collateral conducted in conformity with reasonable commercial practices of banks, insurance companies or other financial institutions disposing of property similar to the Pledged Collateral shall be deemed to be commercially reasonable. Any requirements of reasonable notice shall be met if such notice is mailed to the applicable Pledgor, as provided in Section 22 below, at least ten (10) days before the time of the sale or disposition. Any other requirement of notice, demand or advertisement for sale is, to the fullest extent permitted by applicable law, waived. Agent may, in its own name, or in the name of a designee or nominee, buy at any public sale of the Pledged Collateral and, if permitted by applicable law, buy at any private sale thereof. Pledgor will pay to Agent on demand all expenses (including court costs and reasonable attorneys' fees and expenses) of, or incident to, the enforcement of any of the provisions hereof and all other charges due against the Pledged Collateral, including taxes, assessments or Liens upon the Pledged Collateral and any expenses, including transfer or other taxes, arising in connection with any sale, transfer or other disposition of Pledged Collateral. In connection with any sale of Pledged Collateral by Agent, Agent shall have the right to execute any document or form, in its name or in the name of Pledgor, that may be necessary or desirable in connection with such sale, including Form 144 promulgated by the Securities and Exchange Commission. In view of the fact that federal and state securities laws may impose certain restrictions on the method by which a sale of the Pledged Collateral may be effected after an Event of Default, Pledgor agrees that Agent may, from time to time, attempt to sell all or any part of the Pledged Collateral by means of a private placement restricting the bidders and prospective purchasers to those who will represent and agree that they are purchasing for investment only and not for distribution. Pledgor agrees that any such private sales may be at prices and other terms less favorable to the seller than if sold at public sales and that such private sales shall not by reason thereof be deemed not to have been made in a commercially reasonable manner. Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act even if the issuer would agree to do so. Agent shall apply the cash proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling and the like, to reasonable attorneys' fees, and all legal expenses, travel and other expenses that might be incurred by Agent in attempting to collect the Secured Obligations or to enforce this Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Agreement; and then to the Secured Obligations in the manner authorized by the Notes Amendment Documents.

15. Redemption; Marshaling. Pledgor hereby waives and releases to the fullest extent permitted by applicable law any right or equity of redemption with respect to the Pledged Collateral before or after a sale conducted pursuant to Section 14 hereof. Pledgor agrees that Agent shall not be required to marshal any present or future security (including this Agreement and the Pledged Collateral pledged hereunder) for, or guaranties of, the Secured Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of Agent's rights hereunder and in respect of such security and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the fullest extent that it lawfully may, Pledgor hereby agrees that it will not invoke any law relating to the marshaling of collateral that might cause delay in or impede the enforcement of Agent's rights under this Agreement or under any other instrument evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or guaranteed, and to the fullest extent that it lawfully may, Pledgor hereby irrevocably waives the benefits of all such laws.

16. Term. This Agreement shall become effective only when accepted by Agent and, when so accepted, shall constitute a continuing agreement and shall remain in full force and effect until the Secured Obligations are paid in full, at which time this Agreement shall terminate and Agent shall deliver to the Pledgor, at Pledgor's expense, such of the Pledged Collateral as shall not have been sold or otherwise applied pursuant to this Agreement. Notwithstanding the foregoing, in no event shall any termination of this Agreement terminate any indemnity set forth in this Agreement or any of the other Notes Amendment Documents, all of which indemnities shall survive any termination of this Agreement or any of the other Notes Amendment Documents.

17. Rules and Construction. The singular shall include the plural and vice versa, and any gender shall include any other gender as the text shall indicate. All references to "including" shall mean "including, without limitation." Each reference in this Agreement to a "corporation" shall also be deemed to include a reference to a limited liability company, limited partnership or limited liability partnership and vice versa, each reference to "shareholders" of a Person shall also be deemed to include a reference to members or partners and vice versa and each reference to "certificate of incorporation" or "articles of incorporation" or "bylaws" shall also be deemed to include a reference to "certificate of formation" or "certificate of limited partnership" and "limited liability company operating agreement" or "limited partnership agreement" or other organizational documents of a limited liability company, limited partnership or limited liability partnership and vice versa.

18. Successors and Assigns. This Agreement shall be binding upon Pledgor and its respective successors and assigns, and shall inure to the benefit of Agent and the other Secured Parties and their respective successors and assigns. This Agreement is fully assignable by any Secured Party without the consent of Pledgor or Aurora; provided that this Agreement may not be assigned by Pledgor or Aurora without the prior written consent of the Agent.

19. Construction and Applicable Law. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Agreement shall be held to be prohibited or invalid under any applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. This Agreement shall be governed by and the rights and liabilities of the parties hereto determined and construed in accordance with the internal laws of the State of New York without regard to its conflicts of law provisions. This Agreement is intended to take effect as a document executed and delivered under seal.

20. Cooperation and Further Assurances. Pledgor agrees that it will cooperate with Agent and will, upon Agent's request, execute and deliver, or cause to be executed and delivered, all such other powers, instruments, financing statements, certificates, legal opinions and other documents, and will take all such other action as Agent and Required Holders request from time to time, in order to carry out the provisions and purposes hereof, including delivering to Agent, if requested by Agent, irrevocable proxies with respect to the Equity Interests in form satisfactory to Agent and Required Holders. Until receipt thereof, this Agreement shall constitute Pledgor's proxy to Agent or its nominee to vote all shares of the Equity Interests then registered in Pledgor's name (subject to Pledgor's voting rights under Section 3 hereof) upon or after the occurrence of an Event of Default.

21. Agent's Exoneration. Under no circumstances shall Agent be deemed to assume any responsibility for or obligation or duty with respect to any part or all of the Pledged Collateral of any nature or kind, other than the physical custody thereof, or any matter or proceedings arising out of or relating thereto. Agent shall not be required to take any action of any kind to collect, preserve or protect its or Pledgor's rights in the Pledged Collateral or against other parties thereto. Agent's prior recourse to any part or all of the Pledged Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Secured Obligations.

22. Notices. All notices, requests and demands to or upon any party hereto shall be given in the manner and become effective as stipulated in the Amendment Agreement. Regardless of the manner in which notice is provided, notices may be sent to Agent and Pledgor pursuant to the notice information set forth in the signature pages hereof or to such other address or telephone number as any party may give to the other for such purpose in accordance with this paragraph.

23. Pledgor's Obligations Not Affected. The obligations of Pledgor hereunder shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of Pledgor; (b) any exercise or nonexercise, or any waiver, by Agent of any right, remedy, power or privilege under or in respect of any of the Secured Obligations or any security thereof (including this Agreement); (c) any amendment to or modification of the Amendment Agreement, the other Notes Amendment Documents or any of the Secured Obligations; (d) any amendment to or modification of any instrument (other than this Agreement) securing any of the Secured Obligations; or (e) the taking of additional security for, or any guaranty of, any of the Secured Obligations or the release or discharge or termination of any security or guaranty for any of the Secured Obligations, regardless of whether or not Pledgor shall have notice or knowledge of any of the foregoing.

24. No Waiver, Etc. No act, failure or delay by Agent shall constitute a waiver of any of its rights and remedies hereunder or otherwise. No single or partial waiver by Agent of any default or Event of Default or right or remedy that Agent might have shall operate as a waiver of any other default, Event of Default, right or remedy or of the same default, Event of Default, right or remedy on a future occasion. Pledgor hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing any of the Secured Obligations or the Pledged Collateral, and any and all other notices and demands whatsoever (except as expressly provided herein).

25. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

26. Agent Appointed Attorney-In-Fact. Upon and after the occurrence of an Event of Default, Agent shall be deemed to be Pledgor's attorney-in-fact, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that Agent reasonably deems necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing, Agent shall have the power to arrange for the transfer, upon or at any time after the occurrence of an Event of Default, of any of the Pledged Collateral on the books of any or all of the Companies to the name of Agent or Agent's nominee. Pledgor agrees to indemnify and save Agent harmless from and against any liability or damage that Agent might suffer or incur, in the exercise or performance of any of Agent's powers and duties specifically set forth herein, except to the extent that such liability or damage arises from Agent's gross negligence or willful misconduct.

27. Use of Proceeds. Pledgor hereby represents and warrants to Agent that none of the proceeds heretofore and hereafter received by it under the Amendment Agreement are for the purpose of purchasing any "margin stock" as that term is defined in either Regulation U promulgated by the Board of Governors of the Federal Reserve System, or refinancing any indebtedness originally incurred to purchase any such "margin stock."

28. Waiver of Subrogation and Other Claims. Pledgor recognizes that Agent, in exercising its rights and remedies with respect to the Pledged Collateral, may likely be unable to find one or more purchasers thereof if, after the sale of the Pledged Collateral, the Company were, because of any claim based on subrogation or any other theory, liable to Pledgor on account of the sale by Agent of the Pledged Collateral in full or partial satisfaction of the Secured Obligations or liable to Pledgor on account of any indebtedness owing to Pledgor that is subordinated to any or all of the Secured Obligations. Pledgor hereby agrees, therefore, that if Agent sells any of the Pledged Collateral in full or partial satisfaction of the Secured Obligations, Pledgor shall in such case have no right or claim against any Company on account of any such subordinated indebtedness or on the theory that Pledgor has become subrogated to any claim or right of Agent against such Company or on any basis whatsoever, and Pledgor hereby expressly waives and relinquishes, to the fullest extent permitted by applicable law, all such rights and claims against Companies.

29. Execution in 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 counterparts taken together shall constitute but one and the same instrument. In proving this Agreement in any judicial proceeding, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought. Any manually-executed signature page delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature page hereto.

30. WAIVERS. PLEDGOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: NOTICE OF AGENT'S ACCEPTANCE OF THIS AGREEMENT; NOTICE OF EXTENSIONS OF CREDIT, NOTICES ISSUANCES, LOANS, ADVANCES OR OTHER FINANCIAL ASSISTANCE BY SECURED PARTIES TO PLEDGOR; THE RIGHT TO TRIAL BY JURY (WHICH AGENT ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM CONCERNING THIS AGREEMENT OR ANY OF THE PLEDGED COLLATERAL; PRESENTMENT AND DEMAND FOR PAYMENT OF ANY OF THE SECURED OBLIGATIONS; PROTEST AND NOTICE OF DISHONOR OR DEFAULT WITH RESPECT TO ANY OF THE SECURED OBLIGATIONS; AND ALL OTHER NOTICES TO WHICH PLEDGOR MIGHT OTHERWISE BE ENTITLED EXCEPT AS HEREIN OTHERWISE EXPRESSLY PROVIDED.

31. Governing Law; Jurisdiction; Etc.

(a) The laws of the State of New York will govern this Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby.

(b) Pledgor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against any Secured Party in any way relating to this Agreement or the transactions contemplated hereby, in any forum other than the courts of the State of New York sitting in the city of New York, borough of Manhattan, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that any such action, litigation or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that each Secured Party may otherwise have to bring any action or proceeding relating to this Agreement against Pledgor or its properties in the courts of any jurisdiction.

(c) Pledgor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any such court referred to in Section 31(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Pledgor irrevocably consents to the service of process in the manner provided for notices in Section 22 and agrees that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

32. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTES AMENDMENT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION

33. **Incorporation of Recitals.** Each of the Recitals set forth above are true and correct and are incorporated herein and made a part of this Agreement.

34. **Inconsistency with Intercreditor Agreement.** In the event of any conflict between the terms of this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall control.

35. **Rights Subject to Operating Agreement**. Notwithstanding any other term to the contrary, the rights and remedies of the Agent and the Secured Parties hereunder are subject to the terms, conditions and restrictions set forth in the Operating Agreement, including, but not limited to, Section 3.6 thereof.

[Remainder of page intentionally left blank; signatures begin on following page.]

IN WITNESS WHEREOF, Pledgor has caused this Agreement to be signed, sealed and delivered by its duly authorized representative on the day and year first above written.

PLEDGOR:

PACIFIC ETHANOL CENTRAL, LLC

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

c/o Pacific Ethanol, Inc.
400 Capital Mall, Suite 2060
Sacramento, California 95814

Accepted:

AGENT:

CORTLAND PRODUCTS CORP.

By: /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

225 W Washington Street, 9th Floor
Chicago, IL 60606

ANNEX A

to Pledge Agreement

Pledgor	Issuer	Type and Class of Equity Interests	Number of Pledged Shares	Certificate Number	Percentage of Outstanding Equity Interests
Pacific Ethanol Central, LLC	Pacific Aurora, LLC	Membership Interest	88.15 units	N/A	88.15%

ACKNOWLEDGMENT AND AGREEMENT OF ISSUER

The undersigned ("**Issuer**") hereby acknowledges, represents and agrees that: (i) such Issuer has received a true and correct copy of the within and foregoing Pledge Agreement (the "**Agreement**") by and among PACIFIC ETHANOL CENTRAL, LLC, a limited liability company organized under the laws of Delaware ("**Pledgor**"), PACIFIC AURORA, LLC, a limited liability company organized under the laws of Delaware ("**Aurora**"), and CORTLAND CAPITAL MARKET SERVICES LLC, as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**"); (ii) the Agreement has been duly recorded and noted on the books and records of Issuer and will be maintained as part of such books and records; (iii) the Agreement does not violate any term, condition or covenant of the organizational documents of Issuer, or of any other agreement to which Issuer is a party; (iv) subject to the terms of the Operating Agreement, Issuer will comply with written instructions originated by Agent without further consent of Pledgor as the registered owner of Pledgor's respective portion of the Pledged Collateral; (v) Issuer consents to the execution of the Agreement and to the assignment, transfer and pledge of the Pledged Collateral effected thereby; and (vi) upon and after the occurrence of an Event of Default, subject to the terms of the Operating Agreement, Issuer consents to a public or private sale or sales of all or any part of the Pledged Collateral by Agent in accordance with the terms of the Agreement and consents to each purchaser of all or any part of the Pledged Collateral at such sale or sales becoming a shareholder, member, partner or other owner, as applicable, of Issuer thereby entitled to the same rights and privileges and subject to the same duties as the owner of the applicable Pledged Collateral under the organizational documents of Issuer.

Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Agreement. Any manually-executed signature page delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature page hereto.

[Remainder of page intentionally left blank; signature appears on the following page.]

IN WITNESS WHEREOF, Issuer has executed this Acknowledgment and Agreement of Issuer under seal as of the date of the Agreement referenced above.

ISSUER:

PACIFIC AURORA, LLC

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

Exhibit 10.9

Execution Version

SECURITY AGREEMENT
(PACIFIC ETHANOL WEST, LLC)
(PE OP CO.)

This Security Agreement, dated as of March 20, 2020 (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), made by and among Pacific Ethanol West, LLC, a Delaware limited liability company ("**PE West**"), PE Op Co., a Delaware corporation ("**PE Op Co.**"; together with PE West, each, a "**Grantor**" and collectively, jointly and severally, the "**Grantors**"), and Cortland Products Corp., as collateral agent for the benefit of the Noteholders (in such capacity, together with its successors and assigns in such capacity, the "**Agent**"; together with the Noteholders, the "**Secured Parties**").

RECITALS:

WHEREAS, Pacific Ethanol, Inc., a Delaware corporation (the "**Company**") issued certain secured promissory notes in the aggregate original principal amount of $55,000,000 on December 15, 2016 (the "**Initial Notes**") pursuant to a Note Purchase Agreement dated as of December 12, 2016 by and among the Company and the Investors identified therein (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Initial Purchase Agreement**");

WHEREAS, the Company and certain Investors identified therein are parties to a Note Purchase Agreement dated as of June 26, 2017 (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Additional Purchase Agreement**"), pursuant to which the Company issued $13,948,078 in aggregate original principal amount of senior secured notes due December 15, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "**Additional Notes**").

WHEREAS, the Noteholders are holders of the Initial Notes, the Additional Notes and certain other secured promissory notes issued by the Company on December 16, 2019 (the "**Existing Notes**");

WHEREAS, pursuant to that certain Senior Secured Note Amendment Agreement dated as of December 22, 2019 between the Noteholders defined therein and the Company (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety, the "**Amendment Agreement**"), the Existing Notes were amended and restated in their entirety (the "**Amended Notes**," and together with the Amendment Agreement and the Transaction Documents, the "**Notes Amendment Documents**");

WHEREAS, Cortland Products Corp. has been appointed by the Noteholders to act as collateral agent under the Notes Amendment Documents (and as successor to Cortland Capital Market Services LLC in such capacity) pursuant to that certain Security Agreement, dated as of December 15, 2016 (as amended, restated, supplemented or otherwise modified from time to time, including amendments and restatements thereof in its entirety), among the Company, the Agent and the other Secured Parties; and

WHEREAS, to secure the obligations of the Company under the Notes Amendment Documents, pursuant to the Notes Amendment Documents, the Grantors are required to enter into this Agreement;

NOW, THEREFORE, for Ten Dollars ($10.00) in hand paid to the Grantors and in consideration of the premises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the timely payment and performance of the Secured Obligations (as hereinafter defined), the parties hereto agree as follows:

1. **Definitions**.

(a) Each capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Amendment Agreement or the Initial Noteholder Security Agreement, as applicable. As used herein, the following terms shall have the following meanings:

"**Collateral**" has the meaning set forth in Section 2.

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to this Agreement, such Lien is the most senior Lien to which such Collateral is subject (subject only to Permitted Liens).

"**Initial Noteholder Security Agreement**" means that certain Security Agreement, dated as of December 15, 2016, by and among the Company, the Noteholders party thereto, and the Agent, as amended by that certain First Amendment to Security Agreement, dated June 30, 2017, by and among the Company, the Noteholders party thereto, and the Agent, that certain Second Amendment to Security Agreement, dated December 22, 2019, by and among the Company, the Noteholders party thereto, and the Agent, and that certain Third Amendment to Security Agreement, dated as of the date hereof, by and among the Company, the Noteholders party thereto, and the Agent, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"**Noteholders**" means (x) each Person that is (i) a signatory to the Amendment Agreement and identified as a "Noteholder" on Exhibit A to the Amendment Agreement, (ii) a holder of any of the Notes (as defined in the Amendment Agreement), and (iii) a "Secured Party" party to the Initial Noteholder Security Agreement and (y) any other Person that becomes (i) a holder of any of the Notes pursuant to any permitted assignment or transfer and (ii) a "Secured Party" under the Initial Noteholder Security Agreement pursuant to a Security Agreement Joinder, other than any such Person that ceases to be a party to such agreement pursuant to an assignment of all of its Notes and its rights and obligations under the Transaction Documents (as defined in the Initial Security Agreement).

"**Proceeds**" means "proceeds" as such term is defined in section 9-102 of the UCC and, in any event, shall include all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.

"**Secured Obligations**" has the meaning set forth in Section 3.

"**UCC**" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code as in effect from time to time in such state.

(b) **Deposit Accounts**. All of each Grantor's deposit accounts are listed on **Schedule 2** attached hereto and made a part hereof. Each of the deposit accounts listed on **Schedule 2** shall be deemed to be a "deposit account" referenced in the definition of "Collateral" contained in Section 2 of this Agreement and shall be subject in all respects to the security interest granted by each Grantor to the Agent on behalf of each Secured Party pursuant to this Agreement. Upon establishing a deposit account that is not listed on **Schedule 2** (to the extent that establishing such deposit account is otherwise permitted hereunder and under any other Notes Amendment Document), the applicable Grantor shall promptly give notice to the Agent that such deposit account has been established and shall immediately execute or otherwise authenticate, along with the other Grantors party hereto, a supplement to **Schedule 2** that includes such deposit account and take all action necessary to give the Agent on behalf of each Secured Party "control" (as such term is defined in the UCC) over such deposit account, including causing the applicable bank or financial institution to enter into a control agreement (in form and substance acceptable to the Agent) with the Agent for such deposit account.

2. **Grant of Security Interest**. Each Grantor hereby grants to the Agent, on behalf of each Secured Party a continuing security interest in all of its right, title and interest in and to the following, wherever located, whether now existing or hereafter arising or acquired (collectively, the "**Collateral**"):

(a) all accounts (including health-care-insurance receivables), goods (including inventory and equipment), goods (including inventory and equipment) currently or hereafter held on consignment, documents (including, if applicable, electronic documents), fixtures, instruments, promissory notes, chattel paper (whether tangible or electronic), letters of credit, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), securities and all other investment property, commercial tort claims described on **Schedule 1** hereof as supplemented by any written notification given by each applicable Grantor to Agent pursuant to Section 4(e), general intangibles (including all payment intangibles), money, deposit accounts (including each of the deposit accounts listed on **Schedule 2** attached hereto), and any other contract rights or rights to the payment of money; and

(b) all Proceeds and products of each of the foregoing, all books and records relating to the foregoing, all supporting obligations related thereto, and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to each Grantor from time to time with respect to any of the foregoing.

3 . **Secured Obligations**. The Collateral secures the payment and performance of (a) all indebtedness and obligations of the Company and the Grantors under the Notes Amendment Documents; and (b) and all indebtedness and obligations of the Company and the Grantors owed to the Secured Parties now or hereafter existing under this Agreement (collectively, "**Secured Obligations**").

4. **Perfection of Security Interest and Further Assurances**.

(a) Each Grantor shall, from time to time, as may be required by Agent with respect to all Collateral, promptly take all actions as may be reasonably requested by Agent to perfect the Lien of Agent in the Collateral, including, with respect to all Collateral over which control may be obtained within the meaning of sections 8-106, 9-104, 9-105, 9-106 and 9-107 of the UCC, section 201 of the federal Electronic Signatures in Global and National Commerce Act and, as the case may be, section 16 of the Uniform Electronic Transactions Act, as applicable, each Grantor shall promptly take all actions as may be reasonably requested from time to time by Agent so that control of such Collateral is obtained and at all times held by the Agent on behalf of each Secured Party. All of the foregoing shall be at the Grantors' sole cost and expense.

(b) Each Grantor hereby irrevocably authorizes Agent or its designees at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Lien granted by each Grantor hereunder, without each Grantor's signature where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by each Grantor, or words of similar effect. Each Grantor agrees to provide all information required by Agent pursuant to this Section promptly to Agent upon request.

(c) Each Grantor hereby further authorizes Agent or its designees to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any state of the United States or in any other country) this Agreement and other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Lien granted by each Grantor hereunder, without each such Grantor's signature where permitted by law.

(d) If any Grantor shall at any time hold or acquire any certificated securities, promissory notes, tangible chattel paper, negotiable documents or warehouse receipts relating to the Collateral, any such Grantor shall promptly indorse, assign and deliver the same to Agent, accompanied by such instruments of transfer or assignment duly executed in blank as Agent may from time to time specify.

(e) If any Grantor shall at any time hold or acquire a commercial tort claim, such Grantor shall (a) promptly notify Agent in a writing signed by such Grantor of the particulars thereof and grant to Agent on behalf of the Secured Parties in such writing a Lien therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Agent and (b) deliver to Agent an updated **Schedule 1**.

(f) If any Collateral is at any time in the possession of a bailee, any such Grantor shall promptly notify Agent thereof and, at Agent's request and option, shall promptly obtain an acknowledgment from the bailee, in form and substance satisfactory to Agent, that the bailee holds such Collateral for the benefit of the Secured Parties and the bailee agrees to comply, without such Grantor's further consent, at any time with instructions of Agent as to such Collateral.

(g) If any Grantor is at any time a beneficiary under a letter of credit, such Grantor will promptly notify Agent and, at Agent's request, such Grantor will, pursuant to an agreement in form and substance reasonably acceptable to Agent, either (a) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to Agent of the proceeds of the letter of credit or (b) arrange for Agent to become the transferee beneficiary of the letter of credit.

(h) Each Grantor agrees that at any time and from time to time, at the Grantors' expense, each Grantor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that Agent may reasonably request, in order to perfect and protect any Lien granted hereby or to enable Agent to exercise and enforce its and the other Secured Parties' rights and remedies hereunder or under any other agreement with respect to any Collateral.

5. **Representations and Warranties**. Each Grantor represents and warrants as follows:

(a) (i) Each Grantor's exact legal name is that indicated on the signature page hereof and (ii) each Grantor is an organization of the type, and is organized in the jurisdiction, set forth in the preamble hereof.

(b) The Collateral consisting of securities have been duly authorized and validly issued, and are fully paid and non-assessable and subject to no options to purchase or similar rights. Each Grantor holds no commercial tort claims except as indicated on **Schedule 1**. None of the Collateral constitutes, or is the proceeds of, "farm products" as defined in section 9-102(a)(34) of the UCC. None of the account debtors or other persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral. Each Grantor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

(c) At the time the Collateral becomes subject to the Lien created by this Agreement, each Grantor will be the sole, direct, legal and beneficial owner thereof, free and clear of any Lien, claim, option or right of others except for the Lien created by this Agreement and other Permitted Liens.

(d) The grant of security interest in the Collateral pursuant to this Agreement creates a valid and perfected First Priority Lien in the Collateral, securing the payment and performance when due of the Secured Obligations.

(e) Each Grantor has full power, authority and legal right to grant a security interest in the Collateral pursuant to this Agreement.

(f) This Agreement has been duly authorized, executed and delivered by each Grantor and constitutes a legal, valid and binding obligation of each Grantor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).

(g) No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the issuance of the Amended Notes and the grant of the security interest by each Grantor of the Collateral pursuant to this Agreement or for the execution and delivery of this Agreement by each Grantor or the performance by each Grantor of its obligations thereunder, other than filings to perfect the security interest.

(h) The execution and delivery of this Agreement by each Grantor and the performance by each Grantor of its obligations hereunder, will not violate any provision of any applicable law or regulation or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to each Grantor or any of its property, or the organizational or governing documents of each Grantor or any agreement or instrument to which each Grantor is party or by which it or its property is bound.

(i) Each Grantor has taken all action required on its part for control (as defined in sections 8-106, 9-104, 9-105, 9-106 and 9-107 of the UCC, section 201 of the federal Electronic Signatures in Global and National Commerce Act and, as the case may be, section 16 of the Uniform Electronic Transactions Act, as applicable) to have been obtained by Agent over all Collateral with respect to which such control may be obtained pursuant to the UCC. No person other than Agent has control or possession of all or any part of the Collateral.

6. **Accounts Receivable**.

(a) Agent may at any time and from time to time send or require each or any Grantor to send requests for verification of Accounts or notices of assignment to account debtors and other obligors. Agent may also at any time and from time to time telephone account debtors and other obligors to verify accounts.

(b) Agent may establish a collateral account for the deposit of checks, drafts and cash payments made by each or any Grantor's account debtors. If a collateral account is so established, each such Grantor shall promptly deliver to Agent, for deposit into said collateral account, all payments on Accounts and chattel paper received by it. All such payments shall be delivered to Agent in the form received (except for such Grantor's endorsement where necessary). Until so deposited, all payments on Accounts and chattel paper received by such Grantor shall be held in trust by such Grantor for and as the property of Agent on behalf of the Secured Parties and shall not be commingled with any funds or property of such Grantor. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Secured Obligation. Unless otherwise agreed in writing, such Grantor shall have no right to withdraw amounts on deposit in any collateral account.

(c) Agent may, by notice to each Grantor, require each Grantor to direct each of its account debtors to make payment directly to a special lockbox to be under the control of Agent. Each Grantor hereby authorizes and directs Agent to deposit all checks, drafts and cash payments received in said lockbox into the collateral account established as set forth above.

(d) Agent may notify any account debtor, or any other Person obligated to pay any amount due, that such chattel paper, general intangible, Account, or other right to payment has been assigned or transferred to Agent for security and shall be paid directly to Agent. At any time after Secured Party or each or any Grantor gives such notice to an account debtor or other obligor, Agent, on behalf of the Secured Parties, may (but need not), in its own name or in such Grantor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such chattel paper, Account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

7. **Voting and Distributions**.

(a) The Secured Parties agree that unless an Event of Default shall have occurred and be continuing, each Grantor may, to the extent such Grantor has such right as a holder of the Collateral consisting of securities, other equity interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, in Agent's reasonable judgment, any such vote, consent, ratification or waiver would have a material adverse effect on the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of this Agreement or any other Notes Amendment Documents in any material respect, and from time to time, upon request from any Grantor, Agent shall deliver to such Grantor suitable proxies so that such Grantor may cast such votes, consents, ratifications and waivers.

(b) The Secured Parties agree that each Grantor may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other equity interests or indebtedness owed by any obligor.

8. **Covenants**. Each Grantor covenants as follows:

(a) No Grantor will, without providing at least 30 days' prior written notice to Agent, change its legal name, identity, type of organization, jurisdiction of organization, corporate structure, location of its chief executive office or its principal place of business or its organizational identification number. Grantors will, prior to any change described in the preceding sentence, take all actions reasonably requested by Agent to maintain the perfection and priority of Agent's Lien in the Collateral.

(b) Grantors will keep the Collateral, to the extent not delivered to Agent pursuant to Section 4, at those locations listed on **Schedule 3** attached hereto and no Grantor will remove the Collateral from such locations without providing at least 10 days' prior written notice to Agent except for (a) vehicles and equipment out for repair or in service in the field, (b) inventory in transit in the ordinary course of business, and (c) Collateral that has been replaced, used and otherwise consumed in the ordinary course of business.

(c) Grantors will, at their sole cost and expense, defend title to the Collateral and the First Priority Lien of Agent therein against the claim of any person claiming against or through Grantors and shall maintain and preserve such perfected First Priority Lien for so long as this Agreement shall remain in effect.

(d) Grantors will not grant, create, permit or suffer to exist any Lien, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein except for Permitted Liens.

(e) Grantors will not sell, lease, or otherwise dispose of any of the Collateral except for in the ordinary course of business or as otherwise permitted by the Notes Amendment Documents.

(f) Grantors will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. Grantors will permit Agent, or its designee, to inspect the Collateral at any reasonable time, wherever located.

(g) Grantors will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement.

(h) Grantors will continue to operate their business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

9. **Agent Appointed Attorney-in-Fact**. Each Grantor hereby appoints Agent as the Grantors' attorney-in-fact, with full authority in the place and stead of the Grantors and in the name of each Grantor or otherwise, from time to time during the continuance of an Event of Default in Agent's discretion to take any action and to execute any instrument which Agent may deem necessary or advisable to accomplish the purposes of this Agreement (but Agent shall not be obligated to and shall have no liability to any Grantor or any third party for failure to do so or take action). This appointment, being coupled with an interest, shall be irrevocable. Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof.

10. **Agent May Perform**. If any Grantor fails to perform any obligation contained in this Agreement, Agent may itself perform, or cause performance of, such obligation, and the expenses of Agent or any other Secured Party incurred in connection therewith shall be jointly and severally payable by the Grantors; *provided that* Agent or any other Secured Party shall not be required to perform or discharge any obligation of any Grantor.

11. **Reasonable Care**. Agent shall have no duty with respect to the care and preservation of the Collateral beyond the exercise of reasonable care. Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which Agent accords its own property, it being understood that Agent shall not have any responsibility for (a) ascertaining or taking action with respect to any claims, the nature or sufficiency of any payment or performance by any party under or pursuant to any agreement relating to the Collateral or other matters relative to any Collateral, whether or not Agent has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral. Nothing set forth in this Agreement, nor the exercise by Agent, on behalf of the Secured Parties, of any of the rights and remedies hereunder, shall relieve any Grantor from the performance of any obligation on such Grantor's part to be performed or observed in respect of any of the Collateral.

12. **Remedies Upon Default**. If any Event of Default shall have occurred and be continuing:

(a) Agent, without any other notice to or demand upon any Grantor, may assert all rights and remedies of a secured party under the UCC or other applicable law, including the right to take possession of, hold, collect, sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral. If notice prior to disposition of the Collateral or any portion thereof is necessary under applicable law, written notice mailed to applicable Grantor at its notice address as provided in Section 19 hereof 10 days prior to the date of such disposition shall constitute reasonable notice, but notice given in any other reasonable manner shall be sufficient. So long as the sale of the Collateral is made in a commercially reasonable manner, Agent may sell such Collateral on such terms and to such purchaser(s) as Agent, on behalf of the Secured Parties, in its absolute discretion may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Without precluding any other methods of sale, the sale of the Collateral or any portion thereof shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of creditors disposing of similar property. At any sale of the Collateral, if permitted by applicable law, Agent or any other Secured Party may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price of the Collateral or any part thereof payable at such sale. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against Agent or any other Secured Party arising out of the exercise by it of any rights hereunder. Each Grantor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Secured Obligations or otherwise. At any such sale, unless prohibited by applicable law, Agent or any other Secured Party or any custodian may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. None of Agent, any other Secured Party or any custodian shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing, nor shall it be under any obligation to take any action whatsoever with regard thereto.

(b) All rights of each Grantor to (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 7(a) and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to Section 7(b), shall immediately cease, and all such rights shall thereupon become vested in Agent, on behalf of the Secured Parties, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral.

(c) Any cash held by Agent as Collateral and all cash Proceeds received by Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by Agent to the payment of expenses incurred by Secured Party in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order set forth in the Transaction Documents. Any surplus of such cash or cash Proceeds held by Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the Grantors or to whomsoever may be lawfully entitled to receive such surplus. The Grantors shall remain jointly and severally liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any attorneys employed by Agent or any other Secured Party to collect such deficiency.

(d) If Agent shall determine to exercise its rights to sell all or any of the Collateral pursuant to this Section, each Grantor agrees that, upon request of Agent, each such Grantor will, at its own expense, be jointly and severally liable to do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

13. **Standards for Exercising Rights and Remedies** To the extent that applicable law imposes duties on Agent to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is not commercially unreasonable for Agent (a) to fail to incur expenses reasonably deemed significant by Agent to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Company, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to decline to provide credit to any potential purchaser of the Collateral in connection with Agent's disposition of the Collateral, (k) to disclaim disposition warranties, (l) to purchase insurance or credit enhancements to insure Agent against risks of loss, collection or disposition of Collateral or to provide to Agent a guaranteed return from the collection or disposition of Collateral, or (m) to the extent deemed appropriate by Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Agent in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Agent would satisfy Agent's duties under the UCC in Agent's exercise of remedies against the Collateral and that other actions or omissions by Agent shall not be deemed to fail to satisfy such duties solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to any Grantor or to impose any duties on Agent that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

14. **No Waiver and Cumulative Remedies**. Agent or any other Secured Party shall not by any act (except by a written instrument pursuant to Section 18), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

15. **Security Interest Absolute**. All rights of Agent, the other Secured Parties and Liens hereunder, and all Secured Obligations of the Grantors hereunder, shall be absolute and unconditional irrespective of: (a) any illegality or lack of validity or enforceability of any Secured Obligation or any related agreement or instrument; (b) any change in the time, place or manner of payment of, or in any other term of, the Secured Obligations, or any rescission, waiver, amendment or other modification of the Notes Amendment Documents, including any increase in the Secured Obligations resulting from any extension of additional credit or otherwise; (c) any taking, exchange, substitution, release, impairment or non-perfection of any Collateral or any other collateral, or any taking, release, impairment, amendment, waiver or other modification of any guaranty, for all or any of the Secured Obligations; (d) any manner of sale, disposition or application of proceeds of any Collateral or any other collateral or other assets to all or part of the Secured Obligations; (e) any default, failure or delay, willful or otherwise, in the performance of the Secured Obligations; (f) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, each or any Grantor against the Secured Parties; or (g) any other circumstance (including any statute of limitations) or manner of administering the Amended Notes or any existence of or reliance on any representation by Secured Parties that might vary the risk of each or any Grantor or otherwise operate as a defense available to, or a legal or equitable discharge of, such Grantor or any other grantor, guarantor or surety.

16. **Continuing Security Interest; Further Actions**. This Agreement creates a continuing First Priority Lien in the Collateral and shall (a) subject to Section 17, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon each Grantor, its successors and assigns, and (c) inure to the benefit of Secured Parties and their successors, transferees and assigns; *provided that* no Grantor may assign or otherwise transfer any of its rights or obligations under this Agreement without Agent's prior written consent.

17. **Termination; Release**. On the date on which all Principal, accrued Interest, and other amounts at any time owed on the Notes Amendment Documents have been paid in full, this Agreement will terminate automatically without any delivery of any instrument or performance of any act by any party, except that provisions that by their terms survive the termination of the Notes Amendment Documents will so survive. Upon such termination, Agent will, at the request and expense of the Grantors, (a) duly assign, transfer and deliver to or at the direction of the Grantors (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of Agent, together with any monies at the time held by Agent hereunder, and (b) execute and deliver to the Grantors a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

18. **Amendments**. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Grantors therefrom shall be effective unless the same shall be in writing and signed by Agent and the Grantors, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

19. **Notices**. All notices, requests and demands to or upon any party hereto shall be given in the manner and become effective as stipulated in the Amendment Agreement. Regardless of the manner in which notice is provided, notices may be sent to Agent at the Agent's notice information set forth in the signature pages hereof and to each Grantor at each Grantor's notice information set forth in the signature pages hereof or to such other address or telephone number as any party may give to the other for such purpose in accordance with this paragraph.

20. **Headings**. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

21. **Counterparts; Integration; Effectiveness**. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. This Agreement and the other Notes Amendment Documents constitute the entire contract among the parties with respect to the subject matter of the Notes Amendment Documents and supersede all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

22. **Governing Law; Jurisdiction; Etc.**

(a) The laws of the State of New York will govern this Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby.

(b) Each Grantor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against the Secured Parties in any way relating to this Agreement or the transactions contemplated hereby, in any forum other than the courts of the State of New York sitting in the city of New York, borough of Manhattan, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that any such action, litigation or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that the Secured Parties may otherwise have to bring any action or proceeding relating to this Agreement against any Grantor or its properties in the courts of any jurisdiction.

(c) Each Grantor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any such court referred to in Section 22(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each Grantor irrevocably consents to the service of process in the manner provided for notices in Section 19 and agrees that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

23. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTES AMENDMENT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

24. **Inconsistency with Intercreditor Agreement.** In the event of any conflict between the terms of this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall control.

[signature page to follow]

The parties have executed this Security Agreement as of the date set forth in the introductory paragraph.

AGENT:

CORTLAND PRODUCTS CORP., as Agent

By: /s/ Matthew Trybula
Print Name: Matthew Trybula
Title: Associate Counsel

225 W Washington Street, 9th Floor

Chicago, IL 60606

GRANTORS:

PACIFIC ETHANOL WEST, LLC

By: /s/ Neil M. Koehler
Print Name: Neil M. Koehler
Title: President and Chief Executive Officer

PE OP CO.

By: /s/ Neil M. Koehler
Print Name: Neil M. Koehler
Title: President and Chief Executive Officer

c/o Pacific Ethanol, Inc.

400 Capital Mall, Suite 2060

Sacramento, California 95814

SCHEDULE 1

COMMERCIAL TORT CLAIMS

None.

SCHEDULE 2

DEPOSIT ACCOUNT

Depository Bank	Account Holder	Account Number	Account Name
Bank of America	Pacific Ethanol West, LLC	325000563581	Pacific Ethanol West LLC

SCHEDULE 3

COLLATERAL LOCATIONS

400 Capitol Mall, Suite 2060, Sacramento, California 95814

Exhibit 10.10

Execution Version

THIRD AMENDMENT TO SECURITY AGREEMENT

THIS THIRD AMENDMENT TO SECURITY AGREEMENT (this "**Amendment**") is entered into effective as of March 20, 2020 by and among Pacific Ethanol, Inc., a Delaware corporation (the "**Company**"), each of the Holders and the New Holders (as defined below), each in its capacity as a Holder and as a Secured Party, Cortland Products Corp. ("**Cortland Corp.**"), as Successor Agent (as defined below), and Cortland Capital Market Services LLC ("**Cortland LLC**"), as existing collateral agent for itself and the Secured Parties (in such capacity, the "**Existing Agent**"). All capitalized terms not otherwise defined herein or in the Security Agreement (as defined below) shall have the meanings attributed to them in that certain Senior Secured Note Amendment Agreement dated effective as of December 22, 2019 by and among the Company and each Holder (the "**Amendment Agreement**").

RECITALS

WHEREAS, the Company and the Holders are party to the Amendment Agreement pursuant to which the Company issued the Amended Notes;

WHEREAS, to secure the Obligations under the Amended Notes, the Company, Existing Agent, and the other Secured Parties entered into that certain Security Agreement dated as of December 15, 2016 (as amended, restated, supplemented, or otherwise modified from time to time, the "**Security Agreement**");

WHEREAS, the Existing Agent desires to resign as collateral agent under the Security Agreement and the Required Holders have agreed to appoint Cortland Corp. to act as successor Agent (in such capacity, together with its successors and assigns in such capacity, the "**Successor Agent**") pursuant to Section 17(j) of the Security Agreement;

WHEREAS, the Company approves of the appointment of the Successor Agent as the successor collateral agent pursuant to Section 17(j) of the Security Agreement;

WHEREAS, the Successor Agent has agreed to accept the role of the collateral agent on behalf of itself and the Secured Parties in accordance with Section 17(j) of the Security Agreement;

WHEREAS, to secure the obligations of the Company under the Transaction Documents, pursuant to the Transaction Documents, certain affiliates of the Company are required to enter into certain additional Collateral Documents;

WHEREAS, in connection with the entry into such additional Collateral Documents, the parties hereto have further agreed to amend the Security Agreement as set forth herein,

AGREEMENT

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

1. Resignation and Appointment of Agent. Pursuant to Section 17(j) of the Security Agreement, in each case, effective as of the Effective Date (as defined below) (a) the Existing Agent hereby resigns from the performance of all its functions and duties under this Agreement and the other Transaction Documents, (b) each party hereto hereby waives the provisions of Section 17(j) of the Security Agreement requiring that the Company and the Secured Parties be provided with thirty (30) days' advance written notice of the resignation of the Existing Agent, (c) the Existing Agent's resignation shall be effective and each of the Company and the Required Holders accepts the resignation of Cortland LLC as the collateral agent under the Security Agreement, and Cortland LLC shall have no further obligations under the Transaction Documents or the Collateral Documents in its capacity as the Agent or the collateral agent under any Transaction Document (other than the obligations set forth herein), (d) the Required Holders appoint Cortland Corp. to act as the Agent (and as collateral agent under each Transaction Document to which it is party as successor to the Existing Agent or becomes party on or about the date hereof pursuant to any Transaction Document to be entered into on or about the date hereof) and (e) the Company consents to the appointment of Cortland Corp. to act as the Agent (and as collateral agent under each other Transaction Document to which it is or to be party as collateral agent). As of the Effective Date, Cortland Corp. accepts the appointment to act as the successor collateral agent under the Transaction Documents and the Collateral Documents. The Required Holders and the Company waive any inconsistency or conflict with the provisions of the Security Agreement and any other Transaction Document with respect to the resignation of Cortland LLC as Agent (and as collateral agent under any Transaction Document) and the appointment of Cortland Corp. as the successor Agent (and as collateral agent under each Transaction Document to which it is a party). Each of the parties hereto agrees, at the Company's sole cost and expense, to execute all documents necessary to evidence and give effect to the appointment of Cortland Corp. as the successor Agent.

2. Rights, Duties and Obligations of Successor Agent. (a) Effective as of the Effective Date, the Successor Agent is hereby vested with all the rights, powers, discretion and privileges of the Agent, as described in the Security Agreement and the other Transaction Documents, and the Successor Agent assumes, from and after the Effective Date, the duties and obligations of the Agent in accordance with the terms of the Security Agreement and the other Transaction Documents, and, the Existing Agent is discharged from all of its duties and obligations as the Agent under the Transaction Documents. The Existing Agent shall bear no responsibility for any actions taken or omitted to be taken by the Successor Agent after the Existing Agent's time serving as the Agent under the Security Agreement and the other Transaction Documents. Nothing in this Agreement shall be deemed a termination of the provisions of any Transaction Document (including, without limitation, Sections 12, 17(i), and 18(j) of the Security Agreement) that survive the Existing Agent's resignation pertaining to Cortland LLC in its capacity as Agent. For the avoidance of doubt and without prejudice to any other provision of the Transaction Documents that is purported to survive the Existing Agent's resignation, Sections 12, 17(i), and 18(j) of the Security Agreement shall continue in effect for the benefit of Cortland LLC and its affiliates and the respective directors, trustees, officers, employees, agents and advisors of Cortland LLC and its affiliates on and after the Effective Date. The Company and the Required Holders expressly agree and acknowledge that the Successor Agent is not assuming any liability (i) under or related to the Transaction Documents prior to the Effective Date, (ii) for any actions taken or omitted to be taken by Cortland LLC in its capacity as the Existing Agent or otherwise under this Amendment, the Security Agreement and the other Transaction Documents or the transactions contemplated thereby and (iii) for any and all claims under or related to the Transaction Documents that may have arisen or accrued prior to the Effective Date. Each of the Company and the Required Holders, with respect to their applicable indemnification obligations under the Transaction Documents, expressly agrees and confirms that the Successor Agent's right to indemnification, as set forth in the Transaction Documents, shall apply with respect to any and all losses, claims, costs and expenses that the Successor Agent suffers or incurs relating to actions taken or omitted by any of the parties to this Amendment prior to the Effective Date.

(b) (i) The Existing Agent hereby assigns to the Successor Agent each of the Liens and security interests granted to, or in favor of, the Existing Agent for the benefit of the Secured Parties under the Transaction Documents. All of such liens and security interests shall in all respects be continuing and in effect and are hereby reaffirmed by the Company.

(ii) Each of the Existing Agent and the Company hereby agrees to execute and deliver, at the Company's sole cost and expense, to the Successor Agent any UCC financing statements or similar documents, assignments or amendments that the Successor Agent or the Required Holders reasonably request to evidence the Successor Agent's succession as Agent under the Security Agreement and the other Transaction Documents. Each of the Existing Agent, the Company and the Holders party hereto hereby authorizes the Successor Agent (or its designee) to file any UCC financing statements or similar documents, assignments or amendments that the Successor Agent deems necessary or desirable to evidence the Successor Agent's succession as Agent under the Security Agreement and the other Transaction Documents; provided that the Existing Agent shall bear no responsibility for any actions taken or omitted to be taken by the Successor Agent (or its designee) with respect to the foregoing.

3. Notice Information. The address details listed on the Successor Agent's signature page hereto are to be used for purposes of all communications to the Successor Agent pursuant to the Security Agreement and the other Transaction Documents.

4. Fees and Expenses. All fees and expenses incurred by the Existing Agent prior to the date hereof have been presented in an invoice and paid in full by the Company. Commencing on the Effective Date, (a) the Successor Agent shall be entitled to receive its agency fees and expenses set forth in that certain Agent Fee Letter, dated as of the date hereof, between the Company and the Successor Agent (the "New Agent Fee Letter") and (b) the Existing Agent shall cease to be entitled to receive the "Collateral Agency Fees" payable to the Existing Agent pursuant to Section 12(i) of the Security Agreement and that certain Agent Fee Letter, dated as of December 15, 2016, by and between the Company and the Existing Agent. All other provisions of the Security Agreement and the other Transaction Documents providing for the payment of fees and expenses of, and providing indemnities for the benefit of, the Existing Agent shall remain in full force and effect for the benefit of the Successor Agent and its Related Parties (and, where applicable, the Existing Agent and its Related Parties). The Company, the Holders and the Successor Agent hereby acknowledge and agree that, effective as of the Effective Date, the New Agency Fee Letter shall constitute the "Agent Fee Letter" under the Security Agreement, and all fees, costs, expenses and compensation payable thereunder shall constitute Obligations secured equally and ratably by the collateral under each of the Collateral Documents.

5. Amendments to Security Agreement.

(c) Section 1 of the Security Agreement is hereby amended to insert the following defined terms therein in their appropriate alphabetical order as follows:

"**Collateral Documents**" shall mean all security agreements, mortgages, pledge agreements, documents, filings, certificates, and other agreements which grant the Holders, or the Agent as collateral agent for the Holders, a security interest to secure the Obligations.

"**Intercreditor Agreement**" means that certain Intercreditor Agreement, dated as of March 20, 2020, made by any among the Agent, as "Notes Agent", CoBank, ACB, as "CoBank Agent", the Company and each of the other grantors party thereto, as may be amended, restated, supplemented or otherwise modified from time to time.

"**Transaction Documents**" means this Agreement, the Amendment Agreement and the schedules and exhibits attached thereto, the Amended Notes, the Purchase Agreement, the Notes, the Warrants, the Registration Rights Agreement, the Transfer Agent Instructions, the Collateral Documents, and the Intercreditor Agreement, together with any amendments, restatements, extensions or other modifications thereto.

(d) Section 17 of the Security Agreement is amended and restated in its entirety to read as follows:

"17. Agent.

(a) Appointment. The Secured Parties, by their acceptance of the benefits of the Agreement, hereby designate Cortland Products Corp. as the Agent to act as specified herein and in each other Collateral Document to which it is party as Agent. Each Secured Party shall be deemed irrevocably to authorize and direct the Agent to take such action on its behalf under the provisions of this Agreement and each other Collateral Document to which it is party and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Agent may perform any and all of its duties hereunder and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by it, and will not be responsible for any misconduct or negligence on the part of any of them. The Agent and any such sub-agent may perform any and all of its duties hereunder and exercise its rights and powers hereunder by or through their respective Affiliates. The exculpatory and indemnification provisions of this Agreement shall apply to any such sub-agent and to the Affiliates of the Agent and any such sub-agent. All of the rights, benefits, and privileges (including the exculpatory and indemnification provisions) of this Agreement shall apply to any such sub-agent and to the Affiliates of any such sub-agent as if such sub-agent and Affiliates were named herein.

(b) Nature of Duties. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and each of the other Collateral Documents to which it is a party. Without limiting the generality of the foregoing, (i) the Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Agent is instructed in writing to exercise by the Required Holders (or such greater number of Holders as may be expressly required herein); *provided* that the Agent shall not be required to take any action that, in its opinion or the opinion of its legal counsel, may expose the Agent to liability or that is contrary to this Agreement or any other Transaction Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under the Bankruptcy Code, and (ii) neither the Agent nor any of its partners, officers, directors, employees or agents shall be liable for any action taken or not taken by it as such under this Agreement or any other Collateral Document or hereunder or thereunder or in connection herewith or therewith, be responsible for the consequence of any oversight or error of judgment or answerable for any loss, unless caused solely by it or its gross negligence or willful misconduct as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction, and then only for direct damages to the extent provided by law and not for any lost profits or special, indirect or consequential damages or (to the fullest extent a claim for punitive damages may lawfully be waived) any punitive damages; *provided, further*, that neither the Agent nor any of its partners, officers, directors, employees or agents shall be liable for any action taken or not taken by it with the consent or at the request of the Required Holders (or such greater number of Holders as may be expressly required herein). The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have by reason of this Agreement, any other Collateral Document or any other related agreement a fiduciary relationship or other implied duties under this Agreement, any other Collateral Document or any other related agreement, or in respect of the Company or any Secured Party, regardless of whether an Event of Default has occurred and is continuing; and nothing in the Agreement, any other Collateral Document or any other related agreement, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement, any other Collateral Document or any other related agreement except as expressly set forth herein and therein.

(c) Other Agreements. The Agent has accepted and is bound by this Agreement and each other Collateral Document executed by or in favor of the Agent. The Agent will not otherwise be bound by, or be held obligated by, the provisions of any note purchase agreement, indenture, note or other agreement (other than this Agreement and the other documents executed by the Agent in connection herewith).

(d) Lack of Reliance on the Agent. Independently and without reliance upon the Agent, each Secured Party, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Company and its subsidiaries in connection with such Secured Party's purchase of Notes, the creation and continuance of the Obligations, the transactions contemplated by the Transaction Documents, and the taking or not taking of any action in connection therewith, and (ii) its own appraisal of the creditworthiness of the Company, and of the value of the Collateral (as defined in each Collateral Document) from time to time, and the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Secured Party with any credit, market or other information with respect thereto, whether coming into its possession before any Obligations are incurred or at any time or times thereafter. The Agent shall not be responsible to the Company or any Secured Party for any recitals, statements, information, financial statements, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith, or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectability, priority or sufficiency of this Agreement, any other Collateral Document, or any other related agreement or any contracts or insurance policies, or for the financial condition of the Company or the value of any of the Collateral (as defined in any of the Collateral Documents), or have any duty to ascertain or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, any other Collateral Document, or any other related agreement, or the financial condition of the Company, or the value of any of the Collateral (as defined in any Collateral Document), or the existence or possible existence or absence of any default or Event of Default under this Agreement, Notes, any other Collateral Document, or any of the other related agreement, or the contents of any certificate, report or other document delivered under this Agreement, any other Collateral Document, Notes or any of the other related agreement or in connection therewith. It is acknowledged and agreed by the Secured Parties and the Company that the Agent (i) has undertaken no analysis of this Agreement, any other Collateral Document, or the Pledged Collateral or any "Collateral" under any other Collateral Document and (ii) has made no determination as to (x) the validity, enforceability, perfection, collectability, priority or sufficiency of any Liens granted or purported to be granted pursuant to this Agreement or any other Collateral Document or (y) the accuracy or sufficiency of the documents, filings, recordings and other actions taken, or to be taken, to create, perfect or maintain the existence, perfection or priority of the Liens granted or purported to be granted pursuant to this Agreement or any other Collateral Document. The Agent shall be entitled to assume that all Liens purported to be granted pursuant to this Agreement and pursuant to each other Collateral Document are valid and perfected Liens having the priority intended by the Secured Parties and this Agreement (or such other Collateral Document, as applicable).

(e) Certain Rights of the Agent. The Agent shall have the right to take any action with respect to the Collateral (as defined in the applicable Collateral Document), on behalf of itself and all of the Secured Parties. Whenever reference is made in this Agreement or any other Collateral Document to any action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Agent to any amendment, waiver or other modification of this Agreement (or any other Collateral Document) to be executed (or not to be executed) by the Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Agent, it is understood that in all cases the Agent shall be fully justified in failing or refusing to take any such action under this Agreement or any other Collateral Document as it deems appropriate. This provision is intended solely for the benefit of the Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim under or in relation to any Transaction Document, or confer any rights or benefits on any party hereto. The Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until the Agent shall have received written instructions in respect thereof from the Required Holders (or such greater number of Holders as may be expressly required herein) and, upon receipt of such instructions from the Required Holders (or such greater number of Holders as may be expressly required herein), the Agent shall be entitled to act or (where so instructed) refrain from action, or to exercise such power, discretion or authority, in accordance with such instructions. The Agent may at any time solicit written confirmatory instructions from the Required Holders (or such greater number of Holders as may be expressly required herein) or request an order of a court of competent jurisdiction as to any action that it may be requested or required to take, or that it may propose to take, in the performance of any of its obligations under this Agreement and each other Collateral Document. If such instructions or order are not provided despite the Agent's request therefor, the Agent shall be entitled to refrain from such act or taking such action and may suspend performance of such obligations as it determines to be appropriate until it receives such instructions or order, and if such action is taken, shall be entitled to appropriate indemnification from the Secured Parties in respect of actions to be taken by the Agent; and the Agent shall not incur liability to any person or entity by reason of so refraining. Without limiting the foregoing, (a) no Secured Party shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting hereunder in accordance with the terms of the Agreement, any other Collateral Document, or any other related agreement, and the Company shall have no right to question or challenge the authority of, or the instructions given to, the Agent pursuant to the foregoing except in the case of the gross negligence or willful misconduct of the Agent as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction and (b) the Agent shall not be required to take any action which the Agent believes (i) could reasonably be expected to expose it to personal liability, or (ii) require it to expend or risk its own funds, or (iii) is contrary to this Agreement, the other Collateral Documents, the Notes, any other related agreement or applicable law.

(f) Reliance. The Agent shall be entitled to conclusively rely, and shall be fully protected in relying, upon any writing, facsimile, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document, sent or made by the Company, any grantor under any other Collateral Document, or any Secured Party, without being required to determine the authenticity thereof or the correctness of any fact stated therein or the propriety or validity of service thereof, upon any judicial order or judgment pertaining to the Agreement, the Notes, the other Collateral Documents, the Agent Fee Letter and any other related agreement and the transactions contemplated thereunder, and, with respect to all legal matters pertaining to the Agreement, the Notes, the other Collateral Documents, the Agent Fee Letter and any other related agreement and its duties thereunder, upon any advice, opinion or statement of legal counsel selected by it and upon all other matters pertaining to this Agreement, the Notes, the other Collateral Documents, the Agent Fee Letter and any other related agreement and its duties thereunder, upon advice of independent consultants and other experts selected by it, and may assume that any Person purporting to give notice or receipt or advice or make any statement or execute any document in connection with the provisions hereof or the other Transaction Documents has been duly authorized to do so. Anything to the contrary notwithstanding, the Agent shall have no obligation whatsoever to any Secured Party to assure that the Collateral (as defined herein and in any other Collateral Document) exists or is owned by the Company (or any other grantor thereof, as applicable) or is cared for, protected or insured or that the liens granted pursuant to this Agreement (or pursuant to any other Collateral Document) have been properly or sufficiently or lawfully created, perfected, or enforced or are entitled to any particular priority.

(g) Limitations on Duty of Agent in Respect of Pledged Collateral

(i) Beyond its obligations under Sections 4 and 6 hereof and the exercise of reasonable care in the custody of Pledged Collateral (or any other Collateral (as defined in any Collateral Document)) in its possession, the Agent will have no duty as to any such Pledged Collateral (or other Collateral (as defined in any Collateral Document)) in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining or otherwise perfecting or maintaining the perfection of any Liens on the Pledged Collateral (or other Collateral (as defined in any Collateral Document)). The Agent will be deemed to have exercised reasonable care in the custody of the Pledged Collateral (and all other Collateral (as defined in any Collateral Document)) in its possession if such Pledged Collateral (or other Collateral (as defined in any Collateral Document)) is accorded treatment substantially equal to that which it accords its own property, and the Agent will not be liable or responsible for any loss or diminution in the value of any of the Pledged Collateral (or other Collateral (as defined in any Collateral Document)) by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Agent in good faith.

(ii) The Agent will not be responsible for the existence, genuineness or value of any of the Pledged Collateral (or other Collateral (as defined in any Collateral Document)) or for the validity, perfection, priority or enforceability of the Liens in any of the Pledged Collateral (or other Collateral (as defined in any Collateral Document)), whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence or willful misconduct on the part of the Agent, for the validity or sufficiency of the Pledged Collateral (or other Collateral (as defined in any Collateral Document)) or any agreement or assignment contained therein, for the validity of the title of the Company to the Pledged Collateral (or other Collateral (as defined in any Collateral Document)), for insuring the Pledged Collateral (or other Collateral (as defined in any Collateral Document)) or for the payment of taxes, charges, assessments or Liens upon the Pledged Collateral (or other Collateral (as defined in any Collateral Document)) or otherwise as to the maintenance of the Pledged Collateral (or other Collateral (as defined in any Collateral Document)). The Agent hereby disclaims any representation or warranty to the present and future holders of the Obligations concerning the perfection of the Liens granted hereunder or in the value of any of the Pledged Collateral (or other Collateral (as defined in any Collateral Document)).

(h) Security or Indemnity in favor of the Agent. The Agent will not be required to advance or expend any funds or otherwise incur any financial liability in the performance of its duties or the exercise of its powers or rights hereunder unless it has been provided with security or indemnity reasonably satisfactory to it against any and all liability or expense which may be incurred by it by reason of taking or continuing to take such action.

(i) Indemnification. To the extent that the Agent is not reimbursed and indemnified by the Company, the Secured Parties, shall severally, and not jointly, reimburse and indemnify the Agent and its Affiliates, and each and all of their respective partners, members, shareholders, officers, directors, employees, trustees, attorneys and agents (and any other persons with other titles that have similar functions) and (in each case) their respective heirs, representatives, successors and assigns (each of the foregoing, an "**Agent Indemnitee**"), in proportion to the outstanding amount of their respective principal amounts of the Notes on the date on which indemnification is sought under this Section 17(i) (or, if indemnification is sought after the date upon which the Notes have been paid in full, in proportion to the outstanding amount of their respective principal amounts of the Notes immediately prior to such date), from and against any and all losses, claims, liabilities, obligations, damages, penalties, suits, actions, judgments, costs, taxes, disbursements and expenses of any kind or nature whatsoever which may be imposed on, incurred by or asserted against any Agent Indemnitee in performing its duties hereunder or under any other related agreement, or in any way relating to or arising out of this Agreement, any other Collateral Document and any other related agreement, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF SUCH AGENT INDEMNITEE** ; *provided*, no Agent Indemnitee will be entitled to indemnification hereunder of any such losses, claims, liabilities, obligations, damages, penalties, suits, actions, judgments, costs, taxes, disbursements and expenses which result from the gross negligence or willful misconduct of such Agent Indemnitee as determined by a final, nonappealable decision of a court of competent jurisdiction. Prior to taking any action or further action hereunder as the Agent, the Agent may require each Secured Party to deposit with it sufficient sums as it determines in good faith is necessary to protect the Agent for costs and expenses associated with taking such action or further action; provided, in no event shall this sentence require any Secured Party to indemnify any Agent Indemnitee against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of an amount in proportion to the outstanding amount of their respective principal amounts of the Notes on the date on which indemnification is sought under this Section 17(i) (or, if indemnification is sought after the date upon which the Notes have been paid in full, in proportion to the outstanding amount of their respective principal amounts of the Notes immediately prior to such date); and *provided further*, this sentence shall not be deemed to require any Secured Party to indemnify any Agent Indemnitee against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence. All of the agreements in this Section 17(i) will survive and remain operative and in full force and effect regardless of the repayment of the Obligations, the termination of this Agreement or any other Collateral Document or the resignation or removal of the Agent.

(j) Resignation or Removal of the Agent.

(i) The Agent may resign from the performance of all its functions and duties under this Agreement, the other Collateral Documents and the other Transaction Documents at any time by giving not less than 30 days' prior written notice to the Company and the Secured Parties, and, subject to the appointment of a successor Agent and the acceptance of such appointment by the successor Agent, the Agent may be removed at any time by the Secured Parties. Such resignation or removal shall take effect upon the appointment of a successor Agent pursuant to clauses (ii) and (iii) below.

(ii) Upon any such notice of resignation or removal, the Required Holders shall appoint a successor Agent hereunder.

(iii) If a successor Agent shall not have been so appointed within 30 days after the retiring Agent gave notice of resignation or was removed, the retiring Agent may, at its option, (i) appoint a successor Agent who shall serve as successor Agent until such time, if any, as the Secured Parties appoint a successor Agent as provided above or (ii) petition any court of competent jurisdiction or may interplead the Company and the Secured Parties in a proceeding for the appointment of a successor Agent, and, in each cash, all fees, costs and expenses, including, but not limited to, extraordinary fees associated with the filing of interpleader and expenses associated therewith, shall be payable by the Company on demand; provided, that, notwithstanding the foregoing, in the case of a resignation by the Agent, if no successor Agent has been appointed by the 30th day after the date the Agent has given notice of its resignation in accordance with clause (i) above, the Agent's resignation shall nevertheless become effective and the Secured Parties shall thereafter perform all of the duties of the Agent under this Agreement and each other Collateral Document until such time, if any, as the Secured Parties appoint a successor Agent.

(k) Rights with respect to Collateral. Each Secured Party agrees with all other Secured Parties and the Agent (i) that it shall not, and shall not attempt to, exercise any rights with respect to its security interest in the Collateral (as defined in any Collateral Document), whether pursuant to any other agreement or otherwise (other than pursuant to this Agreement and the other Collateral Documents), and (ii) that such Secured Party has no other rights with respect to the Collateral (as defined in any Collateral Document) other than as set forth in this Agreement, the other Collateral Documents, the Notes and any other related agreements. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations under this Agreement, the other Collateral Documents, and each other Transaction Document. The retiring Agent will (at the sole expense of the Company) promptly transfer all Liens and collateral security within its possession or control to the possession or control of the successor Agent and will execute such instruments and assignments as may be reasonably requested by the successor Agent to transfer to the successor Agent all Liens, interests, rights, powers and remedies of the predecessor Agent in respect of this agreement or the Pledged Collateral (or any other Collateral (as defined in any Collateral Document)). After any retiring Agent's resignation or removal hereunder as collateral agent, the provisions of this Agreement, including without limitation the immunities granted to it in Sections 12, 17 and 18(j) hereof shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent hereunder and any actions taken in accordance with this clause (l)."

(e) The Security Agreement is hereby amended to add a new Section 19 to the end thereof that reads as follows:

"19 Intercreditor Agreement; Other Terms. Each Holder hereby (i) instructs and authorizes the Agent to execute and deliver the Intercreditor Agreement on its behalf, (ii) authorizes and directs the Administrative Agent to exercise all of the Agent's rights and to comply with all of its obligations under the Intercreditor Agreement, (iii) agrees that the Agent may take actions on its behalf as is contemplated by the terms of the Intercreditor Agreement, and (iv) understands, acknowledges and agrees that at all times following the execution and delivery of the Intercreditor Agreement such Holder (and each of its successors and assigns) shall be bound by the terms thereof. Each Holder acknowledges that it has reviewed and is satisfied with the terms and provisions of the Intercreditor Agreement and acknowledges and agrees that such Holder is responsible for making its own analysis and review of the Intercreditor Agreement and the terms and provisions thereof, and neither Agent nor any of its Affiliates makes any representation to any Holder as to the sufficiency or advisability of the provisions contained in the Intercreditor Agreement. Each Holder further agrees that each reference in any Transaction Document to the "Intercreditor Agreement", any "Collateral Documents" and any "Transaction Documents" shall be deemed to refer to the Intercreditor Agreement, the Collateral Documents, and the Transaction Documents, each as defined herein."

6. Effectiveness. This Amendment will become effective upon the date on which the Agent has received a counterpart hereof duly executed by each party hereto (the "**Effective Date**").

7. Representations and Warranties. In order to induce the Agent and the Holders to enter into this Amendment, the Company hereby remakes all of the representations and warranties contained in Section 6 of the Security Agreement as of the date of this Amendment (except to the extent such representation or warranty relates to an earlier date, in which case, it is true, correct and complete as of such earlier date). The Company's representations and warranties in Sections 6(b) and (c) of the Security Agreement shall apply, *mutatis mutandis*, to this Amendment.

8. Interpretation. Except as expressly modified by this Amendment, all terms and provisions of the Security Agreement shall remain unchanged and in full force and effect and are ratified and affirmed on the date hereof. In the event of any inconsistency between the terms of this Amendment and the terms of the Security Agreement prior to its amendment, the terms of this Amendment shall control.

9. Reaffirmation. The Company hereby acknowledges and agrees that (i) to the extent any Transaction Document or Collateral Document purports to grant, assign or pledge to the Agent or any Holder a security interest or lien on any collateral as security for the Obligations, such grant, assignment or pledge is hereby ratified and confirmed in all respects and (ii) the obligations secured under the Transaction Documents and the Collateral Documents will include all Obligations, as amended by this Amendment and the Amendment Agreement, including the Amended Notes.

10. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and either of the parties hereto may execute this Amendment by signing any such counterpart.

11. Governing Law. This Amendment shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Agreement shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York.

12. Direction. The Holders party hereto (including, for the avoidance of doubt, the New Holders (as defined below) constituting all of the Holders hereby (a) authorize and direct the Agent to execute and deliver (i) this Amendment, (ii) the Intercreditor Agreement (as defined in the Security Agreement as amended hereby) and (iii) each of the other Transaction Documents to be entered into on or about the date hereof, including, for the avoidance of doubt (a) that certain Security Agreement (Illinois Corn Processing), to be made by Illinois Corn Processing, LLC in favor of the Agent, in substantially the form attached hereto as Exhibit A, (b) that certain Security Agreement (Pacific Ethanol Central, LLC), to be made by Pacific Ethanol Central, LLC in favor of the Agent, in substantially the form attached hereto as Exhibit B, (c) that certain Security Agreement (Pacific Ethanol West, LLC) (PE Op Co.), to be made by and among Pacific Ethanol West, LLC, PE Op Co. and the Agent, in substantially the form attached hereto as Exhibit C, (d) that certain Pledge Agreement by and among Pacific Ethanol Central, LLC, Pacific Aurora, LLC, and the Agent, in substantially the form attached hereto as Exhibit D, (e) that certain Pledge Agreement by and among Pacific Ethanol Central, LLC, Pacific Ethanol Pekin, LLC, and the Agent, in substantially the form attached hereto as Exhibit E, and (f) that certain Pledge Agreement by and among Pacific Ethanol Central, LLC, Illinois Corn Processing, LLC, and the Agent, in substantially the form attached hereto as Exhibit F, and each other Transaction Document as the Required Holders may request in writing (which may be by email, and may be requested through their counsel by email), (b) authorize and direct the Agent to take any and all actions as may be required or advisable to effectuate the amendments contemplated hereby and the agreements and transactions contemplated by each of the Transaction Documents to be entered into on or about the date hereof (including, without limitation, each of the Transaction Documents listed above and each of the mortgages and deeds of trust executed or to be executed by any grantor in favor of the Agent for the benefit of the Secured Parties), and (c) acknowledge and agree that (i) each of the directions in this Section 13 constitute a direction from all Holders under the provisions of Section 17 of the Security Agreement, and (ii) Section 17(i) of the Security Agreement shall apply to any and all actions taken by the Agent in accordance with such directions.

13. **Joinder**. Each of the Persons signatory hereto under the title "New Holders" (the "**New Holders**") on the signature pages hereof constitute certain of the holders of the Amended Notes under the Amendment Agreement and each hereby agrees to be added as a party to the Security Agreement as a "Secured Party". Each New Holder hereby unconditionally and irrevocably expressly assumse, confirms, and agrees to perform and observe as a Secured Party each of the covenants, agreements, terms, conditions, obligations, duties, promises and liabilities applicable to a "Secured Party" under the Secured Agreement (including, without limitation, those set forth in Section 17(f) of the Security Agreement, as amended hereby) as if they were an original signatory thereto. Each New Holder hereby agrees (i) to promptly execute and deliver any and all further documents and take such further action as the Agent may reasonably require to effect the purpose of this Section, and (ii) that their address for notices under the Security Agreement are as set forth under each New Holder's signature hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

COMPANY:

Pacific Ethanol, Inc.

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

EXISTING AGENT:

Cortland Capital Market Services LLC,
as Existing Agent

By: /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

AGENT:

CORTLAND PRODUCTS CORP.

By: /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

Cortland Products Corp.
225 W Washington Street, 9th Floor
Chicago, IL 60606
Attn: Ashwinee Sawh and Legal Department
Email: Cortland_Successor_Agent@cortlandglobal.com
and legal@cortlandglobal.com

With a copy (which shall not constitute notice) to:

Arnold & Porter Kaye Scholer LLP
250 W 55th Street
New York, NY 10019
Attn: Alan Glantz
Email: Alan.Glantz@arnoldporter.com

HOLDERS:

CIF Income Partners (A), LLC

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich
Name: Stephen Kavulich
Title: Director

Orange 2015 DisloCredit Fund, L.P.

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich
Name: Stephen Kavulich
Title: Director

Sainsbury's Credit Opportunities Fund, Ltd.

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich
Name: Stephen Kavulich
Title: Director

Co-Investment Income Fund, L.P. – US Tax-Exempt Series

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich
Name: Stephen Kavulich
Title: Director

Co-Investment Income Fund, L.P. – US Taxable Series

By: BlackRock Financial Management, Inc.,
its investment manager

By: /s/ Stephen Kavulich
Name: Stephen Kavulich
Title: Director

NEW HOLDERS:

CKP South LLC

By: /s/ Philip DeSantis
Name: Philip DeSantis
Title:

[Address for notices]

Corrum Capital Global Credit Opportunities Co Investment Fund I LP

By: /s/ Jonathan R. Mandle
Name: Jonathan R. Mandle
Title: Manager

[Address for notices]

Corrum Capital Global Credit Opportunities Fund LP

By: /s/ Jonathan R. Mandle
Name: Jonathan R. Mandle
Title: Manager

[Address for notices]

Corrum Capital Alternative Income Fund LP

By: /s/ Jonathan R. Mandle
Name: Jonathan R. Mandle
Title: Manager

[Address for notices]

/s/ Alfred J. De Leo
Alfred J. De Leo

[Address for notices]

/s/ David Koenig
David Koenig

[Address for notices]

/s/ Jonathan W. Weiss
Jonatham W. Weiss

[Address for notices]

/s/ Justin S. Wohler
Justin S. Wohler

[Address for notices]

/s/ Philip DeSantis
Philip DeSantis

[Address for notices]

EXHIBIT A

[See Attached]

EXHIBIT B

[See Attached]

EXHIBIT C

[See Attached]

EXHIBIT D

[See Attached]

EXHIBIT E

[See Attached]

EXHIBIT F

[See Attached]

ALL LIENS AND SECURITY INTERESTS EVIDENCED BY THIS AGREEMENT SHALL AT ALL TIMES BE SUBORDINATE AND JUNIOR TO THE LIENS AND SECURITY INTERESTS GRANTED TO CORTLAND PRODUCTS CORP. ("SENIOR AGENT"), PURSUANT TO THAT CERTAIN SECURITY AGREEMENT DATED AS OF DECEMBER 15, 2016 (AS AMENDED FROM TIME TO TIME) MADE BY THE COMPANY (DEFINED BELOW) IN FAVOR OF SENIOR AGENT AND SUBJECT TO THE TERMS OF THAT CERTAIN INTERCREDITOR AGREEMENT EVEN DATED HEREWITH (AS AMENDED FROM TIME TO TIME) BY AND AMONG SENIOR AGENT, THE COMPANY AND THE OTHER PARTIES PARTY THERETO.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "**Agreement**"), is made by and among Pacific Ethanol, Inc., a Delaware corporation (the "**Company**"), and COBANK, ACB, a federally-chartered instrumentality of the United States, as Agent for the benefit of the Lenders under the Credit Agreements (together with its successors and assigns, sometimes referred to herein as "Agent" and as "**Secured Party**"), effective as of March 20, 2020.

RECITALS:

A. WHEREAS, COMPEER FINANCIAL, PCA, a federally-chartered instrumentality of the United States, successor by merger to 1st Farm Credit Services, PCA (together with its successors and assigns, "Lender" and together with Agent, the "Lender Parties"), Agent and PACIFIC ETHANOL PEKIN, LLC, a limited liability company organized under the laws of Delaware ("**Pekin**") are parties to that certain Credit Agreement dated as of December 15, 2016, as amended by that certain Amendment No. 1 to Credit Agreement dated as of March 1, 2017, as further amended by that certain Amendment No. 2 to Credit Agreement dated as of August 7, 2017, that certain Amendment No. 3 to Credit Agreement dated as of March 30, 2018, as further amended by that certain Amendment No. 4 to Credit Agreement dated March 20, 2019 (as further amended by that certain Amendment No. 5 to Credit Agreement dated July 15, 2019, as further amended by that certain Amendment No. 6 to Credit Agreement dated November 15, 2019, and as further amended by that certain Amendment No. 7 (the "**Pekin Amendment No. 7**") dated as of December 20, 2019 (as may be amended, supplemented or restated from time to time, including as of the date hereof, collectively the "**Pekin Credit Agreement**"), pursuant to which the Lender Parties may make advances and extend other financial accommodations to Pekin.

B. WHEREAS, Lender, Agent and ILLINOIS CORN PROCESSING, LLC, a limited liability company organized under the laws of Delaware ("**ICP**" and together with Pekin, the "Borrowers") are parties to that certain Credit Agreement dated as of September 15, 2017 and as amended by that certain Amendment No. 1 (the "**ICP Amendment No. 1**") of dated as of December 20, 2019 (as may be amended, supplemented or restated from time to time including as of the date hereof, collectively the "**ICP Credit Agreement**" and together with the PEP Credit Agreement, the "Credit Agreements"), pursuant to which the Lender Parties may make advances and extend other financial accommodations to ICP.

C. WHEREAS, in connection with the Pekin Amendment No. 7 and the ICP Amendment No. 1, the Borrowers agreed to cause Pacific Ethanol, Inc., a Delaware corporation and the ultimate parent entity of each Borrower (the "**Company**") to grant a security interest in all of the Company in PE OP CO., a Delaware corporation (the "**Issuer**").

D. The Company owns one hundred percent of the issued and outstanding shares of common stock, $0.001 par value per share, of the Issuer as set forth on Schedule I attached hereto opposite the Company's name, as such Schedule I may be updated or modified from time to time.

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

1. Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as "control", "investment property", "proceeds" and "records") shall have the respective meanings given such terms in Article 9 of the UCC. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in the Credit Agreements.

(a) "**Collateral**" means the Pledged Collateral.

(c) "**Necessary Endorsement**" means undated stock powers endorsed in blank or other proper instruments of assignment duly executed and such other instruments or documents as the Agent or the Lenders may reasonably request.

(d) "**Organizational Documents**" means the Company's certificate of incorporation and bylaws.

(e) "**Pledged Collateral**" shall have the meaning ascribed to such term in Section 2(d).

(f) "**Pledged Shares**" shall have the meaning ascribed to such term in Section 2(a).

(g) "**UCC**" means the Uniform Commercial Code of the State of New York and or any other applicable law of any state or states which has jurisdiction with respect to all, or any portion of, the Collateral or this Agreement, from time to time. It is the intent of the parties that defined terms in the UCC should be construed in their broadest sense so that the term "**Collateral**" will be construed in its broadest sense. Accordingly if there are, from time to time, changes to defined terms in the UCC that broaden the definitions, they are incorporated herein and if existing definitions in the UCC are broader than the amended definitions, the existing ones shall be controlling.

The use in this Agreement of the word "include" or "including," when following any general statement, term or matter, will not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but will be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The word "will" shall be construed to have the same meaning and effect as the word "shall." Terms used in this Agreement in the singular have the same meaning in the plural, and vice-versa.

2. Pledge. As collateral security for the Obligations, the Company hereby pledges, collaterally assigns and hypothecates to the Agent on behalf of itself and the Lenders, and grants to the Agent, for the benefit of the Agent and the Lenders, a lien on and security interest in:

(a) the equity interests of the Issuer identified on Schedule I hereto (as may be updated or modified from time to time in accordance herewith) as being pledged that are held by the Company, including all securities convertible into, and rights, warrants, options and other rights to purchase or otherwise acquire, any of the foregoing (the "**Pledged Shares**") and the certificates representing the Pledged Shares, any interest of the Company in the entries on the books of any securities intermediary pertaining thereto and all equity dividends and cash dividends, cash, instruments, chattel paper and other rights, property or proceeds and products from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Shares;

(b) all additional equity interests of the Issuer at any time acquired by the Company in any manner, and the certificates representing such additional equity interests (and any such additional equity interests shall constitute part of the Pledged Shares under this Agreement), and all equity dividends, cash dividends, distributions, cash, instruments, chattel paper and other rights, property or proceeds and products from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares;

(c) all Records (as defined in the UCC), including supporting evidence and documents relating to any of the above-described property, including, without limitation, all books of account, ledgers, and cabinets in which the same are reflected or maintained; and

(d) all proceeds of any of the foregoing (the assets described in this Section 2, are collectively referred to as, the "**Pledged Collateral**").

3. Security for Obligations. This Agreement and all of the Pledged Collateral secure the prompt payment and performance when due of any and all Obligations, in each case whether now existing or hereafter arising (and whether arising before or after the filing of a petition in bankruptcy and including all interest accrued after the petition date), due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

4. Delivery of Pledged Collateral. All certificates or instruments that constitute "certificated securities" pursuant to Article 8 of the UCC that represent or evidence any of the Pledged Collateral shall be delivered to and held by or on behalf of the Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by Necessary Endorsements in form and substance reasonably satisfactory to the Agent and the Lenders. The Agent shall have the right upon the occurrence and during the continuance of an Event of Default, with concurrent written notice to the Company, at any time in its sole discretion to transfer to or to register in the name of the Agent or any of its nominees any or all of the Pledged Collateral in order to exercise its rights and remedies hereunder. In addition, the Agent shall have the right to exchange certificates or instruments representing or evidencing any Pledged Collateral for certificates or instruments of smaller or larger denominations.

5. Effectiveness. This Agreement will become effective upon the date on which the Agent has received (a) a counterpart hereof duly executed by each of the parties hereto, and (b) payment from the Company of (i) all fees required to be paid on or prior to the effective date of this Agreement and (ii) all reasonable third-party fees and expenses incurred by the Agent in connection with this Agreement and the transactions contemplated hereby, including, without limitation, attorneys' fees and expenses.

6. Representations and Warranties; Covenants. In order to induce the Agent and the Lenders to enter into this Agreement under the Purchase Agreement, the Company represents and warrants that the following statements are true, correct and complete on the Closing Date (except to the extent such representation or warranty relates to an earlier date, in which case, it is true, correct and complete as of such earlier date) as follows and agrees as follows:

(a) Schedule I hereto completely and accurately sets forth the number of equity interests of, and options or other rights to purchase or receive, the issued and outstanding equity interests of the Issuer held by the Company as of the date hereof and indicates which such equity interests constitute Pledged Shares. The Pledged Shares held by the Company constitute, as of the date hereof, the percentage of the issued and outstanding equity interests of the Issuer set forth on Schedule I. All of such Pledged Shares owned by the Company are owned legally and beneficially by the Company and have been duly authorized and validly issued and are fully paid and nonassessable. Except as set forth on Schedule I, there are no outstanding warrants, options, subscriptions or other contractual arrangements for the purchase of any other equity interests or any securities convertible into equity interests of any Issuer, and there are no preemptive rights with respect to the equity interests of the Issuer that constitute Pledged Shares of the Issuer and the Pledged Shares are free and clear of all Liens.

(b) The Company has the requisite corporate power and authority to enter into this Agreement and otherwise to carry out its obligations hereunder. The execution, delivery and performance by the Company of this Agreement and the filings contemplated herein have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company. This Agreement has been duly executed by the Company. This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and similar laws of general application relating to or affecting the rights and remedies of creditors and by general principles of equity.

(c) The execution, delivery and performance of this Agreement by the Company does not (i) violate any of the provisions of any Organizational Documents of the Company or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to the Company or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing the Company's debt or otherwise) or other understanding to which the Company is a party or by which any property or asset of the Company is bound or affected. If any, all required consents (including, without limitation, from stockLenders or creditors of the Company) necessary for the Company to enter into and perform its obligations hereunder have been obtained.

(d) The Company hereby agrees to comply with any and all orders and instructions of the Agent regarding the Pledged Shares consistent with the terms of this Agreement without the further consent of the Company as contemplated by Section 8-106 (or any successor section) of the UCC. Further, the Company agrees that it shall not enter into a similar agreement (or one that would confer "control" within the meaning of Article 8 of the UCC) with any other person or entity.

(e) The Company shall vote the Pledged Shares to comply with the covenants and agreements set forth herein.

(f) The Company shall register the pledge of the applicable Pledged Shares on the books of the Company. Further, except with respect to certificated securities delivered to the Agent, the Company shall deliver to the Agent an acknowledgement of pledge (which, where appropriate, shall comply with the requirements of the relevant UCC with respect to perfection by registration and shall be in form and substance reasonably satisfactory to the Lenders) signed by the Issuer, which acknowledgement shall confirm that: (a) it has registered the pledge on its books and records; (b) it agrees to comply with any and all orders and instructions of the Agent regarding the Pledged Shares without the further consent of the Company as contemplated by Section 8-106 (or any successor section) of the UCC; (c) at any time directed by the Agent during the continuation of an Event of Default, the Issuer will transfer the record ownership of such Pledged Shares into the name of any designee of the Agent, will take such steps as may be necessary to effect the transfer, and will comply with all other instructions of the Agent without the further consent of the Company.

(g) In the event that, upon an occurrence of an Event of Default, the Agent (at the written direction of the Lenders) shall sell all or any of the Pledged Shares to another party or parties (herein called the "**Transferee**") or shall purchase or retain all or any of the Pledged Shares, the Company shall, to the extent applicable: (i) deliver to the Agent or the Transferee, as the case may be, the certificate of incorporation, bylaws, minute books, stock certificate books, corporate seals, deeds, leases, indentures, agreements, evidences of indebtedness, books of account, financial records and all other Organizational Documents and records of the Issuer and its direct and indirect subsidiaries; (ii) use its best efforts to obtain resignations of the persons then serving as officers and directors of the Issuer and its direct and indirect subsidiaries, if so directed by the Agent; and (iii) use its best efforts to obtain any approvals that are required by any governmental or regulatory body in order to permit the sale of the Pledged Shares to the Transferee or the purchase or retention of the Pledged Shares by the Agent and allow the Transferee or the Agent to continue the business of the Issuer and its direct and indirect subsidiaries.

(h) The Company's type of organization, jurisdiction of organization, legal name, Federal Taxpayer Identification Number, organizational identification number (if any) and chief executive office or principal place of business all as in effect on the date hereof, are indicated in Schedule I hereof. Schedule I also lists the Company's jurisdiction and type of organization, legal name and location of chief executive office or principal place of business at any time during the four months preceding the date hereof, if different from those referred to in the preceding sentence.

(i) The Company hereby irrevocably authorizes the Agent (and its designees) at any time and from time to time to file any financing statements and amendments thereto relating to the Collateral without the signature of such Grantor where permitted by law in such form and in such jurisdictions as the Agent or Lenders reasonably determine appropriate to perfect the security interests of the Agent under this Agreement. The Company agrees to provide all necessary information related to such filings to the Agent promptly upon request by the Agent or the Lenders.

(j) The Company shall take such further actions, and execute and/or deliver to the Agent such additional financing statements, amendments, assignments, agreements, supplements, powers and instruments, and will obtain such governmental consents and corporate approvals and will cause to be done all such other things as the Agent or the Lenders may in its or their judgment deem necessary or appropriate in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted in the Collateral as provided herein and the rights and interests granted to the Agent hereunder, and enable the Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral, including the filing of any financing statements, continuation statements and other documents under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interest created hereby, all in form satisfactory to the Agent and the Lenders and in such offices wherever required by law to perfect, continue and maintain the validity, enforceability and priority of the security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Agent hereunder, as against third parties, with respect to the Collateral.

(k) The Company shall, except upon not less than 10 days' prior written notice to the Agent, and delivery to the Agent of all additional financing statements, information and other documents reasonably requested by the Agent or the Lenders to maintain the validity, perfection and priority of the security interests provided for herein: (i) change its legal name, identity, type of organization or corporate structure; (ii) change the location of its chief executive office or its principal place of business; (iii) change its Federal Taxpayer Identification Number or organizational identification number (if any); or (iv) change its jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, organizing, dissolving, liquidating, reincorporating or incorporating in any other jurisdiction).

7. [Reserved].

8. Duty To Hold In Trust. If the Company shall become entitled to receive or shall receive any securities or other property (including, without limitation, shares of Pledged Shares or instruments representing Pledged Shares acquired after the date hereof, or any options, warrants, rights or other similar property or certificates representing a dividend, or any distribution in connection with any recapitalization, reclassification or increase or reduction of capital, or issued in connection with any reorganization of the Company or any of its direct or indirect subsidiaries) in respect of the Pledged Shares (whether as an addition to, in substitution of, or in exchange for, such Pledged Shares or otherwise), the Company agrees to (i) accept the same as the agent of the Secured Party; (ii) hold the same in trust on behalf of and for the benefit of the Secured Party; and (iii) to deliver any and all certificates or instruments evidencing the same to the Agent on or before the close of business on the fifth (5^{th}) Business Day following the receipt thereof by the Company, in the exact form received together with the Necessary Endorsements, to be held by the Agent subject to the terms of this Agreement as Collateral.

9. Rights and Remedies Upon Default.

(a) Upon the occurrence of any Event of Default and at any time thereafter, the Secured Party, acting by written direction of the Lenders, shall have the right to exercise all of the remedies conferred hereunder and under the Credit Agreements, and shall have all the rights and remedies of a secured party under the UCC. Without limitation, the Secured Party, for the benefit of itself and the Lender, shall have the rights and powers listed below and shall act in accordance with such rights and powers:

(i) All rights of the Company to exercise the voting and other consensual rights with respect to the Pledged Collateral it would otherwise be entitled to exercise shall immediately cease, and all such rights shall thereupon become vested in the Agent, which shall have the sole right to exercise such voting and other consensual rights.

(ii) All rights of the Company to receive dividends, distributions or other proceeds of the Pledged Collateral which it would otherwise be authorized to receive and retain shall immediately cease and all such rights shall thereupon become vested in the Agent, which shall have the sole right to receive and hold such dividends, distributions or other proceeds as Pledged Collateral.

(iii) The Agent may, without notice except as specified herein, sell all of the Pledged Collateral pledged by the Company or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Agent's offices or elsewhere, for cash, on credit, or for future delivery, at such price or prices and upon such other terms as Agent deems commercially reasonable. The Company acknowledges and agrees that such a private sale may result in prices and other terms which may be less favorable to the seller than if such sale were a public sale. The Company agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. At any sale of any of the Pledged Collateral, if permitted by law, the Agent (if so directed by the Lenders in writing) and any Secured Party may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) for the purchase of such Pledged Collateral or any portion thereof. The Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the issuing corporation of such securities to register such securities for public sale under the Securities Act of 1933, as amended (the "**Securities Act**"), or under applicable state securities laws (collectively, the "**Securities Laws**"), even if the Issuer would agree to do so. To the extent permitted by law, the Company hereby specifically waives all rights of redemption, stay or appraisal which such Pledgor has or may have under any law now existing or hereafter enacted; *provided*, *however*, that the foregoing waiver shall inure to the benefit of only the Secured Party and its respective successors and permitted assigns.

(iv) All cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Pledged Collateral shall be applied to the Obligations, in each case, in accordance with the terms hereof.

(v) Each Pledgor recognizes that the Agent may be unable to effect a public sale of all or part of the Pledged Collateral and may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such Pledged Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to the seller than if sold at public sales and agrees that such private sales shall be deemed to have been made in a commercially reasonable manner, and that Agent has no obligation to delay sale of any such Pledged Collateral for the period of time necessary to permit the issuer of such Pledged Collateral to register such Pledged Collateral for public sale under the Securities Act or under applicable state securities laws.

(b) The Agent shall comply with any applicable law in connection with a disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Agent may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Agent sells any of the Collateral on credit, the Company will only be credited with payments actually made by the purchaser and received by the Agent or party acting on behalf of the Agent. In addition, the Company waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Agent's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

10. Applications of Proceeds.

(a) The Agent shall apply the proceeds of any sale, collection, foreclosure, disposition or other realization of the Collateral hereunder in the following order of application:

(i) *first*, to the payment of all amounts payable under this Agreement on account of the Agent's fees and any fees, costs and expenses (including, without limitation, any taxes, fees and other costs incurred in connection with the transactions contemplated hereunder and reasonable fees and expenses of legal counsel to the Agent) or other liabilities of any kind incurred by the Agent or any custodian, agent or sub-agent of the Agent in connection with this Agreement or any other Transaction Document or the Agent performing its obligations hereunder or thereunder or the transactions contemplated hereunder;

(ii) *second,* to satisfaction of the Obligations;

(iii) *third,* to the payment of any other amounts required by applicable law; and

(iv) *fourth,* to the Company any surplus proceeds.

(b) In the event that there are any proceeds from any sale, collection, foreclosure, disposition or other realization upon any Pledged Collateral remaining after application in accordance with Section 10(a)(i) above, the Secured Party and the Company hereby (i) agrees (on behalf of itself and its Affiliates) that the Secured Party shall have no liability to Company, for applying such remaining proceeds in accordance with written directions received by the Agent or pursuant to a court order issued by a court of competent jurisdiction and (ii) waives (on behalf of itself and its Affiliates) any and all claims and causes of action against the Secured Party for applying such remaining proceeds in accordance with any such written directions or court order.

(c) In the event that the Secured Party receives proceeds from any sale, collection, foreclosure, disposition or other realization upon any Pledged Collateral setting forth the amount of such proceeds payable to each Lender pursuant to Section 10(a)(ii) above, the Secured Party and Company hereby (i) agrees that after applying such proceeds in accordance with Section 10(a)(i) above, the Secured Party may (x) retain such remaining proceeds, for the benefit of the Lenders, until such time as (A) the Secured Party has received a written direction signed by all of the Lenders setting forth the amount of such proceeds payable to each Lender pursuant to Section 10(a)(ii) above or (B) a court order has been issued by a court of competent jurisdiction directing the manner in which the Agent shall distribute such remaining proceeds or (y) interplead the amount of the distributions that should be made pursuant to clauses (ii) through (iv) of Section 10(a) above in any court of competent jurisdiction, without further responsibility in respect of such distributions under this Section 10 and (ii) waives any and all claims and causes of action against the Agent for taking any actions permitted by the immediately preceding clause (i) of this Section 10(c).

11. If, upon the sale or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Party is legally entitled, the Company will be liable for the deficiency, together with interest thereon, at the rate set forth in the Credit Agreements, and the reasonable fees, costs and expenses of any attorneys employed by the Secured Party to collect such deficiency. To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Secured Party arising out of the repossession, removal, retention or sale of the Collateral, unless, with respect to the Secured Party, due solely to the gross negligence or willful misconduct of the Secured Party as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.

12. Securities Law Provision. The Company recognizes that the Agent may be limited in its ability to effect a sale to the public of all or part of the Pledged Shares by reason of certain prohibitions in the Securities Laws and may be compelled to resort to one or more sales to a restricted group of purchasers who may be required to agree to acquire the Pledged Shares for their own account, for investment and not with a view to the distribution or resale thereof. The Company agrees that sales so made may be at prices and on terms less favorable than if the Pledged Shares were sold to the public, and that the Agent has no obligation to delay the sale of any Pledged Shares for the period of time necessary to register the Pledged Shares for sale to the public under the Securities Laws. The Company shall cooperate with the Agent in its attempt to satisfy any requirements under the Securities Laws applicable to the sale of the Pledged Shares by the Agent.

13. Costs and Expenses. The Company agrees to pay, promptly upon demand, (i) [Reserved], (ii) all reasonable out-of-pocket fees, costs and expenses incurred by the Agent and its agents in the preparation, execution, delivery, filing, recordation, administration, continuation or enforcement of this Agreement or any other Transaction Document or any consent, amendment, waiver or other modification relating hereto or thereto, or the transactions contemplated thereby or the exercise of rights or performance of obligations by the Agent thereunder, (iii) all reasonable out-of-pocket fees, expenses and disbursements of legal counsel and any auditors, accountants, consultants or appraisers or other professional advisors and agents engaged by the Agent incurred in connection with the negotiation, preparation, closing, administration, continuation, performance or enforcement of this Agreement or any other Transaction Document or any consent, amendment, waiver or other modification relating hereto or thereto, or the transactions contemplated thereby or the exercise of rights or performance of obligations by the Agent thereunder and any other document or matter requested by Company and (iv) all reasonable out-of-pocket costs and expenses incurred by the Agent and its agents in creating, perfecting, preserving, releasing or enforcing the Agent's liens on and security interest in the Pledged Collateral, including, in connection with any filing or recording required or permitted hereunder, any filing and recording fees, expenses and taxes, stamp or documentary taxes, and any expenses of any searches reasonably required by the Agent. The Company shall also pay all other claims and charges which in the reasonable opinion of the Secured Party or the Lenders is reasonably likely to prejudice, imperil or otherwise affect the Collateral or the security interests therein. The Company will also pay, promptly upon demand, any and all reasonable fees, costs and expenses of the Secured Party, including the reasonable fees, expenses and disbursements of its legal counsel and of any auditors, accountants, consultants or appraisers or other professional advisors, experts and agents, which the Secured Party, for the benefit of itself and the Lenders, or the Secured Party may incur in connection with (i) the protection, preservation, satisfaction, foreclosure, collection or enforcement of the Collateral subject to this Agreement and the security interest therein and lien thereon, (ii) the enforcement of this Agreement, (iii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (iv) the exercise or enforcement of any of the rights of collection of the Secured Party under the Credit Agreements. Such fees shall be paid within fifteen (15) days of submission of a request by the Agent to the Company and the Company shall promptly notify the Secured Party of the payment of such fees.

13. Security Interests Absolute. All rights of the Secured Party and all obligations of the Company hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of this Agreement, the Credit Agreements or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreements or any other agreement entered into in connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guarantee, or any other security, for all or any of the Obligations; or (d) any other circumstance which might otherwise constitute any legal or equitable defense available to the Company, or a discharge of all or any part of the security interests granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Party shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. The Company expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Party Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Party, then, in any such event, the Company's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. The Company waives all right to require the Secured Party to proceed against any other person or entity or to apply any Collateral which the Secured Party may hold at any time, or to marshal assets, or to pursue any other remedy. The Company waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

14. Term of Agreement. This Agreement and the Liens granted hereby shall terminate on the date on which all payments under the Credit Agreements have been indefeasibly paid in full and all other Obligations have been paid or discharged; *provided*, *however*, that all indemnities of the Company contained in this Agreement shall survive and remain operative and in full force and effect regardless of the repayment of the Obligations, the termination of this Agreement or the resignation or removal of the Agent. Upon such termination, the Agent, at the written request and expense of the Company, will promptly execute and deliver to the Company a proper instrument or instruments (including UCC termination statements on form UCC-3) acknowledging the satisfaction and termination of this Agreement, and will duly assign, transfer and deliver to the Company (without recourse and without any representation or warranty) such of the Pledged Collateral as may be in the possession of the Agent and as has not theretofore been sold or otherwise applied or released pursuant to this Agreement.

15. Power of Attorney; Further Assurances.

(a) The Company authorizes the Secured Party, acting on behalf of itself and the Lenders, as set forth herein, and does hereby make, constitute and appoint the Agent and its agents, successors or assigns with full power of substitution, as the Company's true and lawful attorney-in-fact, with power, in the name of the Agent or the Company, to, after the occurrence and during the continuance of an Event of Default, generally, at the option of the Agent (or at the direction of the Lenders), and at the expense of the Company, at any time, or from time to time, to execute and deliver any and all documents and instruments and to do all acts and things which the Agent or the Lenders deem necessary to protect, preserve and realize upon the Collateral and the security interests granted therein in order to effect the intent of this Agreement and the Credit Agreements all as fully and effectually as the Company might or could do; and the Company hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding. The designation set forth herein shall be deemed to amend and supersede any inconsistent provision in the Organizational Documents or other documents or agreements to which the Company is subject or to which the Company is a party.

(b) The Company hereby irrevocably appoints the Agent as the Company's attorney-in-fact, with full authority in the place and instead of the Company and in the name of the Company, to take any action and to execute any instrument which the Agent or the Lenders may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of the Company where permitted by law and ratifies all such actions taken by the Agent. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

16. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto or by electronic mail at the e-mail address set forth on the signature pages attached hereto prior to 5:30 p.m. (New York time) on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto or by electronic mail at the e-mail address set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (New York time) on any Business Day, (c) the 2nd Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto or such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith.

17. [Reserved].

18. Miscellaneous.

(a) No course of dealing between the Company and the Agent or any Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of the Agent or any Secured Party, any right, power or privilege hereunder or under the Credit Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Party with respect to the Collateral, whether established hereby or by the Credit Agreements or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently. This Agreement, together with any exhibits and schedules hereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into this Agreement and any exhibits and schedules hereto. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed by the Company and the Secured Party.

(c) No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right or any other right, power or remedy.

(d) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Lenders. Each of the Secured Party and the Company agree that, notwithstanding anything to the contrary in the Purchase Agreement or any other Transaction Document, no Person may become a Holder of a Note after the date hereof and a Secured Party hereunder (whether through a sale, transfer or assignment to such Person of any Holder's rights or interests in all or a portion of any Note or any other Obligations, or otherwise), unless, on or prior to the date such Person becomes a Holder of a Note, such Person (i) agrees in writing to be bound by the terms of this Agreement as a "Secured Party" by executing and delivering a Security Agreement Joinder to the Agent and (ii) provides the Agent with all documentation and other information that the Agent requests in order to comply with the Agent's obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), and the results of any such "know your customer" or similar investigation conducted by the Agent shall be satisfactory to the Agent. Any sale, transfer or assignment to any Person of any Secured Party's rights or interests in all or a portion of any Note or any other Obligations made in violation of the provisions of this Section 18(e) shall be void *ab initio.*

(e) Promptly following a request made by the Agent to a Holder, such Holder shall notify the Collateral Agent of the outstanding principal amount of Notes held by such Holder at such time.

(f) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(g) This Agreement shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Agreement shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company, each Holder and the Agent hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Agreement. Nothing contained herein shall be deemed or operate to preclude any Holder or the Agent from bringing suit or taking other legal action against the Company in any other jurisdiction to enforce a judgment or other court ruling in favor of any Holder or the Agent. **THE COMPANY, EACH HOLDER AND THE AGENT HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

(i) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) The Company shall defend, indemnify, pay, reimburse and hold harmless the Secured Party, the Lenders and each of their respective Affiliates, and each and all of their respective partners, members, shareholders, officers, directors, employees, trustees, attorneys and agents (and any other persons with other titles that have similar functions) and (in each case) their respective heirs, representatives, successors and assigns (each of the foregoing, an "**Indemnitee**") from and against any and all losses, claims, liabilities, obligations, damages, penalties, suits, actions, judgments, costs, taxes, disbursements and expenses, of any kind or nature (including fees relating to the cost of investigating, defending and otherwise addressing any of the foregoing, including reasonable fees and expenses of legal counsel selected by any Indemnitee, whether or not suit is brought), whether direct, indirect or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and environmental laws), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by or asserted against any Indemnitee in any way related to or arising from or alleged to arise from this Agreement or the Collateral, or in any way related to or arising from or alleged to arise from the execution, delivery, performance, administration or enforcement of this Agreement, including any of the foregoing relating to the violation of, noncompliance with or liability under, any law applicable to or enforceable against any Company or any of its Affiliates or any of the Pledged Collateral, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF SUCH INDEMNITEE**; *provided*, no Indemnitee will be entitled to indemnification hereunder of any such losses, claims, liabilities, obligations, damages, penalties, suits, actions, judgments, costs, taxes, disbursements and expenses which result from the gross negligence or willful misconduct of such Indemnitee as determined by a final, nonappealable decision of a court of competent jurisdiction. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 18(j) may be unenforceable in whole or in part because they are violative of any law or public policy, the Company shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all indemnified amounts incurred by the Indemnitees or any of them. All of the agreements in this Section 18(j) will survive and remain operative and in full force and effect regardless of the repayment of the Obligations, the termination of this Agreement or the resignation or removal of the Agent.

(k) Nothing in this Agreement shall be construed to subject the Agent or any Secured Party to liability as an officer or director of the Company or a partner in any of the Company's direct or indirect subsidiaries that is a partnership or as a member in any of the Company direct or indirect subsidiaries that is a limited liability company, nor shall the Agent or any Secured Party be deemed to have assumed any obligations under any partnership agreement or limited liability company agreement, as applicable, of any the Company or any of its direct or indirect subsidiaries or otherwise, unless and until the Agent or any such Secured Party, as applicable, exercises its right to be substituted for the Company as a partner or member, as applicable, pursuant hereto.

(l) To the extent that the grant of the security interest in the Collateral and the enforcement of the terms hereof require the consent, approval or action of any partner or member, as applicable, of the Company or any direct or indirect subsidiary of the Company or compliance with any provisions of any of the Organizational Documents, the Company hereby grants such consent and approval and waive any such noncompliance with the terms of said documents.

(m) The Company and each Secured Party is subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**") and the Agent (for itself and not on behalf of any Secured Party), hereby notifies all future Secured Parties, including subsequent assignees or transferees, that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Secured Party, which information includes the name and address of the Secured Party and other information that will allow the Agent, to identify the Secured Party in accordance with the Patriot Act. For a non-individual person such as a business entity, a charity, a trust or other legal entity the Agent will ask for documentation to verify its formation and existence as a legal entity. The Agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The Secured Party shall provide such information and take such actions as are requested by the Agent in order to maintain compliance with the Patriot Act.

(n) In no event shall the Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder directly or indirectly caused by events beyond its control, including general labor disputes, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, losses or malfunctions of utilities, communications or computer (software and hardware) services; *provided*, *however*, that the Agent, as the case may be, shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performances as soon as practicable under the circumstances.

(o) Section headings herein have been inserted for convenience of reference only, are not to be considered a part of this Agreement and will in no way modify or restrict any of the terms or provisions hereof.

(p) Each Secured Party signatory to this Agreement on the date hereof hereby represents and warrants to the Agent (solely as to itself, and not as to any other Secured Party) that (x) as of the date hereof, the outstanding amounts under the Credit Agreements held by such Secured Party is set forth on Schedule II hereto and (y) on or prior to the date of this Agreement, it has not assigned all or any portion of its Notes to any Person, except any Person that is listed on Schedule II attached hereto.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, Company has caused this Agreement to be signed, sealed and delivered by its duly authorized representative on the day and year first above written.

Company:

PACIFIC ETHANOL, INC.

By: /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

Accepted:

Secured Party:

COBANK, ACB

By: /s/ Janet Downs
Name: Janet Downs
Title: Vice President

SCHEDULE I

TO SECURITY AGREEMENT

Pledgor	Issuer	Class of Equity Interest	Certificate No.	Par Value Per Share	Number of Shares	Percentage of Issuer's Equity Interests	Percentage of Issuer's Outstanding Shares of Common Stock Pledged
Pacific Ethanol, Inc.	PE OP CO., a Delaware corporation	Common Stock	7	$ 0.001	1,000	100%	100%

Company's type of organization: Corporation

Company's jurisdiction of organization: Delaware

Company's Legal Name: Pacific Ethanol, Inc.

Company's Federal Taxpayer Identification Number: 41-2170618

Company's organizational identification number: 3877538

Company's chief executive office or principal place of business: 400 Capital Mall, Suite 2060, Sacramento, CA 95814.

Exhibit 10.12

Execution Version

INTERCREDITOR AGREEMENT

dated as of

March 20, 2020

by and among

Cortland Products Corp.
as the Notes Agent,

CoBank, ACB,
as the CoBank Agent,

Pacific Ethanol, Inc.,
as the Company

and

the Grantors from time to time party hereto,
as the Grantors

INTERCREDITOR AGREEMENT

This Intercreditor Agreement is made as of March 20, 2020 by and among Cortland Products Corp., a Delaware corporation, in its capacity as collateral agent for itself and the Senior Noteholders (defined below) (in such capacity, together with its successors in such capacity, the "**Notes Agent**"), CoBank, ACB, a federally-chartered instrumentality of the United States, in its capacity as administrative agent for the holders of the CoBank Secured Obligations (defined below) (in such capacity, together with its successors in such capacity, the "**CoBank Agent**"), Pacific Ethanol, Inc., a Delaware corporation (the "**Company**"), and the grantors party hereto (together with the Company, each a "**Grantor**" and together with the Company, the "**Grantors**").

WHEREAS, reference is made to (i) the Senior Secured Note Amendment Agreement dated as of December 22, 2019 (as amended, modified, supplemented or restated and in effect from time to time, the "**Note Amendment Agreement**") by and among the Company, the holders from time to time party thereto (the "**Senior Noteholders**"), pursuant to which the Company has issued $65,649,177.91 in aggregate original principal amount of senior secured notes due December 15, 2021 (the "**Notes**") and (ii) the Security Agreement, dated as of December 15, 2016 (as amended, modified, supplemented or restated and in effect from time to time, the "**Notes Security Agreement**") by and among the Company, the Senior Noteholders, the Notes Agent, and the other Collateral Documents (as defined in the Notes (as defined below)) pursuant to which the Notes Agent acts as collateral agent for the Senior Noteholders. All of the Company's obligations under the Notes and the other Notes Documents (as defined below) are secured by liens on and security interests in certain of the Grantors' now-existing and hereafter acquired assets;

WHEREAS, reference is also made to (i) the Credit Agreement dated as of December 15, 2016 by and among Pacific Ethanol Pekin, LLC, a Delaware limited liability company ("**Pekin Borrower**"), Compeer Financial, PCA as lender (together with such other lenders from time to time party thereto, the "**Pekin Lenders**"), and the CoBank Agent (as amended, modified, supplemented or restated and in effect from time to time, including as of the date hereof, the "**Pekin Loan Agreement**") pursuant to which the Pekin Lenders have advanced $71,500,000 in an aggregate principal amount; (ii) the Credit Agreement dated as of September 15, 2017 among Illinois Corn Processing, LLC, a Delaware limited liability company ("**ICP Borrower**"), Compeer Financial, PCA as lender (together with such other lenders from time to time party thereto, the "**ICP Lenders**"), and CoBank Agent (as amended, modified, supplemented or restated and in effect from time to time, including as of the date hereof, the "**ICP Loan Agreement**") pursuant to which the ICP Lenders have advanced $30,000,000 in an aggregate principal amount; pursuant to which the Pekin Lenders and the ICP Lenders have agreed to extend credit to the Pekin Borrower and the ICP Borrower, respectively on the terms and subject to the conditions specified in the Pekin Loan Agreement and ICP Loan Agreement, respectively. All of the Pekin Borrowers' obligations under the Pekin Loan Agreement and the other Pekin Loan Documents (as defined below) and all of the ICP Borrowers' obligations under the ICP Loan Agreement and the other ICP Loan Documents (as defined below) are secured by liens on and security interests in certain of the Grantors' now-existing and hereafter acquired assets; and

WHEREAS, pursuant to the terms of the Notes and the CoBank Loan Agreements (defined below), the Notes Agent, CoBank Agent and the Company are required to enter into this Agreement (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions and Interpretation.

1.1 Definitions. The following terms shall have the following meanings in this Agreement. All other terms not defined herein shall have the meanings ascribed to them in the Notes and CoBank Loan Documents, as applicable.

"**Adequate Protection Liens**" means any Liens granted in any Insolvency Proceeding (a) to any Notes Secured Party as adequate protection of the Notes Secured Obligations held by such Notes Secured Party or (b) to any CoBank Secured Party as adequate protection of the CoBank Secured Obligations held by such CoBank Secured Party.

"**Agreement**" means this Intercreditor Agreement, as amended, restated, renewed, extended, supplemented or otherwise modified from time to time.

"**Bankruptcy Code**" means Title 11 of the United States Code, as amended from time to time, or any similar federal or state law for the relief of debtors.

"**Central Assets**" means all assets of, and all Equity Interests and other ownership interests owned by PEC, Pekin Borrower, and ICP Borrower constituting Common Collateral.

"**Central Assets Sale**" means (i) the sale of an ownership interest in or any assets of Pacific Ethanol Central, LLC, a Delaware limited liability company (whether arising pursuant to an ownership sale or an asset sale by any of its Subsidiaries, including the ICP Borrower, Pekin Borrower and Pacific Aurora, LLC, a Delaware limited liability company, and including any cash proceeds from any seller financing promissory note in connection with any such sale); or (ii) any net cash proceeds from the payment of the Indeck Proceeds.

"**CoBank Agent**" has the meaning set forth in the Recitals.

"**CoBank Intercreditor Agreement**" means the Intercreditor Agreement between the Pekin Lenders and the ICP Lenders dated March 20, 2020.

"**CoBank Loan Agreements**" means the Pekin Loan Agreements and ICP Loan Agreements.

"**CoBank Loan Documents**" means the ICP Loan Documents and the Pekin Loan Documents, and, after any refinancing of the CoBank Secured Obligations under the CoBank Loan Documents, the applicable refinancing documents and the CoBank Intercreditor Agreement.

"**CoBank Priority Collateral**" means any and all present and future right, title and interest of the Grantors in and to the following, whether now owned or hereafter acquired, existing or arising, and wherever located:

(a) the Central Assets;

(b) Indeck Proceeds;

(c) all books and records pertaining to any and/or all of the items set forth in clauses (a) and (b) above and clause (d) below; and

(d) to the extent not otherwise included, all products and proceeds of any and all of the foregoing and all documents, instruments, chattel paper, letter-of-credit rights, and supporting obligations given by any Person with respect to the foregoing, and all general intangibles relating to any of the foregoing.

"**CoBank Secured Obligations**" means all obligations, liabilities and indebtedness of every nature of any of the Grantors from time to time owed to the CoBank Secured Parties under the CoBank Loan Documents, including the "Obligations" (as defined in the CoBank Loan Agreements), together with (a) any amendments, modifications, renewals, replacements, refinancings or extensions thereof in accordance with the terms hereof, (b) any DIP Financing furnished by the CoBank Secured Parties, (c) any interest, fees and other charges accruing thereon or due or to become due with respect thereto after the commencement of any Insolvency Proceeding, without regard to whether or not such interest, fees and other charges constitute an allowed claim. CoBank Secured Obligations shall be considered to be outstanding whenever any commitment under any CoBank Loan Document is outstanding. To the extent any payment with respect to any CoBank Secured Obligation (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, any Notes Secured Party, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the CoBank Secured Parties and the Notes Secured Parties, be deemed to be reinstated and outstanding as if such payment had not occurred.

"**CoBank Secured Parties**" means, collectively, the CoBank Agent, the ICP Lenders, the Pekin Lenders and each other holder from time to time of the CoBank Secured Obligations.

"**Common Collateral**" means all property of the Grantors, whether real, personal, or mixed, that is Notes Priority Collateral or CoBank Priority Collateral and subject to Liens granted to both the Notes Agent and CoBank Agent pursuant to the applicable Facility Documents, which Liens have not been avoided, disallowed, set aside, invalidated, or subordinated pursuant to Chapter 5 of the Bankruptcy Code or otherwise.

"**Company**" has the meaning set forth in the Recitals.

"**Copyright License**" means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use any Copyright.

"**Copyrights**" means, with respect to any Person, all of the following now owned or hereafter acquired by such Person:

(a) All copyright rights in any work subject to the copyright laws of the United States of America or any other country or group of countries or any political subdivision thereof, whether as author, assignee, transferee or otherwise.

(b) All registrations and applications for registration of any such copyright in the United States of America or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office (or any similar office in any other country).

"**DIP Financing**" has the meaning set forth in Section 7.2(a).

"**Distribution**" means, with respect to any indebtedness, obligation or security, including the Secured Obligations (a) any payment or distribution by any Person of cash, securities or other property, by set-off or otherwise, on account of such indebtedness, obligation or security or (b) any redemption, purchase or other acquisition of such indebtedness, obligation or security by any Person.

"**Enforcement Action**" means, with respect to the Notes Secured Obligations or the CoBank Secured Obligations, any of the following:

(a) foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or lease, license, or otherwise dispose of (whether publicly or privately), Common Collateral, or otherwise exercise or enforce remedial rights with respect to Common Collateral (including by way of set-off, recoupment notification of a public or private sale or other disposition pursuant to the UCC or other applicable law, notification to account debtors, notification to depositary banks under deposit account control agreements, or exercise of rights under landlord consents, if applicable);

(b) solicit bids from third Persons to conduct the liquidation or disposition of Common Collateral or to engage or retain sales brokers, marketing agents, investment bankers, accountants, appraisers, auctioneers, or other third Persons for the purposes of valuing, marketing, promoting, and selling Common Collateral;

(c) to receive a transfer of Common Collateral in satisfaction of any Secured Obligation secured thereby;

(d) to otherwise enforce a security interest or exercise another right or remedy, as a secured creditor or otherwise, pertaining to the Common Collateral at law, in equity, or pursuant to the Facility Documents (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the Common Collateral to facilitate the actions described in the preceding clauses, and exercising voting rights in respect of equity interests comprising Common Collateral); or

(e) effect the sale, lease, license or other disposition of Common Collateral by any Grantor after the occurrence and during the continuation of a Senior Event of Default with the consent of the Senior Secured Party with respect to such Common Collateral.

"**Equity Interests**" has the meaning set forth in Section 5.4.

"**Existing Senior Noteholder Collateral**" means all "Pledged Collateral" as defined in the Notes Security Agreement.

"**Facility Documents**" means the Notes Documents and the CoBank Loan Documents, as applicable.

"**Grantor**" has the meaning set forth in the Recitals.

"**ICP Borrower**" has the meaning set forth in the Recitals.

"**ICP Lenders**" has the meaning set forth in the Recitals.

"**ICP Loan Agreement**" has the meaning set forth in the Recitals.

"**ICP Loan Documents**" means the ICP Loan Agreement and the Loan Documents as defined in the ICP Loan Agreement.

"**Indeck Proceeds**" means any net cash proceeds from the payment of any award, judgment or settlement with respect to the legal proceeding styled Case No. 2015-L-006405 in the Circuit Court of Cook County, Illinois, Law Division.

"**Insolvency Proceeding**" means any proceeding in respect of bankruptcy, insolvency, winding up, receivership, dissolution or assignment for the benefit of creditors, for each of the foregoing events whether under the Bankruptcy Code or any similar federal, state or foreign bankruptcy, insolvency, reorganization, receivership or similar law.

"**Intellectual Property**" means any and all Copyrights, Patents, Trademarks, Copyright Licenses, Patent Licenses and Trademark Licenses.

"**Junior Facility Documents**" means with respect to any Junior Obligations, any provision pertaining to such Junior Obligation in any Facility Document or any other document, instrument or certificate evidencing, or delivered in connection with, such Junior Obligations.

"**Junior Lien**" means, with respect to (a) the Notes Priority Collateral, any Lien securing the CoBank Secured Obligations and (b) the CoBank Priority Collateral, any Lien securing the Notes Secured Obligations.

"**Junior Obligations**" means with respect to (a) the Notes Priority Collateral, the CoBank Secured Obligations and (b) the CoBank Priority Collateral, the Notes Secured Obligations.

"**Junior Priority Collateral**" means with respect to (a) the Notes Secured Parties, the CoBank Priority Collateral and (b) the CoBank Secured Parties, the Notes Priority Collateral.

"**Junior Representative**" means with respect to (a) the Notes Priority Collateral, the CoBank Agent and (b) the CoBank Priority Collateral, the Notes Agent.

"**Junior Secured Parties**" means with respect to (a) the Notes Priority Collateral, the CoBank Secured Parties and (b) the CoBank Priority Collateral, the Senior Noteholders.

"**Junior Standstill Period**" has the meaning set forth in Section 3.1(b).

"**Lien**" means any mortgage, pledge, hypothecation, assignment (as security), deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest, or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever having substantially the same economic effect as any of the foregoing (including any conditional sale or other title retention agreement and any capital lease).

"**Maximum Obligations Amount**" means:

(a) With respect to (i) the principal amount of Notes Secured Obligations, $65,649,177.91, plus (ii) the amount of all interest, fees, costs, expenses, indemnities and other amounts accrued or charged with respect to any of the Notes Secured Obligations as and when the same accrues or becomes due and payable, irrespective of whether the same is added to the principal amount of the Notes Secured Obligations and including the same as would accrue and become due but for the commencement of an Insolvency Proceeding, whether or not such amounts are allowed or allowable, in whole or in part, in any such Insolvency Proceeding, plus (iii) the principal amount of any DIP Financing, such principal amount of such DIP Financing, together with clause (i) above not to exceed $72,214,095.70. To the extent that any amounts set forth above exceed the amount of Notes Secured Obligations outstanding on the date hereof, the Notes Secured Parties are in no way required to provide additional funds to the Company, and nothing contained in this Agreement creates an obligation of the Notes Secured Parties or a commitment to (i) increase the amount of Notes Secured Obligations outstanding on the date hereof or (ii) provide any DIP Financing;

(b) With respect to (i) the principal amount of CoBank Secured Obligations $100,000,000, plus (ii) the amount of all interest, fees, costs, expenses, indemnities and other amounts accrued or charged with respect to any of the CoBank Secured Obligations as and when the same accrues or becomes due and payable, irrespective of whether the same is added to the principal amount of the CoBank Secured Obligations and including the same as would accrue and become due but for the commencement of an Insolvency Proceeding, whether or not such amounts are allowed or allowable, in whole or in part, in any such Insolvency Proceeding, plus (iii) the principal amount of any DIP Financing, such principal amount of DIP Financing, together with clause (i) above, not to exceed $110,000,000.00. To the extent that any amounts set forth above exceed the amount of CoBank Secured Obligations outstanding on the date hereof, the CoBank Secured Parties are in no way required to provide additional funds to the Pekin Borrower or the ICP Borrower, and nothing contained in this Agreement creates an obligation of the CoBank Secured Parties or a commitment to (i) increase the amount of CoBank Secured Obligations outstanding on the date hereof or (ii) provide any DIP Financing;

plus, in the case of a refinancing of any of the foregoing permitted pursuant to this Agreement and in the case of each of clauses (a) and (b), an amount equal to accrued and unpaid interest on, and premium with respect to, the obligations being refinanced and other reasonable and customary fees and expenses incurred in connection with such refinancing.

"**Note Amendment Agreement**" has the meaning set forth in the Recitals.

"**Notes**" has the meaning set forth in the Recitals.

"**Notes Agent**" has the meaning set forth in the Recitals.

"**Notes Documents**" means the Note Amendment Agreement, the Notes, the Notes Security Agreement, all other Collateral Documents as defined in the Notes, and all other Transaction Documents as defined in the Notes and, after any refinancing of the Notes Secured Obligations under the Notes Documents, the applicable refinancing documents.

"**Notes Priority Collateral**" means any and all present and future right, title and interest of the Grantors in and to the following, whether now owned or hereafter acquired, existing or arising, and wherever located:

(a) the Western Assets;

(b) the Existing Senior Noteholder Collateral;

(c) all books and records pertaining to any and/or all of the items set forth in clauses (a) and (b) above and clause (d) below; and

(d) to the extent not otherwise included, all products and proceeds of any and all of the foregoing and all documents, instruments, chattel paper, letter-of-credit rights, and supporting obligations given by any Person with respect to the foregoing, and all general intangibles relating to any of the foregoing.

"**Notes Secured Obligations**" means all obligations, liabilities and indebtedness of every nature of each Grantor from time to time owed to the Notes Secured Parties under the Notes Documents, including, without limitation, all principal, fees, premiums, interest, expenses, indemnification obligations arising under the Notes Documents, together with (a) any amendments, modifications, renewals replacements, refinancings or extensions thereof in accordance with the terms hereof, (b) any DIP Financing furnished by the Notes Secured Parties and (c) any interest, fees and other charges accruing thereon or due or to become due with respect thereto after the commencement of any Insolvency Proceeding, without regard to whether or not such interest, fees and other charges constitute an allowed claim. To the extent any payment with respect to any Notes Secured Obligation (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, any CoBank Secured Party, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the CoBank Secured Parties and the Notes Secured Parties, be deemed to be reinstated and outstanding as if such payment had not occurred.

"**Notes Secured Parties**" means, collectively, the Notes Agent, the Senior Noteholders party to the Notes Security Agreement from time to time and each other holder of the Notes party to the Notes Security Agreement from time to time.

"**Notes Security Agreement**" has the meaning set forth in the Recitals.

"**Paid in Full**" means, with respect to any obligations of the Grantors pursuant to any notes issuance, loan agreement or similar agreement providing for the extension of credit, that: (a) all of such obligations (other than contingent obligations or indemnification obligations for which no underlying claim has been asserted) have been paid, performed or discharged in full (with all obligations consisting of monetary or payment obligations having been paid in full in cash), (b) no Person has any further right to obtain any loans, letters of credit or other extensions of credit under the applicable loan documents or any further rights under any notes issuances, and (c) any and all letters of credit or similar instruments issued under such loan documents have been cancelled and returned (or backed by stand-by guarantees or cash collateralized) in accordance with the terms of such loan documents.

"**Patent License**" means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or an application for a patent is in existence on such invention or not, and whether a patent or an application for a patent on such invention may come into existence or not.

"**Patents**" means, with respect to any Person, all of the following now owned or hereafter acquired by such Person:

(a) All letters patent of the United States of America or the equivalent thereof in any other country or group of countries or any political subdivision thereof, all registrations and recordings thereof, and all applications for letters patent of the United States of America or the equivalent thereof in any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country.

(b) All reissues, continuations, divisions, continuations-in-part, renewals or extensions of any of the foregoing.

"**PEC**" means Pacific Ethanol Central, LLC, a Delaware limited liability company.

"**Pekin Borrower**" has the meaning set forth in the Recitals.

"**Pekin Lenders**" has the meaning set forth in the Recitals.

"**Pekin Loan Agreement**" has the meaning set forth in the Recitals.

"**Pekin Loan Documents**" means the Pekin Loan Agreement and the Loan Documents as defined in the Pekin Loan Agreement.

"**Person**" means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, governmental authority or other entity.

"**Plan of Reorganization**" means a plan pursuant to chapter 11 of the Bankruptcy Code or similar plan part of any Insolvency Proceeding.

"**Post-Petition Interest**" means any interest, fees, expenses or other amount that accrues or would have accrued after the commencement of any Insolvency Proceeding, whether or not allowed or allowable in any such Insolvency Proceeding.

"**Representative**" means Senior Representative and/or the Junior Representative, as the context requires.

"**Sale**" means (i) the sale of an ownership interest in or any assets of Pacific Ethanol Central, LLC, a Delaware limited liability company (whether arising pursuant to an ownership sale or an asset sale by any of its Subsidiaries, including the ICP Borrower, Pekin Borrower and Pacific Aurora, LLC, a Delaware limited liability company, and including any cash proceeds from any seller financing promissory note in connection with any such sale), or (ii) any sale of the Western Assets.

"**Secured Obligations**" means, collectively, the Notes Secured Obligations and the CoBank Secured Obligations.

"**Secured Parties**" means, collectively, the Notes Secured Parties and the CoBank Secured Parties, and each individually may sometimes be referred to herein as a "Secured Party".

"**Senior DIP Financing**" has the meaning set forth in Section 7.2(a).

"**Senior Event of Default**" means, with respect to (a) any Notes Priority Collateral, an Event of Default as defined in the Notes Documents and (b) any CoBank Priority Collateral, an Event of Default as defined in the CoBank Loan Documents.

"**Senior Facility Documents**" means with respect to any Senior Obligations, any provision pertaining to such Senior Obligation in any Facility Document or any other document, instrument or certificate evidencing, or delivered in connection with, such Senior Obligations.

"**Senior Lien**" means, with respect to (a) the Notes Priority Collateral, any Lien securing the CoBank Secured Obligations and (b) the CoBank Priority Collateral, any Lien securing the Notes Secured Obligations.

"**Senior Noteholders**" has the meaning set forth in the Recitals.

"**Senior Obligations**" means with respect to (a) the Notes Priority Collateral, the Notes Secured Obligations (but not any Notes Secured Obligations in an aggregate principal amount of loans exceeding the Maximum Obligations Amount with respect to the Notes Secured Obligations) and (b) the CoBank Priority Collateral, the CoBank Secured Obligations (but not any CoBank Secured Obligations in an aggregate principal amount exceeding the Maximum Obligations Amount with respect to the CoBank Secured Obligations).

"**Senior Priority Collateral**" means with respect to (a) the Notes Secured Parties, the Notes Priority Collateral and (b) the CoBank Secured Parties, the CoBank Priority Collateral.

"**Senior Representative**" means with respect to (a) the Notes Priority Collateral, the Notes Agent and (b) the CoBank Priority Collateral, the CoBank Agent.

"**Senior Secured Parties**" means with respect to (a) the Notes Priority Collateral, the Notes Secured Parties and (b) the CoBank Priority Collateral, the CoBank Secured Parties.

"**Subsidiary**" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with generally accepted accounting principles in the United States of America as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned or held.

"**Trademark License**" means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use any Trademark.

"**Trademarks"** means, with respect to any Person, all of the following now owned or hereafter acquired by such Person:

(a) All trademarks, service marks, trade names, trade dress, logos and other similar source or business identifiers, all registrations and recordings thereof, and all registration and registration applications filed in connection therewith, including registrations and registration applications filed in the United States Patent and Trademark Office or any similar offices in any State of the United States of America or any other country or group of countries or any political subdivision thereof, and all extensions or renewals thereof.

(b) All goodwill connected with the use thereof or symbolized thereby.

"**UCC**" means the Uniform Commercial Code as in effect in the state of New York from time to time.

"**Western Assets**" means all assets, Equity Interests and any other ownership interests owned directly or indirectly by Pacific Ethanol West, LLC, a Delaware limited liability company, or any of its Subsidiaries (including any ownership interests therein of the Company or any of its Subsidiaries).

"**Western Assets Sale**" means any sale of the facilities or assets owned directly or indirectly by PE Op Co., a Delaware corporation, and/or Pacific Ethanol West, LLC, a Delaware limited liability company (including any ownership interests therein of the Company or any of its Subsidiaries).

1.2 Terms Generally.

(a) All terms defined in the UCC, unless otherwise defined herein, shall have the meanings set forth therein.

(b) The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise:

(i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented, modified, renewed, replaced or extended;

(ii) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns;

(iii) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(iv) any references to sections, subsections, clauses, subclauses or paragraphs shall be references to sections, subsections, clauses, subclauses and paragraphs in this Agreement;

(v) the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or"; and

(vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

2. Lien Priorities and Security Interests.

2.1 Lien Subordination.

(a) Any and all Junior Liens on Common Collateral now existing or hereafter created or arising, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, are expressly junior in priority, operation and effect to any and all Senior Liens on such Common Collateral now existing or hereafter created or arising, notwithstanding (i) anything to the contrary contained in any agreement or filing to which any Secured Party may now or hereafter be a party, and regardless of the time, order or method of grant, attachment, recording or perfection of any financing statements or other security interests, assignments, pledges, deeds, mortgages and other liens, charges or encumbrances or any defect or deficiency or alleged defect or deficiency in any of the foregoing, (ii) any provision of the UCC or any applicable law or any Facility Document or any other circumstance whatsoever, and (iii) the fact that any such Senior Liens are (A) subordinated to any Lien securing any obligation of any Grantor other than the CoBank Secured Obligations or Notes Secured Obligations or (B) otherwise subordinated, voided, avoided, invalidated or lapsed.

(b) No Secured Party shall object to or contest, or support any other Person in contesting or objecting to, in any proceeding (including without limitation, any Insolvency Proceeding), the validity, extent, perfection, or enforceability of any security interest in the Common Collateral granted to any other Secured Party, nor the priority of such security interest as set forth herein. No Secured Party shall take, or cause to be taken, any action for the purpose of making any Junior Lien on Common Collateral *pari passu* with or senior to any Senior Lien on such Common Collateral. It is understood that nothing in this Section 2.1(b) is intended to prohibit any Secured Party from exercising any rights expressly granted to it under this Agreement.

(c) Notwithstanding any failure by any Secured Party to perfect any or all of its security interests in any Common Collateral or any avoidance, invalidation or subordination by any third party or court of competent jurisdiction of any or all of the security interests in any Common Collateral granted to such Secured Party, the priority and rights as among the Secured Parties with respect to the Common Collateral shall be as set forth herein.

2.2 Nature of Obligations. Each Representative, on behalf of the applicable Secured Parties, acknowledges that (a) the CoBank Loan Agreements include a revolving commitment, that in the ordinary course of business the CoBank Secured Parties will apply payments and make advances thereunder, and that no application of any Common Collateral or the release of any Lien by the CoBank Secured Parties upon any portion of the Common Collateral in connection with a permitted disposition by either the ICP Borrower or the Pekin Borrower under the CoBank Loan Agreements shall constitute an Enforcement Action under this Agreement, other than as provided in clause (e) of the definition of Enforcement Action, (b) the Notes include debt issuances, that in the ordinary course of business the applicable Notes Secured Parties will apply payments from and may make future advance(s) to the Company, and that no application of any Common Collateral or the release of any Lien by the Notes Secured Parties upon any portion of the Common Collateral in connection with a permitted disposition by any Grantor under the Notes Documents shall constitute an Enforcement Action under this Agreement, other than as provided in clause (e) of the definition of Enforcement Action, and (c) the terms of the Secured Obligations may be modified, extended or amended from time to time, and that the aggregate amount of the Secured Obligations may be increased, replaced or refinanced, in each event, without notice to or consent by the Secured Parties under this Agreement (except to the extent required under Section 4) and without affecting the provisions hereof. The Lien priorities provided in Section 2.1 shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of, or waiver, consent or accommodation with respect to any Secured Obligations, or any portion thereof.

2.3 Actions to Perfect Liens.

(a) (i) The CoBank Agent agrees, on behalf of itself and the other CoBank Secured Parties, that UCC-1 financing statements, filed or recorded by or on behalf any CoBank Secured Party (or any agent or other representative thereof) in respect of the Common Collateral shall be in form reasonably satisfactory to the Notes Agent; (ii) the Notes Agent, on behalf of itself and the other Notes Secured Parties, that UCC-1 financing statements, filed or recorded by or on behalf of any Notes Secured Party (or any agent or other representative thereof) in respect of the Common Collateral shall be in form reasonably satisfactory to the CoBank Agent; and (iii) the CoBank Agent and the Notes Agent agree, on behalf of themselves and the applicable Secured Parties, that the UCC-1 financing statements listed on Schedule 2.3 attached hereto are approved by the CoBank Agent and the Notes Agent.

(b) (i) The CoBank Agent hereby acknowledges that, to the extent that it holds, or a third party holds on its behalf, physical possession of or "control" (as defined in the UCC) over any CoBank Priority Collateral pursuant to the CoBank Loan Documents, such possession or control is also for the benefit of the Notes Agent and the other Notes Secured Parties, but solely as gratuitous bailee to the extent required to perfect their security interest in such CoBank Priority Collateral. Nothing in the preceding sentence shall be construed to impose any duty on the CoBank Agent (or any third party acting on its behalf) or provide any Notes Secured Party with any rights with respect to such CoBank Priority Collateral beyond those specified in this Agreement; provided that, once the CoBank Secured Obligations shall have been Paid in Full, (x) the CoBank Agent shall (A) deliver to the Notes Agent (and each Grantor hereby directs the CoBank Agent to so deliver), any stock certificates or promissory notes evidencing or constituting CoBank Priority Collateral in its possession or control together with any necessary endorsements or (B) direct and deliver the CoBank Priority Collateral as a court of competent jurisdiction otherwise directs and (y) in the case of any CoBank Priority Collateral consisting of deposit accounts or securities accounts as to which the CoBank Agent has control pursuant to an account control agreement, the CoBank Agent and the applicable Grantor shall take such actions, if any, as are required to cause control over such CoBank Priority Collateral to become vested in the Notes Agent; provided further that, the provisions of this Agreement are intended solely to govern the respective Lien priorities as between the CoBank Secured Parties and the Notes Secured Parties and shall not impose on the CoBank Secured Parties any obligations in respect of the disposition of any CoBank Priority Collateral (or any proceeds thereof) that would conflict with prior perfected Liens or any claims thereon in favor of any other Person that is not a Secured Party.

(ii) The Notes Agent hereby acknowledges that, to the extent that it holds, or a third party holds on its behalf, physical possession of or "control" (as defined in the UCC) over any Notes Priority Collateral pursuant to the Notes Documents, such possession or control is also for the benefit of the CoBank Agent and the other CoBank Secured Parties, but solely as gratuitous bailee to the extent required to perfect their security interest in such Notes Priority Collateral. Nothing in the preceding sentence shall be construed to impose any duty on the Notes Agent (or any third party acting on its behalf) or provide any CoBank Secured Party with any rights with respect to such Notes Priority Collateral beyond those specified in this Agreement; provided that, once the Notes Secured Obligations shall have been Paid in Full, (x) the Notes Agent shall (A) deliver to the CoBank Agent (and each Grantor hereby directs the Notes Agent to so deliver), any stock certificates or promissory notes evidencing or constituting Notes Priority Collateral in its possession or control together with any necessary endorsements or (B) direct and deliver the Notes Priority Collateral as a court of competent jurisdiction otherwise directs and (y) in the case of any Notes Priority Collateral consisting of deposit accounts or securities accounts as to which the Notes Agent has control pursuant to an account control agreement, the Notes Agent and the applicable Grantor shall take such actions, if any, as are required to cause control over such Notes Priority Collateral to become vested in the CoBank Agent; provided further that, the provisions of this Agreement are intended solely to govern the respective Lien priorities as between the Notes Secured Parties and the CoBank Secured Parties and shall not impose on the Notes Secured Parties any obligations in respect of the disposition of any Notes Priority Collateral (or any proceeds thereof) that would conflict with prior perfected Liens or any claims thereon in favor of any other Person that is not a Secured Party.

(c) Except for gross negligence or willful misconduct as determined pursuant to a final non-appealable judgment by a court of competent jurisdiction, (i) the CoBank Agent, on behalf of each CoBank Secured Party, hereby waives and releases the Notes Agent (and any third party acting on its behalf) from all claims and liabilities arising pursuant to the Notes Agent's role (and the role of any third party acting on its behalf) as gratuitous bailee with respect to such Notes Priority Collateral; and (ii) the Notes Agent, on behalf of each Notes Secured Party, hereby waives and releases the CoBank Agent (and any third party acting on its behalf) from all claims and liabilities arising pursuant to the CoBank Agent's role (and the role of any third party acting on its behalf) as gratuitous bailee with respect to such CoBank Priority Collateral.

2.4 No New Liens. The parties hereto agree that there shall be no Lien, and no Grantor shall have any right to create any Lien on any asset securing any Secured Obligation if such asset is not also subject to a Lien securing each other Secured Obligation, with the priority of such Lien to be agreed to by the CoBank Secured Parties and the Notes Secured Parties at the time of the creation of such Lien, except that nothing contained in this Section 2.4 shall preclude the Notes Secured Parties from being granted Adequate Protection Liens in accordance with Section 7.4, or (B) the CoBank Secured Parties from being granted Adequate Protection Liens in accordance withSection 7.4. If any Representative shall (nonetheless and in breach hereof) acquire or hold any Lien, on behalf of the applicable Secured Parties, on any assets securing the Secured Obligations, which assets are not also subject to a Lien securing the other Secured Obligations as required by the first sentence of this Section 2.4, then such Representative shall, without the need for any further consent of any other Secured Party, and notwithstanding anything to the contrary in any Facility Documents be deemed to hold and have held such Lien for the benefit of the Secured Parties holding Secured Obligations that are required to have a Lien on such assets by the first sentence of this Section 2.4 (and each such Lien so deemed to have been held shall be subject in all respects to the provisions of this Agreement, including without limitation the lien subordination provisions set forth in Section 2.1). In such event, such Representative shall (a) endeavor to give the other Representative and other Secured Parties prompt written notice of such additional Lien, provided that the failure to give such notice shall not affect the validity of such additional Lien or the rights hereunder of the Secured Party receiving such additional Lien (subject to the Lien priorities and other terms hereof), and (b) enter into, execute or deliver any agreements, filings, instruments or other documents reasonably requested by the other Representative or Secured Party in order to evidence the Lien priorities set forth herein.

3. Enforcement Rights.

3.1 Exclusive Enforcement.

(a) Until the Senior Obligations have been Paid in Full, whether or not an Insolvency Proceeding has been commenced by or against any Grantor, the Senior Representative shall have the exclusive right to take and continue (or refrain from taking and continuing) any Enforcement Action with respect to its Senior Priority Collateral as it may determine in its sole discretion, without any consultation with or consent of any Junior Secured Party with respect to such Senior Priority Collateral. Upon the occurrence and during the continuance of a Senior Event of Default (and subject to the provisions of the Senior Facility Documents), the Senior Representative and the other Senior Secured Parties may take and continue any Enforcement Action with respect to the Senior Priority Collateral in such order and manner as they may determine in their sole discretion.

(b) Notwithstanding Section 3.1(a), the Junior Representative and the other Junior Secured Parties may enforce any of their rights and exercise any of their remedies with respect to the Senior Priority Collateral after a period of 120 days has elapsed since the date on which the Junior Representative has delivered to the Senior Representative written notice of the acceleration or non-payment at maturity of the indebtedness then outstanding under the Junior Facility Documents (the "**Junior Standstill Period**"); provided that, notwithstanding the expiration of the Junior Standstill Period or anything to the contrary herein, in no event shall the Junior Representative or any other Junior Secured Party enforce or exercise any rights or remedies with respect to the Senior Priority Collateral if the Senior Representative or any other Senior Secured Party shall have commenced, and shall be diligently pursuing the enforcement or exercise of any rights or remedies with respect to the Senior Priority Collateral; provided further that the Junior Standstill Period shall be stayed, tolled and deemed not to have expired during the pendency of any Insolvency Proceeding or during any period of time for which any stay or other order prohibiting the exercise of remedies with respect to any Senior Priority Collateral has been entered by a court of competent jurisdiction and is in effect.

(c) It is understood and agreed that Section 3.1(a) and Section 3.1(b) do not restrict the following:

(i) in any Insolvency Proceeding commenced by or against any Grantor, the Senior Representative or Junior Representative may file a proof of claim or statement of interest;

(ii) the Junior Representative may take any action (solely to the extent not adverse to the prior Liens securing the Senior Obligations or the rights of the Senior Representative or the Senior Secured Parties to exercise remedies in respect thereof) in order to preserve, perfect or protect (but not enforce) its Junior Lien;

(iii) each of the Senior Representative and Junior Representative shall be entitled to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the respective Secured Parties, if any, in each case in accordance with the terms of this Agreement;

(iv) each of the Senior Representative and Junior Representative shall be entitled to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Grantors or secured creditors of the Grantors with respect to the Common Collateral arising under either any bankruptcy, insolvency or similar law or applicable non-bankruptcy law, in each case in accordance with the terms of this Agreement;

(v) the Junior Representative shall be entitled to exercise any of its rights or remedies with respect to any of the Common Collateral after the termination of the Junior Standstill Period to the extent permitted by Section 3.1(b); and

(vi) the Junior Representative and the other Junior Secured Parties may make a bid on all, or any portion of, the Common Collateral in any bankruptcy or non-bankruptcy auction or foreclosure proceeding or action; provided that, the cash portion of any such bid is sufficient for the Senior Obligations to be Paid in Full.

3.2 Waivers.

(a) (i) The Notes Agent, on behalf of itself and the other Notes Secured Parties, agrees, for the benefit of the CoBank Agent and each other CoBank Secured Party, that until the CoBank Secured Obligations shall have been Paid in Full, subject to Section 3.1(c), it will not oppose, object to, interfere with, hinder or delay, in any manner, whether by judicial proceedings (including without limitation the filing of an Insolvency Proceeding) or otherwise, any foreclosure, sale, lease, exchange, transfer or other disposition of the CoBank Priority Collateral (whether or not pursuant to an Enforcement Action) permitted by the CoBank Loan Documents as a result of which the Junior Lien is released; and (ii) the CoBank Agent, on behalf of itself and the other CoBank Secured Parties, agrees, for the benefit of the Notes Agent and each other Notes Secured Party, that until the Notes Secured Obligations shall have been Paid in Full, subject to Section 3.1(c), it will not oppose, object to, interfere with, hinder or delay, in any manner, whether by judicial proceedings (including without limitation the filing of an Insolvency Proceeding) or otherwise, any foreclosure, sale, lease, exchange, transfer or other disposition of Notes Priority Collateral (whether or not pursuant to an Enforcement Action) pursuant to the Notes Documents as a result of which the Senior Lien is released.

(b) (i) The Notes Agent, on behalf of itself and the other Notes Secured Parties, agrees, for the benefit of the CoBank Agent and each other CoBank Secured Party, that until the CoBank Secured Obligations shall have been Paid in Full, it has no right to (x) direct the CoBank Agent or any other CoBank Secured Party to take any Enforcement Action with respect to the CoBank Priority Collateral or (y) subject to Section 5.1(c), consent or object to the taking by the CoBank Agent or any other CoBank Secured Party of any Enforcement Action with respect to the CoBank Priority Collateral or to the timing or manner thereof (or, to the extent it may have any such right described in this Section 3.2(b)(i) as a junior lien creditor, it hereby irrevocably waives such right); and (ii) the CoBank Agent, on behalf of itself and the other CoBank Secured Parties, agrees, for the benefit of the Notes Agent and each other Notes Secured Party, that until the Notes Secured Obligations shall have been Paid in Full, it has no right to (x) direct the Notes Agent or any other Notes Secured Party to take any Enforcement Action with respect to the Notes Priority Collateral or (y) subject to Section 3.1(c), consent or object to the taking by the Notes Agent or any other Notes Secured Party of any Enforcement Action with respect to the Notes Priority Collateral or to the timing or manner thereof (or, to the extent it may have any such right described in this Section 3.2(b)(ii) as a junior lien creditor, it hereby irrevocably waives such right).

(c) (i) The Notes Agent, on behalf of itself and the other Notes Secured Parties, agrees, for the benefit of the CoBank Agent and each other CoBank Secured Party, that until the CoBank Secured Obligations shall have been Paid in Full, it will not take any Enforcement Action with respect to any CoBank Priority Collateral, except as otherwise permitted under Section 3.1(b); and (ii) the CoBank Agent, on behalf of itself and the other CoBank Secured Parties, agrees, for the benefit of the Notes Agent and each other Notes Secured Party, that until the Notes Secured Obligations shall have been Paid in Full, it will not take any Enforcement Action with respect to any Notes Priority Collateral, except as otherwise permitted under Section 3.1(b).

(d) (i) The Notes Agent, on behalf of itself and the other Notes Secured Parties, agrees, for the benefit of the CoBank Agent and each other CoBank Secured Party, that until the CoBank Secured Obligations shall have been Paid in Full, it will not commence judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce their interest in or realize upon, the CoBank Priority Collateral, in each case, except as otherwise permitted under Section 3.1(b); (ii) the CoBank Agent, on behalf of itself and the other CoBank Secured Parties, agrees, for the benefit of the Notes Agent and each other Notes Secured Party, that until the Notes Secured Obligations shall have been Paid in Full, it will not commence judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce their interest in or realize upon, the Notes Priority Collateral, in each case except as otherwise permitted under Section 3.1(b).

(e) (i) The Notes Agent, on behalf of itself and the other Notes Secured Parties, agrees, for the benefit of the CoBank Agent and each other CoBank Secured Party, that until the CoBank Secured Obligations shall have been Paid in Full, it will not seek, and hereby waives any right, to have the CoBank Priority Collateral or any part thereof marshaled upon any foreclosure or other disposition of the Common Collateral, except as otherwise permitted under Section 3.1(b); and (ii) the CoBank Agent, on behalf of itself and the other CoBank Secured Parties, agrees, for the benefit of the Notes Agent and each other Notes Secured Party, that until the CoBank Secured Obligations shall have been Paid in Full, it will not seek, and hereby waives any right, to have the Notes Priority Collateral or any part thereof marshaled upon any foreclosure or other disposition of the Common Collateral, except as otherwise permitted under Section 3.1(b).

3.3 Rights as Unsecured Creditors. In the event that any Junior Secured Party becomes a judgment lien creditor as a result of its enforcement of its rights as an unsecured creditor in respect of its Junior Obligations, such judgment lien shall be subject to the terms of this Agreement for all purposes to the same extent as all other Junior Liens created pursuant to the Junior Facility Documents subject to this Agreement. In the event the Junior Secured Parties receive any distribution with respect to Senior Priority Collateral pursuant to any Plan of Reorganization, such distribution shall be subject to the provisions of this Agreement.

3.4 Cooperation. Each of the Senior Representative and Junior Representative, on behalf of itself and the applicable Secured Parties, agrees that it shall take such actions with respect to the Common Collateral as the other Representative shall reasonably request in connection with any Enforcement Action by such other Representative or the exercise by such other Representative of its rights set forth herein.

3.5 No Additional Rights for Grantors. Except as provided in Section 3.6, if any Secured Party shall enforce its rights or remedies in violation of the terms of this Agreement, no Grantor shall be entitled to use such violation as a defense to any action by any Secured Party, nor may it assert such violation as a counterclaim or basis for set-off or recoupment against any Secured Party.

3.6 Actions Upon Breach.

(a) If any Secured Party commences or participates in any action or proceeding in respect of the Common Collateral contrary to this Agreement, any Grantor, with the prior written consent of the other Representative of the other group of Secured Parties, may interpose as a defense or dilatory plea the making of this Agreement, and the Representative of the other set of Secured Parties may intervene and interpose such defense or plea in its or their name, or in the name of such Grantor.

(b) If any Secured Party (or any agent or other representative thereof) in any way takes, attempts to take or threatens to take any action with respect to the Common Collateral (including, without limitation, any attempt to enforce any remedy on the Common Collateral) in violation of this Agreement, or fails to take any action required by this Agreement, the Representative of the other set of Secured Parties (in its or their own name, or in the name of any Grantor) may obtain relief against the original Secured Party (or agent or other representative thereof) by injunction, specific performance and/or other appropriate equitable relief, it being understood and agreed by each of the Representatives on behalf of the Secured Parties that (i) the damages of such other Secured Parties from the actions of the original Secured Party may at that time be difficult to ascertain and may be irreparable and (ii) each Secured Party waives any defense that any Grantor and/or the other Secured Parties cannot demonstrate damage and/or can be made whole by the awarding of damages.

4. Amendments to Loan Documents and Refinancings.

4.1 Amendments to Loan Documents.

(a) The Notes Documents and CoBank Loan Documents may be amended, restated, supplemented or otherwise modified in accordance with their terms, all without affecting the lien subordination or other provisions of this Agreement; provided, however, that without the consent of the other Representative, no such amendment, restatement, supplement or modification shall have the effect of:

(i) increasing the principal amount of the Notes Secured Obligations or the CoBank Secured Obligations then outstanding or permitted to be outstanding to an amount that exceeds the applicable Maximum Obligations Amount with respect to the such Notes Secured Obligations or CoBank Secured Obligations;

(ii) changing any scheduled date for the repayment of the loans or extensions of credit outstanding or permitted to be outstanding under the Facility Documents to an earlier date;

(iii) amending, supplementing or otherwise modifying the terms "default" or "event of default" (or words of similar import) contained in any Facility Document in a manner that is adverse to any other Secured Party;

(iv) changing the redemption, prepayment, early termination or defeasance provisions set forth in the Junior Facility Documents in a manner that is adverse to any other Secured Party;

(v) amending, supplementing, or otherwise modifying the terms of any payment or repayment obligations required to avoid conflict with this Agreement; or

(vi) otherwise materially increasing the obligations of the Grantors under the Notes Documents or conferring any additional rights on the Notes Secured Parties in a manner that is adverse to the CoBank Secured Parties or increasing the obligations of the Grantors under the CoBank Loan Documents or conferring any additional rights on the CoBank Secured Parties in a manner that is adverse to the Notes Secured Parties.

4.2 Limitations on Refinancings.

(a) The indebtedness under the CoBank Loan Agreements may be refinanced, in whole but not in part, with the same or different lenders in a refinancing, without the consent of the Notes Agent or the other Notes Secured Parties; provided that (i) the holders of any indebtedness resulting from such refinancing (or the agent of such holders) shall have become bound in writing to the terms of this Agreement to each other party to this Agreement and (ii) no such refinancing shall have the effect of amending, restating, supplementing or modifying the terms of the CoBank Secured Obligations in violation of Section 4.1.

(b) The indebtedness under the Notes may be refinanced, in whole or in part, with the same or different lenders in a refinancing, without the consent of the CoBank Agent or the other CoBank Secured Parties; provided that (i) the holders of any indebtedness resulting from such refinancing (or the agent of such holders) shall have become bound in writing to the terms of this Agreement to each other party to this Agreement and (ii) no such refinancing shall have the effect of amending, restating, supplementing or modifying the terms of the Notes Secured Obligations in violation of Section 4.1.

5. Collateral Matters.

5.1 Distribution of Proceeds of Common Collateral; Turnover Provisions.

(a) Except as provided in Section 5.1(b) and (c), all proceeds of Senior Priority Collateral (including any interest earned thereon) resulting from any Enforcement Action, and whether or not pursuant to an Insolvency Proceeding, shall be distributed as follows: first, to the Senior Representative to be applied in accordance with the Senior Facility Documents until the Senior Obligations are indefeasibly Paid in Full; second, to the Junior Representative to be applied in accordance with the Junior Facility Documents until the Junior Obligations are indefeasibly Paid in Full; and third, to the relevant Grantor, or as a court of competent jurisdiction may direct.

(b) Prior to the occurrence and continuance of a Senior Event of Default or an event which, with the giving of notice or passing of time, would constitute a Senior Event of Default, the Grantors agree that each Central Assets Sale or Western Assets Sale shall be made only for fair market value for cash, and:

(i) Any Central Assets Sale shall result in distributions by the Grantors as follows: first, to the CoBank Agent in an amount up to $40,000,000 to be applied in accordance with the CoBank Intercreditor Agreement; and second, 33% of any remaining amounts shall be distributed to the CoBank Agent to be applied in accordance with the CoBank Intercreditor Agreement, 34% of any remaining amounts shall be distributed to the Notes Agent to be applied in accordance with the Notes Documents, and 33% of any remaining amounts shall be distributed to the relevant Grantor; and

(ii) Any Western Assets Sale shall result in distributions by the Grantors as follows: first, to the Notes Agent in an amount up to $20,000,000 to be applied in accordance with the Notes; and second, 33% of any remaining amounts shall be distributed to the CoBank Agent to be applied in accordance with the CoBank Intercreditor Agreement, 34% of any remaining amounts shall be distributed to the Notes Agent to be applied in accordance with the Notes Documents, and 33% of any remaining amounts shall be distributed to the relevant Grantor;

(c) Upon the occurrence and during the continuance of a Senior Event of Default or an event which, with the giving of notice or passing of time, would constitute a Senior Event of Default, the Grantors agree that no Sale shall be conducted without the prior written consent of the Senior Representative, and:

(i) all proceeds of Common Collateral (including any interest earned thereon) resulting from a Central Assets Sale, shall be distributed as follows: first, to the CoBank Agent in the full amount of such proceeds up to $40,000,000 to be applied in accordance with the CoBank Intercreditor Agreement; and second, 33% of such remaining proceeds shall be distributed to the CoBank Agent to be applied in accordance with the CoBank Intercreditor Agreement, 34% of such remaining proceeds shall be distributed to the Notes Agent to be applied in accordance with the Notes, and 33% of such remaining proceeds shall be distributed in accordance with Section 5.1(a); and

(ii) all proceeds of Common Collateral (including any interest earned thereon) resulting from a Western Assets Sale, shall be distributed as follows: first, to the Notes Agent in the full amount of such proceeds up to $20,000,000 to be applied in accordance with the Notes; and second, 33% of such remaining proceeds shall be distributed to the CoBank Agent to be applied in accordance with the CoBank Intercreditor Agreement, 34% of such remaining proceeds shall be distributed to the Notes Agent to be applied in accordance with the Notes Documents, and 33% of such remaining proceeds shall be distributed in accordance with Section 5.1(a).

(d) Until the Senior Obligations shall have been Paid in Full, no Junior Secured Party may accept any Common Collateral, including any Common Collateral constituting proceeds, in satisfaction, in whole or in part, of the Junior Obligations in violation of Section 5.1(a) or (b). Any Common Collateral, including any Common Collateral constituting proceeds, received by a Junior Secured Party that is not permitted to be received pursuant to the preceding sentence shall be segregated and held in trust and promptly turned over to Senior Representative to be applied in accordance with Section 5.1(a) or (b) in the same form as received, with any necessary endorsements, and each Junior Secured Party hereby authorizes the Senior Representative to make any such endorsements as agent for the Junior Representative (which authorization, being coupled with an interest, is irrevocable). Upon the turnover of such Common Collateral as contemplated by the immediately preceding sentence, the Junior Obligations purported to be satisfied by the payment of such Common Collateral shall be immediately reinstated in full as though such payment had never occurred.

5.2 Lien Releases.

(a) Upon any release, sale or disposition of any Common Collateral that results in the release of the applicable Senior Lien on such Common Collateral and that is effected pursuant to an Enforcement Action permitted by this Agreement, the Junior Lien on such Common Collateral (but not on any proceeds of such Common Collateral not required to be paid to the Senior Secured Parties) shall be automatically and unconditionally released, unless such lien release is in connection with the applicable Senior Obligations being Paid in Full (and such lien release is not required in connection with the applicable Senior Obligations being Paid in Full).

(b) Until the Senior Obligations have been Paid in Full, the Junior Representative shall promptly execute and deliver such release documents and instruments and shall take such further actions as the Senior Representative shall reasonably request to evidence any release of the Junior Lien on any Senior Priority Collateral described in Section 5.2(a). The Junior Representative with respect to any Common Collateral which is not its Senior Priority Collateral hereby appoints the Senior Representative and any officer or duly authorized person of the Senior Representative, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power of attorney in the place and stead of the Junior Representative and in the name of the Junior Representative or in the Senior Representative's own name; provided that, such power of attorney must be exercised in the Senior Representative's reasonable discretion, solely for the purposes of carrying out the terms of Section 5.2(a), to take any and all appropriate action and to execute and deliver any and all documents and instruments as may be necessary to accomplish the purposes of Section 5.2(a), including any financing statements, endorsements, assignments, releases or other documents or instruments of transfer (which appointment, being coupled with an interest, is irrevocable).

5.3 Inspection Rights and Insurance.

(a) Until the Senior Obligations have been Paid in Full, any Senior Secured Party and its representatives and invitees may, to the extent expressly permitted by the Senior Facility Documents, inspect any Common Collateral.

(b) Until the Senior Obligations have been Paid in Full, the Senior Representative will have the sole and exclusive right, subject to the rights of the Grantors under the applicable Senior Facility Documents to adjust or settle any insurance policy or claim covering Common Collateral in the event of any loss thereunder, and (iii) to approve any award granted in any condemnation or similar proceeding affecting Common Collateral. All proceeds of any such policy and any such award if in respect of the Senior Priority Collateral shall be paid (a) first, before the applicable Senior Obligations are Paid in Full, to the Senior Secured Parties pursuant to the terms of the Senior Facility Documents, (b) second, after the applicable Senior Obligations are Paid in Full, to the Junior Secured Parties pursuant to the terms of the applicable Junior Facility Documents, and (c) third, after the applicable Junior Obligations are Paid in Full, to any excess obligations (if any), then to the owner of the subject property, such other Person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. If any Junior Secured Party shall, at any time, receive any proceeds of any such insurance policy or any such award in contravention of this Agreement, it shall pay such proceeds over to the Senior Secured Parties in accordance with the terms of Section 5.1(d).

6. Representations and Warranties. By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

7. Insolvency Proceedings.

7.1 Filing of Motions. No Junior Secured Party shall, in or in connection with any Insolvency Proceeding or otherwise, file any pleadings or motions, take any position at any hearing or proceeding of any nature, or otherwise take any action whatsoever, in each case to challenge, contest or otherwise object to the scope, validity, enforceability, perfection or priority of any Liens held by any Senior Secured Party and no Junior Secured Party shall support any other Person doing any of the foregoing.

7.2 Financing Matters.

(a) If any Grantor becomes subject to any Insolvency Proceeding, and if the Senior Representative consents (or indicates to the Junior Representative in writing or publically that it does not object): (i) to the use of its Senior Priority Collateral (including its Senior Priority Collateral that is cash collateral) by any Grantor during any Insolvency Proceeding; (ii) to any Grantor obtaining financing from the Senior Secured Parties under sections 363 or 364 of the Bankruptcy Code ("**DIP Financing**") secured by their respective Senior Priority Collateral (but not the Senior Priority Collateral of any other Senior Representative); or (iii) to the provision of DIP Financing secured by its Senior Priority Collateral (but not the Senior Priority Collateral of the Senior Representative) to any Grantor by any third party (any such DIP Financing contemplated by (ii) or (iii), the "**Senior DIP Financing**"), then, so long as any Liens on such Senior Priority Collateral securing the DIP Financing are senior to or*pari passu* with the Liens on such Senior Priority Collateral securing the Senior Obligations (or such DIP Financing refinances such Senior Obligations), the Junior Representative agrees, on behalf of itself and the other Junior Secured Parties, that each such Junior Secured Party:

(i) will be deemed to have consented to, will raise no objection to or otherwise contest, and will not support any other Person objecting to or contesting, the use of such Senior Priority Collateral or to such Senior DIP Financing; *provided* that the Junior Representative and each Junior Secured Party reserves the right to object to any Senior DIP Financing to the extent that such Senior DIP Financing: (A) compels any Grantor to seek confirmation of a specific Plan of Reorganization for which all of the material terms are set forth in the cash collateral order or the DIP Financing documentation; (B) does not provide the Junior Representative adequate protection with respect to the Common Collateral securing the Junior Obligations; or (C) requires the Junior Representative to not retain its Lien on the Common Collateral;

(ii) will not request adequate protection, or seek any other relief in connection therewith, except as expressly agreed to in writing by the Senior Representative or as permitted Section 7.4 below;

(iii) will subordinate, and will be deemed hereunder to have subordinated, its Junior Liens and any Adequate Protection Liens provided in respect thereof to (A) the Liens on Senior Priority Collateral securing such Senior DIP Financing on the same terms and conditions as the Senior Liens on such Senior Priority Collateral are subordinated to such Liens on such Senior Priority Collateral securing such Senior DIP Financing, (B) any adequate protection with respect to such Senior Priority Collateral provided to the Senior Secured Parties with respect to such Senior Priority Collateral, including, without limitation, Adequate Protection Liens on such Senior Priority Collateral provided to such Senior Secured Parties, and (C) any "carve-out" with respect to such Senior Priority Collateral for professional fees and fees for the Office of the United States Trustee agreed to by the Senior Representative or the other Senior Secured Parties with respect to such Senior Priority Collateral; and

(iv) agrees that any notice of such events found to be adequate by the bankruptcy court shall be adequate notice under this Agreement.

(b) If any Grantor becomes subject to any Insolvency Proceeding, then the Junior Representative or any Junior Secured Party may propose DIP Financing to such Grantor:

(i) secured by assets constituting Common Collateral which is not its Senior Priority Collateral so long as (A) the Senior Representative has not proposed to provide DIP Financing to any Grantor secured by such Senior Priority Collateral and has not consented (or objects) to the provision of DIP Financing to any Grantor secured by such Senior Priority Collateral by any third party and (B) the Liens securing such DIP Financing (or any Adequate Protection Liens granted in connection therewith) on such Senior Priority Collateral are junior and subordinate to the Senior Liens (and any Adequate Protection Liens granted to any Senior Secured Parties) on such Senior Priority Collateral;

(ii) secured by assets constituting Common Collateral which is its Senior Priority Collateral; or

(iii) secured by assets not constituting Common Collateral.

7.3 Relief from the Automatic Stay. The Junior Representative agrees, on behalf of itself and the other Junior Secured Parties, that until the Senior Obligations have been Paid in Full, it will not, without the prior written consent of the Senior Representative, (a) seek relief from the automatic stay or from any other stay in any Insolvency Proceeding or take any action in violation thereof, or support any other Person seeking such relief or taking such action, in each case in respect of the Common Collateral that is not such Junior Representative's Senior Priority Collateral, without the prior written consent of the Senior Representative or (b) object to, contest, or support any other Person objecting to or contesting, any relief from the automatic stay or from any other stay in any Insolvency Proceeding requested by any Senior Secured Party, in each case in respect of the Common Collateral that is not such Junior Representative's Senior Priority Collateral.

7.4 Adequate Protection.

(a) Each Representative, on behalf of itself and the other Secured Parties that it acts for, agrees that none of them shall oppose, object to, contest, or support any other Person objecting to or contesting:

(i) any request by any Senior Representative or any other Senior Secured Party for adequate protection of its interest with respect to its Senior Priority Collateral, including, without limitation, in the form of Adequate Protection Liens, superpriority claims, interest, fees, expenses, professionals' fees and expenses, or other amounts;

(ii) any objection by any Senior Representative or any other Senior Secured Party to any motion, relief, action or proceeding based on a claim of a lack of adequate protection to the such Senior Secured Parties with respect to its Senior Priority Collateral; or

(iii) the payment of interest, fees, expenses or other amounts to any Senior Representative or any other Senior Secured Party under sections 506(b) or 506(c) of the Bankruptcy Code or otherwise with respect to its Senior Priority Collateral.

(b) In any Insolvency Proceeding, solely to the extent that the Senior Secured Parties are granted adequate protection of their interest in the Senior Priority Collateral in the form of Adequate Protection Liens or superpriority claims in connection with any DIP Financing or use of cash collateral under sections 363 or 364 of the Bankruptcy Code, then the Junior Representative, on behalf of each Junior Secured Party represented by it, shall be entitled to seek Adequate Protection Liens and/or superpriority claims on such Senior Priority Collateral, which Adequate Protection Liens and/or superpriority claims shall be subordinated to (i) any Adequate Protection Liens and superpriority claims of the Senior Secured Parties with respect to such Senior Priority Collateral, (ii) any Adequate Protection Liens granted to the Senior Secured Parties on any additional collateral, and (iii) the Liens on such collateral and superpriority claims granted under such DIP Financing;

(c) Notwithstanding anything to the contrary inSection 7.4(a), in any Insolvency Proceeding, Secured Parties may seek, support, accept or retain adequate protection in respect of assets of the Grantors or their Subsidiaries that do not constitute Common Collateral solely in the form of (A) an Adequate Protection Lien on such assets and (B) non-monetary adequate protection that is customarily provided in an Insolvency Proceeding, including, without limitation, the disclosing of information and the ability to monitor such adequate protection; and

(d) No Secured Party will assert or enforce any claim made under section 506(c) of the Bankruptcy Code with respect to Common Collateral.

7.5 Avoidance Issues. If any Secured Party is required in any Insolvency Proceeding or otherwise to disgorge, turn over or otherwise pay any amount to the estate of any Grantor, because such amount was avoided or ordered to be paid or disgorged for any reason, including without limitation because it was found to be a fraudulent or preferential transfer, then the applicable Secured Obligations shall be reinstated to the extent of such payment and deemed to be outstanding as if such payment had not occurred, and the applicable Secured Obligations shall be deemed not to have been Paid in Full. If this Agreement shall have been terminated prior to the making of such payment, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto. The Junior Secured Parties agree that none of them shall be entitled to benefit from any avoidance action affecting or otherwise relating to any distribution or allocation with respect to the Common Collateral which is not its Senior Priority Collateral made in accordance with this Agreement, whether by preference or otherwise, it being understood and agreed that the benefit of such avoidance action otherwise allocable to them shall instead be allocated and turned over for application in accordance with the priorities set forth in this Agreement.

7.6 Asset Dispositions in an Insolvency Proceeding. The Junior Representative, on behalf of itself and the other Junior Secured Parties, agrees that (a) it shall not, in an Insolvency Proceeding, oppose any sale or disposition of any Common Collateral that is not its Senior Priority Collateral that is supported by the Senior Secured Parties with respect to such Common Collateral and (b) it will be deemed, in its capacity as a holder of a Lien on such Common Collateral, to have consented under section 363 of the Bankruptcy Code (and otherwise) to any such sale supported by the Senior Secured Parties and to have released their Liens in such Common Collateral (but not on any proceeds of such Common Collateral not required to be paid to the Senior Secured Parties, which Liens on such proceeds, if any, shall remain subject to the provisions of this Agreement).

7.7 Separate Grants of Security and Separate Classification. Each Representative, on behalf of itself and the applicable Secured Parties, acknowledges and agrees that (a) the grant of Liens on the Common Collateral to such Representative securing its Secured Obligations and those of the Secured Parties for who it acts constitutes a separate and distinct grant of Liens from the grant of Liens on the Common Collateral securing the other Secured Obligations, (b) because of, among other things, their differing rights in the Common Collateral, the Notes Secured Obligations and the CoBank Secured Obligations are fundamentally different and must be separately classified in any Plan of Reorganization proposed or confirmed in an Insolvency Proceeding, and (c) it will object to, and not vote in favor of, any Plan of Reorganization that does not separately classify the Notes Secured Obligations and the CoBank Secured Obligations. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if a court of competent jurisdiction holds that the claims of the Notes Secured Parties and the claims held by the CoBank Secured Parties in respect of the Common Collateral constitute only one secured claim, rather than separate classes secured claims, then the Junior Secured Parties with respect to any Common Collateral hereby acknowledge and agree that all distributions in respect of such Common Collateral shall be made as if there were separate classes of secured claims against the relevant Grantors in respect of such Common Collateral (with the effect being that, to the extent that the aggregate value of such Common Collateral is sufficient (for this purpose ignoring all claims held by such Junior Secured Parties), the Senior Secured Parties with respect to such Common Collateral shall be entitled to receive, in addition to distributions to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of Post-Petition Interest (at the applicable non-default rate) before any distribution in respect of such Common Collateral is made in respect of the claims held by the Junior Secured Parties). The Junior Secured Parties with respect to any Common Collateral hereby acknowledge and agree to turn over to the Senior Secured Parties distributions otherwise received or receivable by them in respect of such Common Collateral to the extent necessary to effectuate the intent of the immediately preceding sentence, even if such turnover has the effect of reducing the claim or recovery of the Junior Secured Parties with respect to such Common Collateral.

7.8 Plans of Reorganization.

(a) Notwithstanding any other provision of this Agreement, but subject to Section 7.7, no Secured Party shall be prevented from exercising its rights to vote in favor of or against, or object to or contest, any Plan of Reorganization in any Insolvency Proceeding of any Grantor.

(b) If, in any Insolvency Proceeding, debt obligations of the reorganized debtor secured by Liens upon the Common Collateral are distributed, pursuant to a Plan of Reorganization or similar dispositive restructuring plan, on account of Notes Secured Obligations and on account of CoBank Secured Obligations, then, to the extent the debt obligations distributed on account of the Notes Secured Obligations and on account of the CoBank Secured Obligations are secured by Liens upon the same Notes Priority Collateral or CoBank Priority Collateral, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such Plan of Reorganization and will apply with like effect to the Liens securing such debt obligations.

7.9 Post-Petition Interests. Neither the Junior Representative nor any other Junior Secured Parties shall oppose or seek to challenge any claim by the Senior Representative or any other Senior Secured Party for allowance in any Insolvency Proceeding of Senior Obligations of such Senior Secured Parties consisting of Post-Petition Interest, fees or expenses to the extent of the value of the Lien on its Senior Priority Collateral.

7.10 Effectiveness in Insolvency Proceedings. This Agreement, which the parties hereto expressly acknowledge is a "subordination agreement" under section 510(a) of the Bankruptcy Code, shall be effective before, during and after the commencement of an Insolvency Proceeding. All references in this Agreement to any Grantor shall include such Grantor as a debtor-in-possession and any receiver or trustee for such Grantor in any Insolvency Proceeding, and the rights and obligations hereunder of the Notes Secured Parties and the CoBank Secured Parties shall be fully enforceable as between such parties regardless of the pendency of Insolvency Proceedings or any related limitations on the enforcement of this Agreement against any Grantor.

8. Cooperation Regarding Common Collateral.

8.1 Consent to License to Use Intellectual Property. Each Representative and any purchaser, assignee or transferee of assets as provided in Section 8.3:

(a) Consents (without any representation, warranty or obligation whatsoever) to the grant by any Grantor to the other Representative of a non-exclusive, royalty-free license to use during any Enforcement Action permitted by this Agreement any Intellectual Property of such Grantor that is Common Collateral (or any Intellectual Property acquired by such purchaser, assignee or transferee from any Grantor, as the case may be); and

(b) Grants, in its capacity as a secured party (or as a purchaser, assignee or transferee, as the case may be), to the other Representative a non-exclusive royalty-free license to use during any Enforcement Action permitted by this Agreement, any Intellectual Property that is Common Collateral (or subject to such purchase, assignment or transfer, as the case may be), in each case in connection with the enforcement of any Lien held by such Representative upon any inventory or other Common Collateral of any Grantor and to the extent the use of such Intellectual Property is necessary or appropriate, in the good faith opinion of such Representative, to process, ship, produce, store, complete, supply, lease, sell or otherwise dispose of any such inventory in any lawful manner and in accordance with this Agreement.

8.2 Access to Information. If any Representative takes actual possession of any documentation that is the property of a Grantor (whether such documentation is in the form of a writing or is stored in any data equipment or data record in the physical possession of such Representative), then upon request of the other Representative and reasonable advance notice, the Representative with possession of such documentation will permit the other Representative or its representative to inspect and copy such documentation if and to the extent such other Representative certifies to the Representative with possession of such documentation that:

(a) Such documentation contains or may contain information necessary or appropriate, in the good faith opinion of such other Representative, to the enforcement of such other Representative's Liens on any CoBank Priority Collateral or Notes Priority Collateral

(b) such certifying Representative and the applicable Secured Parties are entitled to receive and use such information under applicable law and, in doing so, will comply with all obligations imposed by law or contract in respect of the disclosure or use of such information.

8.3 Access to Property to Process and Sell Inventory.

(a) If the Senior Representative commences any action or proceeding with respect to any of its rights or remedies, including, but not limited to, any action of foreclosure, enforcement, collection or execution, with respect to its Senior Priority Collateral (or a purchaser at a foreclosure sale conducted in foreclosure of such Senior Priority Collateral takes actual or constructive possession of such Senior Priority Collateral of any Grantor) or if the Junior Representative commences any action or proceeding with respect to any of its rights or remedies, including, but not limited to, any action of foreclosure, enforcement, collection or execution, with respect to its Junior Obligations (or a purchaser at a foreclosure sale conducted in foreclosure of such Junior Priority Collateral takes actual or constructive possession of such Junior Priority Collateral of any Grantor), then the Junior Representative on behalf of itself and the Junior Secured Parties shall:

(i) cooperate with the Senior Representative (and with its officers, employees, representatives and agents) at the cost and expense of the Senior Secured Parties (subject to the Grantors' reimbursement and indemnity obligations with respect thereto under the Senior Facility Documents) in its efforts to conduct such Enforcement Actions in such Senior Priority Collateral and to finish any work-in-process and process, ship, produce, store, complete, supply, lease, sell or otherwise handle, deal with, assemble or dispose of, in any lawful manner, such Senior Priority Collateral; and

(b) not hinder or restrict in any respect the Senior Representative from conducting such Enforcement Actions in such Senior Priority Collateral or from finishing any work-in-process or processing, shipping, producing, storing, completing, supplying, leasing, selling or otherwise handling, dealing with, assembling or disposing of, in any lawful manner, such Senior Priority Collateral. During the period of actual occupation, use and/or control by the Senior Secured Parties and/or the Senior Representative (or their respective officers, employees, agents, advisers and representatives) of any Junior Priority Collateral, the Senior Secured Parties and the Senior Representative shall:

(i) be responsible for the ordinary course third-party expenses related thereto, including costs for heat, light, electricity, water and real property taxes for that portion of any premises so used or occupied; and

(ii) be obligated to repair at their expense any physical damage to such Junior Priority Collateral resulting from such occupancy, use or control or removal of Senior Priority Collateral and to leave such Junior Priority Collateral in substantially the same condition as it was at the commencement of such occupancy, use or control, ordinary wear and tear excepted.

Notwithstanding the foregoing, in no event shall the Senior Secured Parties or the Senior Representative have any liability to the Junior Representative or to any other Junior Secured Party with respect to the Junior Priority Collateral pursuant to this Section 8.3(b) as a result of any condition (including any environmental condition, claim or liability) on or with respect to the Junior Priority Collateral existing prior to the date of the exercise by the Senior Secured Parties (or the Senior Representative, as the case may be) of their rights under Section 8.3(a) and the Senior Secured Parties shall have no duty or liability to maintain the Junior Priority Collateral in a condition or manner better than that in which it was maintained prior to the use thereof by the Senior Secured Parties, or for any diminution in the value of the Junior Priority Collateral that results from ordinary wear and tear resulting from the use of the Junior Priority Collateral by the Senior Secured Parties in the manner and for the time periods specified under Section 8.3(a). Without limiting the rights granted in Section 8.3(a), the Senior Secured Parties and the Senior Representative shall cooperate with the Junior Representative, and the other Junior Secured Parties in connection with any efforts made by the Junior Representative or such Junior Secured Parties to sell the Junior Priority Collateral.

8.4 Junior Representative Assurances. The Junior Representative may condition its performance of any of its obligations set forth in this Section 8 upon its prior receipt (without cost to it) of such assurances as it may reasonably request to confirm that the performance of such obligation and all activities of the Senior Representative or its officers, employees, agents, advisers and representatives in connection therewith or incidental thereto will not impose upon the Junior Representative (or any Junior Secured Party) any legal duty or liability, the expenses for which the Senior Representative is expressly responsible pursuant to this Section 8, or any risk of uninsured loss.

8.5 Grantor Consent. The Company and the other Grantors consent to the performance by the Secured Parties of the obligations set forth in this Section 8 and acknowledge and agree that no Secured Party shall ever be accountable or liable for any action taken or omitted by the Secured Party or its or any of their officers, employees, agents, advisers, representatives, successors or assigns (the "**Secured Party Representatives**") in connection therewith or incidental thereto, or in consequence thereof by the Secured Party or its or any of their officers, employees, agents, advisers, representatives, successors or assigns, or any other damage to or misuse or loss of any property of the Grantors as a result of any action taken or omitted by the Secured Party or its officers, employees, agents, advisers, representatives, successors or assigns, except to the extent such misuse or loss of any property of the Grantors is determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Secured Party Representatives.

9. Miscellaneous.

9.1 Conflict. In the event of any conflict between any term, covenant, or condition of this Agreement and any term, covenant or condition of any CoBank Loan Documents or any Notes Document, the provisions of this Agreement shall control and govern.

9.2 Continuing Subordination; Termination of Agreement. This is a continuing agreement of subordination and the CoBank Secured Parties and the Notes Secured Parties may continue, at any time and without notice to the other parties hereto, to extend credit or other financial accommodations and loan monies to, or for the benefit of, the Company or the Grantors on the faith hereof. This Agreement shall remain in full force and effect until the Senior Obligations shall have been Paid in Full, after which this Agreement shall terminate without further action on the part of the parties hereto.

9.3 Unconditional Obligations. All rights, agreements and obligations of the Senior Representative and the other Senior Secured Parties, and the Junior Representative and the other Junior Secured Parties, in each case with respect to the Common Collateral, and the Grantors hereunder, to the extent applicable, shall remain in full force and effect irrespective of either:

(a) Any lack of validity or enforceability of any CoBank Loan Document or any Notes Document.

(b) Any change in the time, place or manner of payment of, or in any other term of, all or any portion of the Notes Secured Obligations or CoBank Secured Obligations, or any amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding or restatement of any CoBank Loan Document or any Notes Document.

(c) Any exchange, release, voiding, avoidance or non-perfection of any security interest in any Common Collateral or any other collateral, or any release, amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding or restatement of all or any portion of the CoBank Secured Obligations or Notes Secured Obligations or any guarantee thereof.

(d) Any other circumstances that otherwise might constitute a defense available to, or a discharge of, any Grantor in respect of the Notes Secured Obligations, the Notes Agent or any other Notes Secured Party, the CoBank Secured Obligations, the CoBank Agent or any other CoBank Secured Party.

9.4 Amendments; Waivers. This Agreement constitutes the entire agreement and understanding of the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, whether oral or written, relating to the subject matter hereof. Any amendment or waiver of any provision of this Agreement, or any consent to any departure by any party from the terms hereof, shall not be effective in any event unless the same is in writing and signed by the CoBank Agent and the Notes Agent, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any party hereto in any event not specifically required hereunder shall not entitle the party receiving such notice or demand to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

9.5 Information Concerning the Financial Condition of the Company and the other Grantors. The Notes Agent, on behalf of itself and the other Notes Secured Parties, and the CoBank Agent, on behalf of itself and the other CoBank Secured Parties, shall each be responsible for keeping themselves informed of (a) the financial condition of the Company and the other Grantors and (b) all other circumstances bearing upon the risk of nonpayment of the Notes Secured Obligations or the CoBank Secured Obligations. Except as expressly provided in this Agreement, the Notes Agent, on behalf of itself and the other Notes Secured Parties, and the CoBank Agent, on behalf of itself and the other CoBank Secured Parties, shall have no duty to advise any other party hereunder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event that the Notes Agent, any other Notes Secured Party, the CoBank Agent or any other CoBank Secured Party undertakes at any time or from time to time to provide any such information to any other party, it or they shall be under no obligation (w) to make, and the Notes Agent, the other Notes Secured Parties, the CoBank Agent and the other CoBank Secured Parties shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided, (x) to provide any additional information or to provide any such information on any subsequent occasion, (y) to undertake any investigation, or (z) to disclose any information that, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

9.6 No Subrogation. If a Junior Representative, on behalf of a Junior Secured Party, pays or distributes cash, property, or other assets to a Senior Representative, on behalf of Senior Secured Parties, under this Agreement, the Junior Representative will be subrogated to the rights of the Senior Representative with respect to the value of the payment or distribution, provided, that the Junior Representative waives such right of subrogation until the Senior Obligations are Paid in Full. Such payment or distribution will not reduce the Junior Obligations.

9.7 Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, each of the parties hereto and each of the Notes Secured Parties and the CoBank Secured Parties and their respective successors and assigns. Nothing herein is intended or shall be construed to give, any other Person any right, remedy or claim under, to or in respect of this Agreement or any Common Collateral. All references to any Grantor shall include any Grantor as debtor-in-possession and any receiver or trustee for such Grantor in any Insolvency Proceeding.

9.8 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (or by e-mail as provided in Section 9.8(b)), all notices and other communications provided for herein shall be made in writing and mailed by certified or registered mail, delivered by hand, or sent via overnight courier service as follows:

(i) if to the Notes Agent, to: Cortland Products Corp., 225 W Washington Street, 9th Floor, Chicago, IL 60606, Attn: Cortland Successor Agent and Legal Department, email: Cortland_Successor_Agent@cortlandglobal.com and legal@cortlandglobal.com, with a copy (which shall not constitute notice) to: Arnold & Porter Kaye Scholer LLP, 250 W. 55th Street, New York, NY 10019, Attn: Alan Glantz, e-mail: Alan.Glantz@arnoldporter.com;

(ii) if to the CoBank Agent, to: 6340 South Fiddlers Green Circle, Greenwood Village, CO 80111, Attention: Credit Information Services, email: CIServices@cobank.com, with a copy to: Bryan Cave Leighton Paisner LLP, 161 North Clark Street, Suite 4300, Chicago, IL 60201, Attention: Eric S. Prezant, Esq., e-mail: eric.prezant@bclplaw.com; and

(iii) if to Company or any Grantor, to: 400 Capital Mall, Suite 2060, Sacramento, CA 95814, Attention: Christopher W. Wright, e-mail: cwright@pacificethanol.com, with a copy to: Troutman Sanders LLP, 5 Park Plaza, Suite 1400, Irvine, CA 92614-2545, Attention: Larry Ceruitti, Esq., e-mail: larry.cerutti@troutman.com.

(b) Each party hereto may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Notices and other communications (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received, (ii) sent by facsimile shall be deemed to have been given when sent, (iii) sent by e-mail shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (iv) posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing subclause (iii) of notification that such notice or communication is available and identifying the website address therefor; provided that, in the case of subclauses (ii), (iii) and (iv) above, if such notice, facsimile, e-mail or other communication is not sent during the recipient's normal business hours, such notice, facsimile, e-mail or communication shall be deemed to have been sent at the recipient's opening of business on the next business day.

(d) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

9.9 Headings. The section headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

9.10 Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto. This Agreement shall become effective when it shall have been executed by each part hereto. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

9.11 Severability. In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as to most fully achieve the intention of this Agreement.

9.12 Governing Law; Jurisdiction; Etc.

(a) This Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each party hereto irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against any other party hereto in any way relating to this Agreement or the transactions contemplated hereby, in any forum other than the courts of the State of New York sitting in the city of New York and of the United States District Court of the Southern District of New York, and any appellate court from any thereof. Each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees that any such action, litigation or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court referred to in Section 9.12(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party hereto irrevocably consents to the service of process in the manner provided for notices in Section 9.7 and agrees that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

9.13 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COBANK, ACB, as CoBank Agent

By /s/ Janet Downs
Name: Janet Downs
Title: Vice President

CORTLAND PRODUCTS CORP., as Notes Agent

By /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

PACIFIC ETHANOL, INC. as Company and Grantor

By /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

PACIFIC ETHANOL CENTRAL, LLC, as Grantor

By /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

[Signature Page to Intercreditor Agreement]

PACIFIC ETHANOL PEKIN, LLC, as Grantor

By /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

ILLINOIS CORN PROCESSING, LLC, as Grantor

By /s/ Neil M. Koehler
Name: Neil M. Koehler
Title: President and Chief Executive Officer

[Signature Page to Intercreditor Agreement]

Exhibit 10.13

INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT ("**Agreement**") dated as of March 20, 2020, is between the **PEKIN LENDERS** (defined below) and the **ICP LENDERS** (defined below).

RECITALS

WHEREAS, PACIFIC ETHANOL PEKIN, LLC, a Delaware limited liability company ("**Pekin**"), COMPEER FINANCIAL, PCA, a federally-chartered instrumentality of the United States, successor by merger to 1st Farm Credit Services, PCA, as a Lender, and COBANK, ACB, a federally-chartered instrumentality of the United States, as Agent, are parties to a Credit Agreement dated as of December 15, 2016, as amended, restated, supplemented or otherwise modified from time to time, including by that certain Amendment No. 7 to Credit Agreement and Waiver (the "**Pekin Seventh Amendment**") dated as of December 20, 2019 (and as further amended, restated, supplemented or otherwise modified from time to time, including as of the date hereof, the "**Pekin Credit Agreement**") pursuant to which the Pekin Lenders have made and may make advances and extend other financial accommodations to Pekin. The lenders from time to time as parties to the Pekin Credit Agreement are referred to herein as the "**Pekin Lenders.**"

WHEREAS, ILLINOIS CORN PROCESSING, LLC, a Delaware limited liability company ("**ICP**" and together with Pekin collectively, the "**Borrowers**"), COMPEER FINANCIAL, PCA, a federally-chartered instrumentality of the United States, as a Lender, and COBANK, ACB, a federally-chartered instrumentality of the United States, as Cash Management Provider and Agent, are parties to a Credit Agreement dated as of September 15, 2017 as amended from time to time, including by that certain Amendment No. 1 to Credit Agreement and Waiver (the "**ICP First Amendment**" and together with the Pekin Seventh Amendment, the "**Credit Agreement Amendments**") dated as of December 20, 2019 (and as further amended, restated, supplemented or otherwise modified from time to time, including as of the date hereof, the "**ICP Credit Agreement**" and together with the Pekin Credit Agreement, the "**Credit Agreements**") pursuant to which the ICP Lenders have made and may make advances and extend other financial accommodations to ICP. The lenders from time to time as parties to the ICP Credit Agreement are referred to herein as the "**ICP Lenders.**"

WHEREAS, in connection with the Pekin Credit Agreement, Pekin executed (i) an Illinois Future Advance Real Estate Mortgage dated as of December 15, 2016 ("**Pekin Mortgage**") in favor of the Pekin Lenders which provided that, among other things, the real estate collateral referenced in the Pekin Mortgage also secured Pekin's obligations under the Pekin Credit Agreement (the "**Pekin Priority Real Property Collateral**"), and (ii) a Security Agreement dated as of December 15, 2016 ("**Pekin Security Agreement**") in favor of the Pekin Lenders which provided that, among other things, the personal property collateral referenced therein secured Pekin's obligations under the Pekin Credit Agreement (the "**Pekin Priority Personal Property Collateral**" and together with the Pekin Priority Personal Property Collateral, the "**Pekin Priority Collateral**").

WHEREAS, in connection with the ICP Credit Agreement, ICP executed (i) an Illinois Future Advance Real Estate Mortgage dated as of September 15, 2017 ("**ICP Mortgage**") in favor of the ICP Lenders which provided that, among other things, the real estate collateral referenced in the ICP Mortgage also secured ICP's obligations under the ICP Credit Agreement (the "**ICP Priority Real Property Collateral**"), and (ii) a Security Agreement dated as of September 15, 2017 ("**ICP Security Agreement**") in favor of the ICP Lenders which provided that, among other things, the personal property collateral referenced therein secured ICP's obligations under the ICP Credit Agreement (the "**ICP Priority Personal Property Collateral**" and together with the ICP Priority Personal Property Collateral, the "**ICP Priority Collateral**"). The Pekin Priority Collateral together with the ICP Priority Collateral is sometimes referred to herein as the "**Collateral**".

WHEREAS, in connection with the Pekin Seventh Amendment, Pekin executed (i) a Guaranty even dated therewith ("**Pekin Guaranty**") in favor of the ICP Lenders, and (ii) a First Amendment to Security Agreement even dated therewith in favor of the ICP Lenders (and together with the Pekin Guaranty, the " **Pekin Cross-Collateral Documents**") which provides that, among other things, the personal property collateral referenced in the Pekin Security Agreement also secures Pekin's obligations under the Pekin Guaranty (the "**Pekin Subordinated Personal Property Collateral**") and (iii) a Third Amendment to Illinois Future Advance Real Estate Mortgage even dated therewith ("**Pekin Mortgage Amendment**") in favor of the ICP Lenders which provides that, among other things, the real estate collateral referenced in the Pekin Mortgage also secures Pekin's obligations under the Pekin Guaranty (the "**Pekin Subordinated Real Property Collateral**" and together with the Pekin Subordinated Personal Property Collateral, the "**Pekin Subordinated Collateral**").

WHEREAS, in connection with the ICP First Amendment, ICP executed (i) a Guaranty even dated therewith ("**ICP Guaranty**") in favor of the Pekin Lenders, and (ii) a First Amendment to Security Agreement even dated therewith in favor of the Pekin Lenders and together with the ICP Guaranty, the " **ICP Cross-Collateral Documents**") which provides that, among other things, the personal property collateral referenced in the ICP Security Agreement also secures ICP's obligations under the ICP Guaranty (the "**ICP Subordinated Personal Property Collateral**") and (iii) an Amendment to Illinois Future Advance Real Estate Mortgage even dated therewith ("**ICP Mortgage Amendment**") in favor of the Pekin Lenders which provides that, among other things, the real estate collateral referenced in the ICP Mortgage also secures ICP's obligations under the ICP Guaranty (the "**ICP Subordinated Real Property Collateral**" and together with the ICP Subordinated Personal Property Collateral, the "**ICP Subordinated Collateral**").

WHEREAS, per the Pekin Seventh Amendment and the ICP First Amendment, on or before September 30, 2020, the Pekin Lenders and the ICP Lenders shall receive payment of $40,000,000 (the "**Paydown Amount**") to reduce the outstanding balances of the respective Term Loans under the Credit Agreements.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the ICP Lenders and the Pekin Lenders (each, a "**Party**" and collectively, the "**Parties**") are executing this Agreement to set forth their lien priorities with respect to the Collateral.

NOW, THEREFORE, in consideration of the premises, and intending to be legally bound hereby, the Parties hereby agree as set forth below.

1. Recitals. The Recitals to this Agreement as set forth above are true and correct, and are hereby incorporated into and made a part of this Agreement.

2. Definitions. The terms set forth below shall have the meaning as set forth in this Section.

"**Aurora**" means Pacific Aurora, LLC, a Delaware limited liability company and subsidiary of PEC.

"**ICP Obligations**" means the obligations of ICP to the ICP Lenders that are now or hereafter secured by all or a portion of the ICP Priority Collateral.

"**Debt or Equity Issuance"** means any one or more of the following: (i) the issuance of preferred stock by Pekin and/or ICP, (ii) the issuance of subordinated debt by Pekin and/or ICP, and (iii) any other transaction with a similar impact on the ownership and/or capitalization of either or both of Pekin and ICP.

"Debt or Equity Issuance Proceeds" means any proceeds from a Debt or Equity Issuance Sale.

"Full Business Sale" means the sale of all or substantially all of the stock or assets of either or both of Pekin and ICP.

"Full Business Sale Proceeds" means any proceeds from a Full Business Sale.

"**Partial Equity Sale"** means any the sale of some, but not all or substantially all, of the equity interests in either or both of Pekin and ICP.

"Partial Equity Sale Proceeds" means any proceeds from a Partial Equity Sale.

"Paydown Proceeds" means, collectively and individually, any (i) Debt or Equity Issuance Proceeds, (ii) Partial Equity Sale Proceeds, and (iii) proceeds from any sale of some or all of the stock or equity of Aurora, but specifically excluding any Full Business Sale Proceeds.

"**PEC**" means Pacific Ethanol Central LLC, a Delaware limited liability company, and sole member of each of Pekin and ICP.

"**PEC Asset Sale**" shall have the meaning given to such term in the Pekin Credit Agreement.

"**Pekin Obligations**" means the obligations of Pekin to the Pekin Lenders that are now or hereafter secured by all or a portion of the Pekin Priority Collateral.

"**Western Asset Sale**" shall have the meaning given to such term in the Pekin Credit Agreement.

3. Priority; Application of Proceeds; Incorrect Payments.

3.1. Notwithstanding the terms or provisions of any agreement or arrangement that either Party may now or hereafter have with Pekin or any rule of law, and irrespective of the time, order or method of attachment or perfection of any security interest or the recordation or other filing in any public record of any financing statement, any security interest in all or any part of the Pekin Priority Collateral now or hereafter existing in favor of the Pekin Lenders, whether or not perfected, and any other right, title or interest in the Pekin Priority Collateral now or hereafter held by Pekin, are and shall remain senior to any security interest in all or any part of the Pekin Priority Collateral now or hereafter existing in favor of the ICP Lenders. The ICP Lenders agree that they will not at any time contest the validity, perfection, priority or enforceability of the Pekin Obligations, or the liens and security interests of the Pekin Lenders in the Pekin Priority Collateral. In the event of any sale, transfer or other disposition of the Pekin Priority Collateral (other than in connection with a Full Business Sale), the proceeds resulting therefrom (including insurance proceeds) shall be applied as follows: (i) first, to the Pekin Obligations as the Pekin Lenders shall determine in their sole discretion, (ii) unless the Paydown Amount has been paid in full, second, to the ICP Obligations as the ICP Lenders shall determine in their sole discretion, and (iii) third, to Pekin or to whoever is lawfully entitled to the same.

3.2. Notwithstanding the terms or provisions of any agreement or arrangement that either Party may now or hereafter have with ICP or any rule of law, and irrespective of the time, order or method of attachment or perfection of any security interest or the recordation or other filing in any public record of any financing statement, any security interest in all or any part of the ICP Priority Collateral now or hereafter existing in favor of the ICP Lenders, whether or not perfected, and any other right, title or interest in the ICP Priority Collateral now or hereafter held by ICP, are and shall remain senior to any security interest in all or any part of the ICP Priority Collateral now or hereafter existing in favor of the Pekin Lenders. The Pekin Lenders agree that they will not at any time contest the validity, perfection, priority or enforceability of the ICP Obligations, or the liens and security interests of the ICP Lenders in the ICP Priority Collateral. In the event of any sale, transfer or other disposition of the ICP Priority Collateral (other than in connection with a Full Business Sale), the proceeds resulting therefrom (including insurance proceeds) shall be applied as follows: (i) first, to the ICP Obligations as the ICP Lenders shall determine in their sole discretion, (ii) unless the Paydown Amount has been paid in full, second, to the Pekin Obligations as the Pekin Lenders shall determine in their sole discretion, and (iii) third, to ICP or to whoever is lawfully entitled to the same.

3.3. Until the Paydown Amount is received in full by the Parties, the Pekin Lenders shall receive 80% of any Paydown Proceeds received by the Pekin Lenders and/or the ICP Lenders and shall apply such funds to the pay down of principal of the "Term Loan" under the Pekin Credit Agreement until paid in full, and then to the "Revolving Term Loan" under the Pekin Credit Agreement. The ICP Lenders shall receive the remaining 20% of such Paydown Proceeds and shall apply such funds to the principal paydown of the "Term Loan" under the ICP Credit Agreement until paid in full, and then to the "Revolving Term Loan" under the ICP Credit Agreement.

3.4. In the event of a Full Business Sale of Pekin, the Full Business Sale Proceeds shall be applied as follows: (i) first to the pay down of principal of the "Term Loan" under the Pekin Credit Agreement until paid in full, and (ii) second, to the "Revolving Term Loan" under the Pekin Credit Agreement. Any proceeds that remain following the full satisfaction of the Pekin Obligations shall be applied as set forth in Section 2.8 of the Pekin Credit Agreement.

3.5. In the event of a Full Business Sale of ICP, the Full Business Sale Proceeds shall be applied as follows: (i) first to the pay down of principal of the "Term Loan" under the ICP Credit Agreement until paid in full, and (ii) second, to the "Revolving Term Loan" under the ICP Credit Agreement. Any proceeds that remain following the full satisfaction of the ICP Obligations shall be applied as set forth in Section 2.8 of the Pekin Credit Agreement.

3.6. The Parties acknowledge and agree that upon the receipt by the Parties of the Paydown Amount in full, (i) the security interest of the ICP Lenders in the Pekin Subordinated Collateral shall automatically terminate in accordance with the terms contained in the Pekin Cross-Collateral Documents, without further action by or notice to either Party, and (ii) the security interest of the Pekin Lenders in the ICP Subordinated Collateral shall automatically terminate in accordance with the terms contained in the ICP Cross-Collateral Documents, without further action by or notice to either Party.

3.7. If any payment not permitted to be made by either of the Borrowers to the Pekin Lenders or accepted by the Pekin Lenders under this Agreement is made and received by the Pekin Lenders, such payment shall not be commingled with any of the assets of the Pekin Lenders but shall be held by the Pekin Lenders for the benefit of the ICP Lenders and shall be promptly paid over to the ICP Lenders for application to the payment of the ICP Obligations then remaining unpaid as the ICP Lenders shall determine in their sole discretion until all of the ICP Obligations are paid in full.

3.8. If any payment not permitted to be made by either of the Borrowers to the ICP Lenders or accepted by the ICP Lenders under this Agreement is made and received by the ICP Lenders, such payment shall not be commingled with any of the assets of the ICP Lenders, shall be held by the ICP Lenders for the benefit of the Pekin Lenders and shall be promptly paid over to the Pekin Lenders for application to the payment of the Pekin Obligations then remaining unpaid as the Pekin Lenders shall determine in their sole discretion until all of the Pekin Obligations are paid in full.

3.9. For the avoidance of doubt, and in addition to the provisions of Section 3.1 and 3.2 above, the Parties acknowledge and agree that the lien priorities set forth in this Agreement shall not be altered or otherwise affected by any failure to perfect the security interests in the Collateral, the avoidance or invalidation of any Party's lien or by any other action or inaction which (i) the ICP Lenders or their Agent may take or fail to take with respect to the ICP Priority Collateral or (ii) the Pekin Lenders or their Agent may take or fail to take with respect to the Pekin Priority Collateral.

4. Enforcement of Security Interests in Pekin Priority Collateral.

4.1. Unless and until all of the Pekin Obligations have been paid in full, the ICP Lenders shall have no right to take any action with respect to any portion of the Pekin Priority Collateral without the written consent of the Pekin Lenders, whether by judicial or nonjudicial foreclosure, notification to Pekin's account debtors, the seeking of the appointment of a receiver for any portion of the Pekin Priority Collateral, or otherwise. For purposes of this Agreement, the Pekin Obligations shall not be deemed to have been paid in full until all obligations of the Pekin Lenders to extend credit to Pekin have terminated and the Pekin Lenders have received payment of the Pekin Obligations in cash.

4.2. If the ICP Lenders, in contravention of the terms of this Agreement, (i) commence, prosecute or participate in any suit, proceeding or other action with respect to any of the Pekin Priority Collateral, then the Pekin Lenders may interpose as a defense or plea the making of this Agreement, and the Pekin Lenders may intervene and interpose such defense or plea in its name or in the name of Pekin, or (ii) attempts to enforce any remedies prohibited by this Agreement, then the Pekin Lenders may restrain the enforcement thereof in its own name or in the name of Pekin.

4.3. Unless and until the Pekin Obligations have been paid in full, any Pekin Priority Collateral received by the ICP Lenders shall be held in trust for the benefit of the Pekin Lenders and immediately remitted to the Pekin Lenders.

4.4. For the avoidance of doubt, other than specifically contained in this Section 4 or in Section 5 below, nothing contained in this Agreement shall in any way limit, prohibit or modify the rights or remedies of, or the enforcement or collection by (i) the Pekin Lenders with respect to the Pekin Obligations and the Pekin Priority Collateral, or (ii) ICP with respect to the ICP Obligations and the ICP Priority Collateral.

5. Enforcement of Security Interests in ICP Priority Collateral.

5.1. Unless and until all of the ICP Obligations have been paid in full, the Pekin Lenders shall have no right to take any action with respect to any portion of the ICP Priority Collateral without the written consent of the ICP Lenders, whether by judicial or nonjudicial foreclosure, notification to ICP's account debtors, the seeking of the appointment of a receiver for any portion of the ICP Priority Collateral, or otherwise. For purposes of this Agreement, the ICP Obligations shall not be deemed to have been paid in full until all obligations of the ICP Lenders to extend credit to ICP have terminated and the ICP Lenders have received payment of the ICP Obligations in cash.

5.2. If the Pekin Lenders, in contravention of the terms of this Agreement, (i) commence, prosecute or participate in any suit, proceeding or other action with respect to any of the ICP Priority Collateral, then the ICP Lenders may interpose as a defense or plea the making of this Agreement, and the ICP Lenders may intervene and interpose such defense or plea in its name or in the name of ICP, or (ii) attempts to enforce any remedies prohibited by this Agreement, then the ICP Lenders may restrain the enforcement thereof in its own name or in the name of ICP.

5.3. Unless and until the ICP Obligations have been paid in full, any ICP Priority Collateral received by the Pekin Lenders shall be held in trust for the benefit of the ICP Lenders and immediately remitted to the ICP Lenders.

6. Representations and Covenants.

6.1. The Pekin Lenders represent and warrant, or covenant (as applicable), to the ICP Lenders that: (a) the Pekin Lenders are the owners of the Pekin Obligations, free and clear of the claims of any other person or entity; (b) the Pekin Lenders have not heretofore subordinated the Pekin Obligations, or the security interest securing the same, to the obligations or security interest of any other person or entity; (c) the Pekin Lenders will not, at any time while this Agreement is in effect, sell, transfer, pledge, assign, hypothecate or otherwise dispose of any or all of the Pekin Obligations to any person or entity other than one that agrees in a writing, satisfactory in form and substance to the ICP Lenders, to become a party to this Agreement and to succeed to the rights, and be bound by all of the obligations, of the Pekin Lenders hereunder. In the case of any such disposition by the Pekin Lenders, they will notify the ICP Lenders at least (10) ten days prior to the date of any such intended disposition; (d) the execution of this Agreement by the Pekin Lenders will not violate or conflict with the organizational documents of the Pekin Lenders, any material agreement binding upon the Pekin Lenders or any law, regulation or order or require any consent or approval which has not been obtained, and (e) the Pekin Lenders will provide the ICP Lenders written notice of any amendments to the agreements evidencing the Pekin Obligations.

6.2. The ICP Lenders represent and warrant, or covenant (as applicable), to the Pekin Lenders that: (a) the ICP Lenders are the owner of the ICP Obligations, free and clear of the claims of any other person or entity; (b) the ICP Lenders have not heretofore subordinated the ICP Obligations, or the security interest securing the same, to the obligations or security interest of any other person or entity; (c) the ICP Lenders will not, at any time while this Agreement is in effect, sell, transfer, pledge, assign, hypothecate or otherwise dispose of any or all of the ICP Obligations to any person or entity other than one that agrees in a writing, satisfactory in form and substance to the Pekin Lenders, to become a party hereto and to succeed to the rights, and be bound by all of the obligations, of the ICP Lenders hereunder. In the case of any such disposition by the ICP Lenders, they will notify the Pekin Lenders at least (10) ten days prior to the date of any such intended disposition; (d) the execution of this Agreement by the ICP Lenders will not violate or conflict with the organizational documents of the ICP Lenders, any material agreement binding upon the ICP Lenders or any law, regulation or order or require any consent or approval which has not been obtained, and (e) the ICP Lenders will provide the Pekin Lenders written notice of any amendments to the agreements evidencing the Pekin Obligations.

7. Effect of Bankruptcy.

7.1 This Agreement shall remain in full force and effect notwithstanding the filing of a petition for relief by or against any Borrower under the Bankruptcy Code and shall apply with full force and effect with respect to all applicable Collateral acquired by such Borrower, or obligations incurred by such Borrower to the applicable Party, subsequent to the date of said petition.

7.2 If any Borrower becomes subject to a proceeding under the Bankruptcy Code and either Party permits the use of cash collateral or provides financing to such Borrower under Section 363 or 364 of the Bankruptcy Code, then adequate notice to the other Party shall have been provided for such financing upon 10 business day' notice prior to the entry of the final order approving such financing as provided for in Section 18 below.

8. No Duty to Lend. Nothing contained herein or in any prior agreement or understanding shall be deemed to create any duty on the part of either Party to extend or continue to extend financial accommodations to any Borrower.

9. Waiver of Marshaling. Each Party irrevocably waives any right to compel the other Party to marshal assets of any Borrower.

10. UCC Notices. In the event that either Party is required by this Agreement, the Uniform Commercial Code or any other applicable law to give any notice to the other Party, such notice shall be given to such other Party at the appropriate address specified in Section 18 hereof (or to such other address with respect to which notice has been given hereunder), and ten (10) business days' notice shall be conclusively deemed to be commercially reasonable.

11. Benefits of This Agreement. This Agreement is solely for the benefit of and shall bind the Parties and their respective successors and assigns, and no other person or entity shall have any right, benefit, priority or interest hereunder.

12. Modification. This Agreement shall be subject to modification only in writing, signed by the Parties.

13. Term. This Agreement shall continue so long as both Parties have a security interest in all or a portion of the Collateral.

14. Waiver.

14.1 No delay or failure of either Party in exercising any right, power or remedy under this Agreement shall affect or operate as a waiver of such right, power or remedy, nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy.

14.2 Any waiver, consent or approval of any kind by either Party, or any notice of breach or default under this Agreement, shall be ineffective unless in writing and shall be effective only to the extent set forth in such writing.

15. Obligations Hereunder Not Affected. All rights and interests of the Parties under this Agreement, and all agreements and obligations of the Parties under this Agreement, shall remain in full force and effect irrespective of the following: (a) any lack of validity or enforceability of any of the Pekin Obligations or the ICP Obligations; (b) any change in the time, manner or place of payment of, or in any other term of, any or all of the Pekin Obligations or the ICP Obligations, or any other amendment or waiver of, or consent to departure from, any term or provision of any of the Pekin Obligations or the ICP Obligations; (c) any release, amendment or waiver of, or consent to departure from, any guaranty for any or all of the Pekin Obligations or the ICP Obligations; and (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, a subordinated creditor. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Pekin Obligations is rescinded or must otherwise be returned by the Pekin Lenders, or any payment of any of the ICP Obligations is rescinded or must otherwise be returned by the ICP Lenders, in either case upon the insolvency, bankruptcy or reorganization of the Debtor or otherwise, all as though such payment had not been made.

16. Choice of Law. THIS AGREEMENT AND ALL TRANSACTIONS CONTEMPLATED HEREUNDER AND/OR EVIDENCED HEREBY SHALL BE GOVERNED BY, CONSTRUED UNDER AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

18 Notices. Unless otherwise specifically provided herein, any notice delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, sent via electronic mail or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by electronic mail, on the date of transmission if transmitted on a business day before 4:00 p.m. (Central time) or, if not, on the next succeeding business day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four (4) Business Days after deposit in the United States mail, postage prepaid and properly addressed.

Notices shall be addressed as follows:

If to the Pekin Lenders:
COBANK, ACB
6340 South Fiddlers Green Circle
Greenwood Village, CO 80111
Attention: Credit Information Services
Email: CIServices@cobank.com

With a copy to:
Bryan Cave Leighton Paisner LLP
161 North Clark Street, Suite 4300
Chicago, IL 60201
Attn: Eric S. Prezant, Esq.
Email: eric.prezant@bclplaw.com

If to the ICP Lenders:
COBANK, ACB
6340 South Fiddlers Green Circle
Greenwood Village, CO 80111
Attention: Credit Information Services
Email: CIServices@cobank.com

With a copy to:
Bryan Cave Leighton Paisner LLP
161 North Clark Street, Suite 4300
Chicago, IL 60201
Attn: Eric S. Prezant, Esq.
Email: eric.prezant@bclplaw.com.

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 18.

[Remainder of page intentionally left blank; signature page follows]

The parties hereto have caused this Agreement to be duly executed and delivered by their respective officers or representatives thereunto duly authorized as of the date first written above.

Pekin Lenders:
COMPEER FINANCIAL, PCA

By: /s/ Kevin Buente
Name: Kevin Buente
Title: Principal Credit Officer

ICP Lenders:
COMPEER FINANCIAL, PCA

By: /s/ Kevin Buente
Name: Kevin Buente
Title: Principal Credit Officer

Acknowledged and Agreed:

COBANK, ACB, as Cash Management Provider and Agent for the Pekin Lenders

By: /s/ Janet Downs
Name: Janet Downs
Title: Vice President

PACIFIC ETHANOL PEKIN, LLC

By: /s/ Bryon McGregor
Name: Bryon McGregor
Title: Chief Financial Officer

COBANK, ACB, as Cash Management Provider and Agent for the ICP Lenders

By: /s/ Janet Downs
Name: Janet Downs
Title: Vice President

ILLINOIS CORN PROCESSING, LLC

By: /s/ Bryon McGregor
Name: Bryon McGregor
Title: Chief Financial Officer

Exhibit 99.1

Pacific Ethanol, Inc.

Company IR Contact:
Pacific Ethanol, Inc.
916-403-2755
Investorrelations@pacificethanol.com

IR Agency Contact:
Moriah Shilton
LHA
415-433-3777

Media Contact:
Paul Koehler
Pacific Ethanol, Inc.
916-403-2790
paulk@pacificethanol.com

Pacific Ethanol Reports Fourth Quarter and Full-Year 2019 Results

Sacramento, CA, March 26, 2020– Pacific Ethanol, Inc. (NASDAQ: PEIX), a leading producer and marketer of low-carbon renewable fuels and high-quality alcohol products in the United States, reported its financial results for the three and twelve months ended December 31, 2019.

Highlights

- **On track to close the sale of the company's interest in Pacific Aurora, LLC to Aurora Cooperative Elevator Company**
- **Idling capacity in response to the unprecedented decline in gasoline and ethanol demand due to the impacts of the coronavirus**
- **Shipping significant volumes of high-quality alcohol from the company's Pekin, Illinois ICP facility for the production of hand sanitizers**
- **Amended agreements with lenders to defer interest and principal payments for two months**
- **Engaged a Chief Restructuring Officer on a consulting basis to assist the company in negotiating with lenders and implementing strategic initiatives**

Neil Koehler, Pacific Ethanol's president and CEO, stated: "The margin improvements we saw in the first half of the fourth quarter of 2019 have been overwhelmed by excessive ethanol supplies and plummeting demand as a result of the coronavirus pandemic. As a result, the industry has returned to an acute negative margin environment.

"In response to the coronavirus, our Pekin, Illinois ICP facility is producing and shipping record amounts of our high-quality alcohol, as a key ingredient in the production of hand sanitizers. We are also manufacturing the finished hand sanitizer product at our Illinois plants to donate to local communities."

Pacific Ethanol, Inc.

“We are encouraged by the decision of the Trump Administration to not appeal the 10th Circuit court decision that, if applied nationally as expected, will eliminate the inappropriate granting of Small Refinery Exemptions and increase the demand for renewable fuels.

“These are challenging times for our country and for our company. Even so, given the continued compelling cost, octane and carbon benefits of ethanol, we firmly believe in the industry’s long-term growth prospects. We are working constructively with our lenders, customers and suppliers to put the company in the best position to thrive in the future,” concluded Koehler.

Strategic Initiatives Progress

In March, Pacific Ethanol secured a two-month deferral of principal and interest payments on its secured debt through May 20th, as the company works with its lenders to restructure its balance sheet and improve liquidity while continuing to pursue its strategic initiatives. To support Pacific Ethanol in these efforts, the company has engaged a Chief Restructuring Officer, Winston Mar, on a consulting basis. In addition, the company is on track to close the sale of its 74% ownership interest in Pacific Aurora, LLC to Aurora Cooperative Elevator Company, the definitive agreement for which the company signed in February.

Financial Results for the Three Months Ended December 31, 2019 Compared to 2018

- Net sales were $357.6 million, compared to $334.4 million.
- Total gallons sold of 195.5 million, compared to 209.4 million.
- Total production gallons sold of 125.4 million, compared to 131.1 million.
- Cost of goods sold was $354.4 million, compared to $355.4 million.
- Gross profit was $3.2 million, compared to a gross loss of $21.0 million.
- Selling, general and administrative expenses were $11.8 million, compared to $9.2 million.
- Operating loss was $37.9 million and included a $29.3 million asset impairment charge, compared to $30.2 million.
- Loss available to common stockholders was $41.4 million, or $0.85 per share, compared to $32.3 million, or $0.74 per share.
- Adjusted EBITDA was positive $1.9 million compared to negative $18.0 million.
- Cash and cash equivalents were $19.0 million at December 31, 2019, compared to $26.6 million at December 31, 2018.

Pacific Ethanol, Inc.

Financial Results for the Twelve Months Ended December 31, 2019 Compared to 2018

- Net sales were $1,424.9 million, compared to $1,515.4 million.
- Cost of goods sold was $1,434.8 million, compared to $1,530.5 million.
- Gross loss was $9.9 million, compared to a gross loss of $15.2 million.
- Selling, general and administrative expenses were $35.5 million, compared to $36.4 million.
- Operating loss was $74.7 million, compared to $51.5 million.
- Loss available to common stockholders was $90.2 million, or $1.90 per share, compared to $61.5 million, or $1.42 per share.
- Adjusted EBITDA was negative $1.7 million, compared to negative $5.1 million.

Fourth Quarter 2019 Results Conference Call

Management will host a conference call at 8:00 a.m. Pacific Time/11:00 a.m. Eastern Time on March 27, 2020. CEO Neil Koehler and CFO Bryon McGregor will deliver prepared remarks followed by a question and answer session.

The webcast for the call can be accessed from Pacific Ethanol's website at www.pacificethanol.com. Alternatively, you may dial the following number up to ten minutes prior to the scheduled conference call time: (877) 847-6066. International callers should dial 00-1 (970) 315-0267. The pass code will be 7173715. If you are unable to participate on the live call, the webcast will be archived for replay on Pacific Ethanol's website for one year. In addition, a telephonic replay will be available at 2:00 p.m. Eastern Time on Friday, March 27, 2020, 11:59 p.m. Eastern Time on Friday, April 3, 2020. To access the replay, please dial (855) 859-2056. International callers should dial 00-1-(404) 537-3406. The pass code will be 7173715.

Use of Non-GAAP Measures

Management believes that certain financial measures not in accordance with generally accepted accounting principles ("GAAP") are useful measures of operations. The company defines Adjusted EBITDA as unaudited net income (loss) attributed to Pacific Ethanol before interest expense, provision (benefit) for income taxes, asset impairment, loss on extinguishment of debt, purchase accounting adjustments, fair value adjustments, and depreciation and amortization expense. A table is provided at the end of this release that provides a reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure. Management provides this non-GAAP measure so that investors will have the same financial information that management uses, which may assist investors in properly assessing the company's performance on a period-over-period basis. Adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered as an alternative to net income (loss) or any other measure of performance under GAAP, or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. Adjusted EBITDA has limitations as an analytical tool and you should not consider this measure in isolation or as a substitute for analysis of the company's results as reported under GAAP.

Pacific Ethanol, Inc.

About Pacific Ethanol, Inc.

Pacific Ethanol, Inc. (PEIX) is a leading producer and marketer of low-carbon renewable fuels and high-quality alcohol products in the United States. Pacific Ethanol owns and operates nine production facilities, four in the Western states of California, Oregon and Idaho, and five in the Midwestern states of Illinois and Nebraska. The plants have a combined production capacity of 605 million gallons per year, produce over one million tons per year of ethanol co-products – on a dry matter basis – such as wet and dry distillers grains, wet and dry corn gluten feed, condensed distillers solubles, corn gluten meal, corn germ, corn oil, distillers yeast and CO2. Pacific Ethanol markets and distributes fuel-grade ethanol, high-quality alcohol products and co-products domestically and internationally. Pacific Ethanol's subsidiary, Kinergy Marketing LLC, markets all ethanol and alcohol products for Pacific Ethanol's plants as well as for third parties, approaching one billion gallons of ethanol marketed annually based on historical volumes. Pacific Ethanol's subsidiary, Pacific Ag. Products LLC, markets wet and dry distillers grains. For more information please visit www.pacificethanol.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Statements and information contained in this communication that refer to or include Pacific Ethanol's estimated or anticipated future results or other non-historical expressions of fact are forward-looking statements that reflect Pacific Ethanol's current perspective of existing trends and information as of the date of the communication. Forward looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "should," "estimate," "expect," "forecast," "outlook," "guidance," "intend," "may," "might," "will," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. Such forward-looking statements include, but are not limited to, statements concerning future market conditions, including the supply of and domestic and international demand for ethanol and co-products; the anticipated outcome of Pacific Ethanol's strategic initiatives, including the sale of its interest in Pacific Aurora LLC; and Pacific Ethanol's plans, objectives, expectations and intentions. It is important to note that Pacific Ethanol's plans, objectives, expectations and intentions are not predictions of actual performance. Actual results may differ materially from Pacific Ethanol's current expectations depending upon a number of factors affecting Pacific Ethanol's business. These factors include, among others, adverse economic and market conditions, including for ethanol and its co-products and high-quality alcohols; export conditions and international demand for ethanol and co-products, including the failure of a resolution of United States trade disputes with China; fluctuations in the price of and demand for oil and gasoline; raw material costs, including ethanol production input costs, such as corn and natural gas; the effects of the coronavirus on travel and the demand for transportation fuels; and the ability of Pacific Ethanol to timely and successfully execute on its strategic initiatives, including the sale of its interest in Pacific Aurora, LLC, which is subject to financing and other conditions to closing. These factors also include, among others, the inherent uncertainty associated with financial and other projections; the anticipated size of the markets and continued demand for Pacific Ethanol's products; the impact of competitive products and pricing; the risks and uncertainties normally incident to the ethanol production and marketing industries; changes in generally accepted accounting principles; successful compliance with governmental regulations applicable to Pacific Ethanol's facilities, products and/or businesses; changes in laws, regulations and governmental policies; the loss of key senior management or staff; 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 Amendment No. 1 to Form S-1 filed with the Securities and Exchange Commission on February 3, 2020.

Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net sales	$ 357,617	$ 334,415	$ 1,424,881	$ 1,515,371
Cost of goods sold	354,421	355,436	1,434,819	1,530,535
Gross profit (loss)	3,196	(21,021)	(9,938)	(15,164)
Selling, general and administrative expenses	11,823	9,190	35,453	36,373
Asset impairment	29,292	—	29,292	—
Loss from operations	(37,919)	(30,211)	(74,683)	(51,537)
Loss on debt extinguishment	(6,517)	—	(6,517)	—
Interest expense, net	(5,192)	(4,257)	(20,206)	(17,132)
Other income (expense), net	(147)	(62)	104	171
Loss before provision (benefit) for income taxes	(49,775)	(34,530)	(101,302)	(68,498)
Provision (benefit) for income taxes	(20)	1	(20)	(562)
Consolidated net loss	(49,755)	(34,531)	(101,282)	(67,936)
Net loss attributed to noncontrolling interests	8,671	2,521	12,333	7,663
Net loss attributed to Pacific Ethanol, Inc.	$ (41,084)	$ (32,010)	$ (88,949)	$ (60,273)
Preferred stock dividends	$ (319)	$ (319)	$ (1,265)	$ (1,265)
Net loss available to common stockholders	$ (41,403)	$ (32,329)	$ (90,214)	$ (61,538)
Net loss per share, basic and diluted	$ (0.85)	$ (0.74)	$ (1.90)	$ (1.42)
Weighted-average shares outstanding, basic and diluted	48,438	43,969	47,384	43,376

Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except par value)

ASSETS	December 31, 2019	December 31, 2018
Current Assets:		
Cash and cash equivalents	$ 18,997	$ 26,627
Accounts receivable, net	74,307	67,636
Inventories	60,600	57,820
Prepaid inventory	1,528	3,090
Assets held-for-sale	86,264	—
Other current assets	6,868	13,631
Total current assets	248,564	168,804
Property and equipment, net	332,526	482,657
Other Assets:		
Right of use operating lease assets, net	24,346	—
Intangible assets	2,678	2,678
Other assets	4,381	5,842
Total other assets	31,405	8,520
Total Assets	$ 612,495	$ 659,981

Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(unaudited, in thousands, except par value)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2019	December 31, 2018
Current Liabilities:		
Accounts payable – trade	$ 29,277	$ 48,176
Accrued liabilities	22,331	23,421
Current portion – operating leases	3,457	—
Current portion – long-term debt	63,000	146,671
Derivative instruments	1,860	6,309
Liabilities held-for-sale	34,413	—
Other current liabilities	6,060	7,282
Total current liabilities	160,398	231,859
Long-term debt, net of current portion	180,795	84,767
Operating leases, net of current portion	21,171	—
Other liabilities	23,086	23,990
Total Liabilities	385,450	340,616
Stockholders' Equity:		
Pacific Ethanol, Inc. Stockholders' Equity:		
Preferred stock, $0.001 par value; 10,000 shares authorized; Series A: 0 shares issued and outstanding as of December 31, 2019 and 2018 Series B: 927 shares issued and outstanding as of December 31, 2019 and 2018	1	1
Common stock, $0.001 par value; 300,000 shares authorized; 55,508 and 45,771 shares issued and outstanding as of December 31, 2019 and 2018, respectively	56	46
Non-voting common stock, $0.001 par value; 3,553 shares authorized; 1 share issued and outstanding as of December 31, 2019 and 2018	—	—
Additional paid-in capital	942,307	932,179
Accumulated other comprehensive loss	(2,370)	(2,459)
Accumulated deficit	(720,214)	(630,000)
Total Pacific Ethanol, Inc. Stockholders' Equity	219,780	299,767
Noncontrolling Interests	7,265	19,598
Total Stockholders' Equity	227,045	319,365
Total Liabilities and Stockholders' Equity	$ 612,495	$ 659,981

Pacific Ethanol, Inc.

Reconciliation of Adjusted EBITDA to Net Loss

(unaudited)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Years Ended December 31, 2019	Years Ended December 31, 2018
Net loss attributed to Pacific Ethanol	$ (41,084)	$ (32,010)	$ (88,949)	$ (60,273)
Adjustments:				
Interest expense*	5,192	4,255	20,206	16,898
Asset impairment*	21,655	—	21,655	—
Loss on debt extinguishment	6,517	—	6,517	—
Benefit for income taxes	(20)	1	(20)	(562)
Depreciation and amortization expense*	9,648	9,706	38,880	38,806
Total adjustments	42,992	13,962	87,238	55,142
Adjusted EBITDA	$ 1,908	$ (18,048)	$ (1,711)	$ (5,131)

* Adjusted for noncontrolling interests.

Pacific Ethanol, Inc.

Commodity Price Performance

(unaudited)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Years Ended December 31, 2019	Years Ended December 31, 2018
Production gallons sold (in millions)	125.4	131.1	491.0	556.2
Third party gallons sold (in millions)	70.1	78.3	328.4	326.8
Total gallons sold (in millions)	195.5	209.4	819.4	883.0
Production capacity utilization	82%	85%	81%	92%
Average ethanol sales price per gallon	$ 1.70	$ 1.45	$ 1.61	$ 1.57
Average CBOT ethanol price per gallon	$ 1.42	$ 1.26	$ 1.39	$ 1.37
Corn cost – CBOT equivalent	$ 3.93	$ 3.63	$ 3.83	$ 3.66
Average basis	$ 0.46	$ 0.22	$ 0.43	$ 0.25
Delivered cost of corn	$ 4.39	$ 3.85	$ 4.26	$ 3.91
Total co-product tons sold (in thousands)	725.7	731.0	2,821.7	3,096.2
Co-product return % (1)	35.6%	37.8%	35.1%	36.5%

(1) Co-product revenue as a percentage of delivered cost of corn.