

GATES WILLIAM H III
 Form 4
 May 05, 2008

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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)

(Last) (First) (Middle)
 2365 CARILLON POINT
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 05/01/2008

____ Director 10% Owner
 ____ Officer (give title below) ____ Other (specify below)

KIRKLAND, WA 98033
 (City) (State) (Zip)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

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)
			Code	V	Amount	(A) or (D)	Price
Common Stock	05/01/2008		C ⁽¹⁾		2,000,000	A	\$ 8 2,202,524
Common Stock	05/01/2008		S		700	D	\$ 3.44 2,201,824
Common Stock	05/01/2008		S		100	D	\$ 3.41 2,201,724
Common Stock	05/01/2008		S		200	D	\$ 3.4 2,201,524
Common Stock	05/01/2008		S		300	D	\$ 3.39 2,201,224
Common Stock	05/01/2008		S		400	D	\$ 3.38 2,200,824

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Common Stock							
Common Stock	05/01/2008	S	300	D	\$ 3.37	2,200,524	D
Common Stock	05/01/2008	S	2,400	D	\$ 3.36	2,198,124	D
Common Stock	05/01/2008	S	200	D	\$ 3.35	2,197,924	D
Common Stock	05/01/2008	S	1,700	D	\$ 3.34	2,196,224	D
Common Stock	05/01/2008	S	7,202	D	\$ 3.33	2,189,022	D
Common Stock	05/01/2008	S	500	D	\$ 3.325	2,188,522	D
Common Stock	05/01/2008	S	798	D	\$ 3.32	2,187,724	D
Common Stock	05/01/2008	S	104	D	\$ 3.315	2,187,620	D
Common Stock	05/01/2008	S	13,060	D	\$ 3.31	2,174,560	D
Common Stock	05/01/2008	S	200	D	\$ 3.305	2,174,360	D
Common Stock	05/01/2008	S	23,901	D	\$ 3.3	2,150,459	D
Common Stock	05/01/2008	S	400	D	\$ 3.295	2,150,059	D
Common Stock	05/01/2008	S	31,867	D	\$ 3.29	2,118,192	D
Common Stock	05/01/2008	S	26,008	D	\$ 3.28	2,092,184	D
Common Stock	05/01/2008	S	15,213	D	\$ 3.27	2,076,971	D
Common Stock	05/01/2008	S	700	D	\$ 3.26	2,076,271	D
Common Stock	05/01/2008	S	100	D	\$ 3.255	2,076,171	D
Common Stock	05/01/2008	S	6,000	D	\$ 3.25	2,070,171	D
Common Stock	05/01/2008	S	100	D	\$ 3.245	2,070,071	D
	05/01/2008	S	3,647	D	\$ 3.24	2,066,424	D

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Common Stock							
Common Stock	05/01/2008	S	1,100	D	\$ 3.23	2,065,324	D
Common Stock	05/01/2008	S	100	D	\$ 3.225	2,065,224	D
Common Stock	05/01/2008	S	1,700	D	\$ 3.22	2,063,524	D
Common Stock	05/01/2008	S	6,600	D	\$ 3.21	2,056,924	D

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

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(9-02)

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
Series A Cumulative Redeemable Convertible Preferred Stock	\$ 8	05/01/2008		C ⁽¹⁾	1,000,000	⁽²⁾	⁽²⁾	Common Stock	2,000

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 05/05/2008

__Signature of Reporting Person Date

William H. Gates III By: /s/ Michael Larson*, Attorney-In-Fact 05/05/2008

__Signature of Reporting Person Date

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).
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 May 1, 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.
- (1)
- (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 an

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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