LIME ENERGY COMPANY INSTRUCTIONS FOR FILING FORM 8937

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

SIGNATURE . . .

THE FORM SHOULD BE SIGNED (USING FULL NAME AND TITLE) AND DATED ON PAGE ONE BY AN AUTHORIZED OFFICER OF THE CORPORATION.

FILING ...

THE SIGNED RETURN SHOULD BE FILED AS SOON AS POSSIBLE WITH:

DEPARTMENT OF TREASURY INTERNAL REVENUE SERVICE OGDEN, UT 84201-9954

PLEASE DISTRIBUTE A COPY OF THE FORM 8937 TO EACH AFFECTED SHAREHOLDER.

YOU MAY POST A COMPLETED FORM 8937 TO YOUR PRIMARY PUBLIC WEBSITE AS AN ALTERNATIVE TO FILING THE FORM WITH THE INTERNAL REVENUE SERVICE. IF YOU CHOOSE TO DO SO, YOU ARE REQUIRED TO KEEP IT ACCESSIBLE TO THE PUBLIC ON THIS WEBSITE OR THE PRIMARY WEBSITE OF ANY SUCCESSOR ORGANIZATION FOR 10 YEARS.

(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) 1 Issuer's name LIME ENERGY CO. 36-4197337 3 Name of contact for additional information 4 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 12/31/2013 IN-KIND DIVIDEND DISTRIBUTION OF SERIES A 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. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► SEE ATTACHMENT 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 ► SEE ATTACHMENT 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 ► SEE ATTACHMENT

Pai	rt II	С	Organizational Action (continued	d)				
				,, , , , , , , , , , , , , , , , , , , ,				
17	List	the a	pplicable Internal Revenue Code section	on(s) and subsection(s) upon which the tax	treatment	is based ►	SEE ATTAC	HMENT
18	Can	any	resulting loss be recognized? ► <u>SEE A</u>	ATTACHMENT				
19	Prov	/ide a	any other information necessary to imple	ement the adjustment, such as the reportal	ble tax yea	r ► <u>SEE AT</u>	TACHMENT	
				amined this return, including accompanying sche				
		elief,	it is true, correct, and complete. Declaration of	of preparer (other than officer) is based on all info	ormation of v	which prepare	er has any knowle	edge.
Sign	_		May Cilla	R.		= (0.0 (0.1		
Her	e s	Signat	ure Mary Colleen	Brenzen	Date ► .	5/30/20)14	
		and t	our name ► Mary Colleen Brenna		TOU 5	CFO		
		_	our name ► Mary Colleen Brenna Print/Type preparer's name	Preparer's signature	Title ► Date		, , , , , P1	ΓΙΝ
Pai			THOMAS D'AMORE				Check if ' ' self-employed	P01428355
Pre Use		Ci	Firm's name ► BDO USA, LLP				Firm's EIN ▶	13-5381590
<u></u>	<i>-</i>	ııy ⊦	Firm's address ► 330 N WABASH, SUI	TE 3200 CHICAGO, IL 606011				312-856-9100
Send	Forn) to: Department of the Treasury, Internal R	Revenue Se			

ATTACHMENT TO FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

Part I, Items 1-2	Issuer Name and EIN	Lime Energy, Co ("Lime")
,		Taxpayer Identification #36-4197337
Part I, Items 3-7	Contact Information	Contact Person: Colleen Brennan, Karen Pigg
		Email: InvestorRelations@lime-energy.com
		Tel: (704) 892-4442
		16810 Kenton Drive, Suite 240
		Huntersville, NC 28078
		Transfer Agent
		Wells Fargo Shareowner Services
		P.O. Box 64874
		St. Paul, MN 55164-0874
		Tel: (800) 401-1957
Part I, Item 8	Date of Action	December 31st, 2013
Part I, items 9-12	Security Information	Lime Energy Co.
		Series A Preferred Stock
Part II, Item 14	Description of Organizational Action	On December 31, 2013, Lime paid in-kind dividends of Series A Preferred Stock with a value of \$314,000
	Action	11 referred Stock with a value of \$514,000
Part II, Item 15	Desciption of quantitative effect	Because Lime has no earnings and profits, the distribution of
	of the organizational action on the	convertible preferred stock on preferred stock is considered a non-
	basis of the security in the hands	dividend distribution of property and therefore treated as a
	of the U.S. taxpayer as an	reduction in shareholder basis. The amount of basis reduction is
	adjustment per share or as a	based on the fair market value of property received. See Attachment
	percentage of old basis	for basis calculation.
Part II, Item 16	Description of the Calculation of	See Attachment for basis calculation.
	the change in basis and the data	
	that supports the calculation	

Part II, Items 17-18	* *	IRC section 305(b)(4), IRC Section 305(b)(5), IRC Section 301(c), IRC Section 316, IRC Section 301(d)
Part II, Item 19	Provide any other information necessary to implement the adjustment.	The reportable tax year is 2013 for taxpayer reporting taxable income on a calendar basis.

Series A Preferred Stock

Shareholder	Shareholder Basis at 12/30/13		Fair Market Value of Dividend Distribution		Shareholder Basis at 12/31/13	
Richard Kiphart	\$	4,598,490	\$	162,649	\$	4,435,841
The John Thomas Hurvis						
Revocable Trust	\$	3,160,785	\$	111,797	\$	3,048,988
Nettlestone Enterprises						
Limited	\$	1,064,726	\$	37,659	\$	1,027,067
Christopher Capps	\$	53,569	\$	1,895	\$	51,674

Number of Shares Purchased	% of Total Shares
479,774	51.80%
329,774	35.60%
111,086	11.99%
5,589	0.60%