

FORM 4

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

OMB APPROVAL
OMB Number: 3235-0287
Expires: November 30, 2011
Estimated average burden hours per response... 0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

| | | | | | |
|---|--|---|--|---|--|
| 1. Name and Address of Reporting Person CASCADE INVESTMENT LLC | | 2. Issuer Name and Ticker or Trading Symbol Pacific Ethanol, Inc. [PEIX] | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) | |
| (Last) (First) (Middle) 2365 CARILLON POINT | | 3. Date of Earliest Transaction (Month/Day/Year) 06/05/2008 | | | |
| (Street) KIRKLAND, WA 98033 | | 4. If Amendment, Date Original Filed (Month/Day/Year) | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person | |
| (City) (State) (Zip) | | Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned | | | |

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|------------------|---|--|---|
| | | | | Amount | (A) or (D) Price | | | |
| Common Stock | 06/05/2008 | | C(1) | 2,000,000 | A \$ 8 | 2,575,224 | D | |
| Common Stock | 06/05/2008 | | S | 25,442 | D \$ 3.26 | 2,549,782 | D | |
| Common Stock | 06/05/2008 | | S | 24,984 | D \$ 3.25 | 2,524,798 | D | |
| Common Stock | 06/05/2008 | | S | 100 | D \$ 3.245 | 2,524,698 | D | |
| Common Stock | 06/05/2008 | | S | 39,951 | D \$ 3.24 | 2,484,747 | D | |
| Common Stock | 06/05/2008 | | S | 300 | D \$ 3.235 | 2,484,447 | D | |
| Common Stock | 06/05/2008 | | S | 27,215 | D \$ 3.23 | 2,457,232 | D | |
| Common Stock | 06/05/2008 | | S | 1,400 | D \$ 3.225 | 2,455,832 | D | |
| Common Stock | 06/05/2008 | | S | 72,449 | D \$ 3.22 | 2,383,383 | D | |
| Common Stock | 06/05/2008 | | S | 700 | D \$ 3.215 | 2,382,683 | D | |
| Common Stock | 06/05/2008 | | S | 32,998 | D \$ 3.21 | 2,349,685 | D | |
| Common Stock | 06/05/2008 | | S | 200 | D \$ 3.205 | 2,349,485 | D | |
| Common Stock | 06/05/2008 | | S | 27,691 | D \$ 3.2 | 2,321,794 | D | |
| Common Stock | 06/05/2008 | | S | 1,000 | D \$ 3.195 | 2,320,794 | D | |
| Common Stock | 06/05/2008 | | S | 42,970 | D \$ 3.19 | 2,277,824 | D | |
| Common Stock | 06/05/2008 | | S | 1,500 | D \$ 3.185 | 2,276,324 | D | |
| Common Stock | 06/05/2008 | | S | 43,894 | D \$ 3.18 | 2,232,430 | D | |
| Common Stock | 06/05/2008 | | S | 700 | D \$ 3.175 | 2,231,730 | D | |
| Common Stock | 06/05/2008 | | S | 23,335 | D \$ 3.17 | 2,208,395 | D | |
| Common Stock | 06/05/2008 | | S | 500 | D \$ 3.165 | 2,207,895 | D | |
| Common Stock | 06/05/2008 | | S | 32,671 | D \$ 3.16 | 2,175,224 | D | |

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

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|-----------|--|-----|---|--|--|--|--|
| | | | | | Code | V | (A) | (D) | | | | | |
| Series A Cumulative Redeemable Convertible Preferred Stock | \$ 8 | 06/05/2008 | | C(1) | | 1,000,000 | (2) | (2) | Common Stock | 2,000,000 | (1) | 1,750,000 | D |

Reporting Owners

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

Signatures

| | |
|---|-----------------------------------|
| Cascade Investment, L.L.C. By: /s/ Michael Larson, Business Manager <small>Signature of Reporting Person</small> | 06/09/2008 <small>Date</small> |
| William H. Gates III By: /s/ Michael Larson*, Attorney-In-Fact <small>Signature of Reporting Person</small> | 06/09/2008 <small>Date</small> |

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Each Series A Cumulative Redeemable Convertible Preferred Stock ("Series A Preferred Stock") is convertible into two shares of Pacific Ethanol, Inc. ("Pacific Ethanol") common stock at a price per share of \$8. On June 5, 2008, Cascade Investment, L.L.C. ("Cascade") converted 1,000,000 shares of Series A Preferred Stock at a conversion price of \$8 a share, resulting in the issuance to Cascade of 2,000,000 shares of Pacific Ethanol common stock.
- (2) The Series A Preferred Stock is convertible at any time at Cascade's option and has no expiration date.

Remarks:

* Duly authorized under Special Power of Attorney appointing Michael Larson attorney-in-fact, dated February 3, 2006, by and on behalf of William H. Gates III, filed as Exhibit 99.1 to Cascade Investment, L.L.C.'s Amendment No. 2 to Schedule 13G with respect to Arch Capital Group Ltd. on March 7, 2006, SEC File No. 005-45257, and incorporated by reference herein.

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

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