

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.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [SEE ATTACHMENT](#)

18 Can any resulting loss be recognized? ▶ [SEE ATTACHMENT](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [SEE ATTACHMENT](#)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ _____ Date ▶ _____

Paid Preparer Use Only	Print your name ▶	Preparer's signature	Title ▶	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name		Date		
	THOMAS D'AMORE				P01428355
	Firm's name ▶ BDO USA, LLP			Firm's EIN ▶	13-5381590
	Firm's address ▶ 330 N WABASH, SUITE 3200 CHICAGO, IL 606011			Phone no.	312-856-9100

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 30th, 2013
Part I, items 9-13	Security Information	Lime Energy Co. Series A Preferred Stock
Part II, Item 14	Description of Organizational Action	On December 30, 2013, the conversion price of Series A Preferred shares outstanding was reduced to \$3.58 per share from \$3.78 per share. (The decrease in the conversion ratio was not made solely to take into account a stock dividend or stock split.)
Part II, Item 15	Description of quantitative effect of the organizational action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old basis	Because Lime has no earnings and profits, the change in conversion price of Series A Preferred Stock is considered a non-dividend distribution of property and therefore treated as a reduction in shareholder basis. The amount of basis reduction is equal to the fair market value of the change in conversion price. See Attachment for basis calculation.
Part II, Item 16	Description of the Calculation of the change in basis and the data that supports the calculation	See Attachment for basis calculation.
Part II, Items 17-18	Applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based and ability of any resulting loss to be recognized.	IRC section 305(c), 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. This transaction is reportable on form 1099-DIV and Form 5452, Corporate Report of Nondividend Distributions.
------------------	--	--

Series A Preferred Stock

Shareholder	Number of Shares Purchased	Price Per Share	Shareholder Basis Prior to 12/30/13	Shareholder Basis at 12/30/13
Richard Kiphart	479,774	\$ 10.00	\$ 4,797,740	\$ 4,598,490
The John Thomas Hurvis Revocable Trust	329,774	\$ 10.00	\$ 3,297,740	\$ 3,160,785
Nettlestone Enterprises Limited	111,086	\$ 10.00	\$ 1,110,860	\$ 1,064,726
Christopher Capps	5,589	\$ 10.00	\$ 55,890	\$ 53,569

Shareholder	FMV of Common Shares w/ \$3.78 Conversion Price*	FMV of Common Shares w/ \$3.58 Conversion Price*	Basis Reduction due to deemed distribution
Richard Kiphart	\$ 3,566,574	\$ 3,765,824	\$ 199,250
The John Thomas Hurvis Revocable Trust	\$ 2,451,495	\$ 2,588,450	\$ 136,955
Nettlestone Enterprises Limited	\$ 825,798	\$ 871,932	\$ 46,134
Christopher Capps	\$ 41,548	\$ 43,869	\$ 2,321

*The closing price of Lime Energy Common stock at 12/30/13 was \$2.81