



June 24, 2009

Re: Sale of Assets of Pacific Ethanol Imperial, LLC

Dear Prospective Purchaser:

On November 12, 2008, Pacific Ethanol Imperial, LLC ("PE Imperial") ceased operations and executed a general assignment for the benefit of its creditors in favor of Credit Managers Association of California, doing business as Credit Management Association ("CMA") acting as the Assignee. In its capacity as Assignee, CMA is responsible for the disposition of PE Imperial's assets. The Assignee has determined that a bulk sale of the assets will bring the maximum value to the assignment estate.

**Bids to purchase all or part of PE Imperial's assets must be received by CMA in writing at the address listed below no later than July 31, 2009 at 5:00 p.m. (PDT). If CMA receives more than one Qualified Bid (as defined in the attached Bidding Procedure), it may hold an auction among entities submitting Qualified Bids. Upon CMA's acceptance in its sole discretion of a winning bid, the successful Bidder will have seven days to complete the sale pursuant to the terms and conditions of the attached Bidding Procedure.**

Information about the assets subject to the sale is available at the following web addresses:

Inventory listing: <http://www.box.net/shared/amehus6kvs>

Vendor documents: <http://www.box.net/shared/d4x1reoxt>

Equipment purchase orders: <http://www.box.net/shared/v9n5hkqnbh>

All information regarding the assets for sale has been provided by the former management of PE Imperial and is subject to Buyer's verification. CMA makes no representations or warranties as to the accuracy of this information. If after reviewing these materials you desire to conduct more due diligence, contact undersigned for scheduling.

Please see the accompanying Bid Procedures for instructions on how to place a Bid. The Assignee reserves the right to liquidate all assets by public auction at its discretion.

Best Regards,

James LaRicca  
Auction Manager  
Office Direct Dial: 818-972-5353 / Cell: 661-810-4270  
Email: [jaricca@emailcma.org](mailto:jaricca@emailcma.org)

# BIDDING PROCEDURES

## Credit Management Association

### as Assignee for Pacific Ethanol Imperial, LLC

#### Terms & Conditions of Sale

All bidders are deemed by any bid made, to have agreed to the following terms and conditions. These conditions and terms are non-waivable conditions of every bid and sale.

Due Diligence: Bidders may conduct due diligence through July 31, 2009.

Bid Deadline: Competing bids to purchase the assets must be received by CMA in writing at the address listed in the accompanying cover letter no later than July 31, 2009 at 5:00 p.m. (Pacific Time).

Qualified Bids: To be considered a "Qualified Bid", a bid must meet or exceed the following requirements:

1. Earnest Money Deposit: Bidders must deliver to Credit Managers Association of California, d/b/a Credit Management Association, in its sole capacity as the Assignee for the Benefit of Creditors of Pacific Ethanol Imperial, LLC (the "Assignee"), an earnest money deposit in the amount of \$100,000.00 (One Hundred Thousand Dollars) by cashier's check or wire transfer to participate in the bidding process. At the Assignee's discretion, all bids may be subject to overbids.

2. Purchase Price: Competing bids for all or substantially all assets shall consist of a purchase price of no less than \$1 Million (One Million Dollars). Competing bids for less than substantially all assets shall consist of a purchase price of no less than \$100,000.00 (One Hundred Thousand Dollars).

3. Writing Requirement: Competing bids need not be in the form of an asset purchase agreement, but must, at minimum, be in the form of a binding letter of intent. In the case of a bid for less than substantially all assets, the bidder must specify the assets for which it is bidding.

Auction Date: If more than one Qualified Bid is timely received, an auction may be held on August 4, 2009 at the offices of Sidley & Austin, LLP, Suite 4000, 555 West Fifth Street, Los Angeles, California 90013. Only bidders submitting Qualified Bids may participate in the auction. CMA may, in its sole discretion, permit participation in the auction by telephone.

Closing Date: Upon CMA's determination of the successful bid the ("Successful Bid"), the successful bidder or group of bidders (the "Buyer") must enter into a definitive agreement or agreements with the Assignee that is or are acceptable to the Assignee and must provide payment of the purchase price in full by cashier's check or wire

transfer to the Assignee **no later than August 11, 2009 (the "Closing Date")**. Failure to meet this closing deadline will result in cancellation of the contract and retention by the Assignee of the earnest money deposit (s) as liquidated damages, except as specifically noted below in "Sale Procedure" If closing is delayed for any reason beyond control of the Buyer, the Assignee reserves the right, in its sole discretion, to extend the date of closing. Extensions will be made on a case-by-case basis in the Assignee's sole discretion. If Buyer is unable to close on or before the Closing Date or any extension thereof granted by the Assignee, and the Assignee chooses to close with another bidder, that bidder shall become the Buyer and its bid shall become the Successful Bid.

Other Closing Procedures. The Buyer's Initial Earnest Money Deposit will be retained by Assignee as a credit against the purchase price of the assets. If a bidder is not the Buyer, said bidder's initial Earnest Money Deposit will be returned upon the close of the sale. The Assignee will collect information regarding the second highest bidder or other unsuccessful back-up bidders. The collection of such information does not create any option or any other rights of any kind for such bidders. The Assignee's decision regarding any disputes is final.

Closing Costs: All sales must be coordinated with Assignee's closing agent and all expenses to remove purchased items will be paid by Buyer. The Buyer will assume any outstanding taxes, encumbrances and other charges. Sales taxes and transfer taxes, as may be applicable, are the responsibility of the Buyer and will be added to the purchase price and collected by Assignee.

Sale Procedure: The Assets will be offered in bulk. The Assignee will accept as the Successful Bid whichever bid or group of bids garner the best consideration for the estate, in the Assignee's sole discretion. Therefore, if the Assignee receives several bids on separate and distinct assets and the aggregate of such bids exceeds the highest bulk bid, Assignee may accept each of the separate asset bids and that group of bidders will be the Buyer. In the case of a piecemeal sale, each separate asset bidder must successfully close on or before the Closing Date. If fewer than all chosen separate asset bidders should successfully close by the Closing Date, the Assignee reserves its right to choose another bidder or group of bidders as the Buyer. In the event, the Initial Earnest Money Deposit of each separate asset bidder able to close on the Closing Date will be returned upon the close of the sale, but the Assignee will keep as liquidated damages the Initial Earnest Money Deposit of any separate asset bidder which was unable to close on the Closing Date. The Assignee may rearrange the order in which the Assets are offered, determine the bidding increments, reopen bids, settle disputes between bidders and resolve all other sale matters in its sole discretion. The Assignee may, at its sole discretion, cancel or continue the auction.

Assets: The Assets consist exclusively of equipment assembled by Pacific Ethanol Imperial, LLC to construct an ethanol refinery. The Assets do not include any intellectual property license, trademark, software or other items that are owned by or require the consent of a third party before they can be transferred. Subject to the trade secret protection provisions, the Assignee reserves the right to: (a) remove or add Assets to the sale(s) at its sole discretion until a Buyer has been chosen; (b) reject any and all bids; (c) waive any formalities or irregularities in any bid; or (d) negotiate,

re-offer or not sell any Asset, until a Buyer has been chosen. The Assignee assumes no responsibility for errors in Asset listings. All sales shall be final, absolute and without recourse, and in no event shall the Assignee be or become liable for any defects in title for any cause whatsoever, and no claim, demand or suit of any nature shall exist in favor of the Buyer, its heirs, successors or assigns, against the Assignee, arising from this sale. Quieting right or title, if necessary, is solely the responsibility of the Buyer after closing.

Removal: Upon closing of the sale, possession of the Assets and access to the Assets shall be immediately given to Buyer. The Buyer assumes all responsibility and liability associated with procuring legal tenancy with the respective landlords. The Buyer will be financially liable for any rents due to the respective landlords from the Closing Date forward.

No Warranty: THE ASSETS WILL BE SOLD "AS IS", "WHERE IS", AND "WITH ALL FAULTS." PROSPECTIVE BIDDERS ACCEPT AND ASSUME THE RISK OF THE ASSETS AS-IS, WHERE-IS WITH ALL FAULTS AND FURTHER ACKNOWLEDGE AND AGREE THAT THE ASSIGNEE MAKES NO REPRESENTATIONS OR WARRANTIES, BUT INSTEAD HEREBY EXPRESSLY DISCLAIMS ANY AND ALL EXPRESSED OR IMPLIED WARRANTIES CONCERNING THE CONDITION OF THE ASSETS AND ANY PORTIONS THEREOF, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Quit Claim Only: ALL ASSETS WILL BE CONVEYED BY "QUIT CLAIM." That is, the Assignee is only surrendering and selling such right, title or interest as Pacific Ethanol Imperial, LLC may have the right to convey, if any, in such Assets, and subject to any and all claims or controversies of any kind by any parties, if any, known or unknown.

Financing: Bidders are responsible for obtaining their own financing. The Assignee will not provide financing or payment terms for the purchase of any Assets in the sale. FAILURE TO CLOSE DUE TO THE INABILITY OF THE BUYER TO OBTAIN FINANCING WILL RESULT IN RETENTION OF THE BUYER'S INITIAL EARNEST MONEY DEPOSIT AS LIQUIDATED DAMAGES.