(December 2011) Department of the Treasury

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Internal Revenue Service Reporting Issuer Part I 2 Issuer's employer identification number (EIN) Issuer's name LIME ENERGY, CO 36-4197337 3 Name of contact for additional information Telephone No. of contact 5 Email address of contact **COLLEEN BRENNAN** 704-892-4442 INVESTORRELATIONS@LIME-ENERGY.COM 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 7 City, town, or post office, state, and Zip code of contact 16810 KENTON DRIVE, SUITE 240 HUNTERSVILLE, NC 28078 8 Date of action 9 Classification and description JUNE 30, 2014 SERIES B PREFERRED STOCK 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) N/A Organizational Action Attach additional statements if needed. See back of form for additional questions. Part II Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► ON JUNE 30, LIME ENERGY DISTRIBUTED 34,938 SHARES OF SERIES B CONVERTIBLE PREFERRED STOCK TO EXISTING SERIES B CONVERTIBLE PREFERRED STOCK SHAREHOLDERS. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► LIME ENERGY HAS DETERMINED THAT IT WILL HAVE NO EARNINGS AND PROFITS AS OF DECEMBER 31, 2014. THEREFORE, THE DISTRIBUTION OF CONVERTIBLE PREFERRED STOCK ON PREFERRED STOCK IS CONSIDERED A NON-DIVIDEND DISTRIBUTION OF PROPERTY AND WILL REDUCE THE SHAREHOLDERS TAX BASIS IN THEIR EXISTING PREFERRED STOCK BY THE \$10 PER SHARE FAIR MARKET VALUE OF THE PREFERRED STOCK DISTRIBUTED. ANY EXCESS OVER SHARE TAX BASIS WOULD BE TREATED AS GAIN FROM THE SALE OR EXCHANGE OF PROPERTY. THE SHAREHOLDER WILL HAVE A FAIR MARKET VALUE IN THE NEW PREFERRED STOCK DISTRIBUTED. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the Valuation dates ► SAMPLE CALCULATION: SHAREHOLDER HAS \$1,000 BASIS IN 100 SHARES OF PREFERRED STOCK FOR A BASIS OF \$10 PER SHARE. IF AN ADDITIONAL 5 SHARES WITH FAIR MARKET VALUE OF \$10 WERE DISTRIBUTED TO THE SHAREHOLDER, THE NEW BASIS PER SHARE IS \$950/\$1,000 FOR A BASIS OF \$9.50 PER SHARE. THE SHAREHOLDER WILL ALSO HAVE A \$10 FAIR MARKET VALUE PER SHARE IN THE NEW PREFERRED STOCK DISTRIBUTED.

Part		Organizational Action (continued)			, <u>, , , , , , , , , , , , , , , , , , </u>
17 Li	ist tha	applicable Internal Revenue Code section	n(e) and subsection(e) upon w	hich the tay treatment is based	
		N 305(b)(4), 305(b)(5), 301(c), 316, 301(d)		ilicii tile tax treatificiit is based	
18 C	an any	y resulting loss be recognized? ► THIS I	S NOT A LOSS TRANSACTION	ON.	
		any other information necessary to imple			REPORTABLE TAX YEAR IS
2014 FC	JR IA	XPAYER REPORTING TAXABLE INCOM	WE ON A CALENDAR YEAR	BASIS.	
		er penalties of perjury, I declare that I have exart, it is true, correct, and complete. Declaration o			
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Prepa	arer	THOMAS D'AMORE			self-employed P01428355
Use (Firm's name BDO USA, LLP	OLUTE ARREST TO THE	2/44	Firm's EIN ► 13-5381590
Sond F	orm Of	Firm's address ► 330 N WABASH AVE, 337 (including accompanying statements)			Phone no. 312-856-9100
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