

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](#)

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

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

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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 ▶ *Mary Colleen Brennan* Date ▶ 5/30/2014  
Print your name ▶ Mary Colleen Brennan Title ▶ CFO

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

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  <b>Transfer Agent</b> 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 B Preferred Stock
Part II, Item 14	Description of Organizational Action	On December 31, 2013, Lime paid in-kind dividends of Series B Preferred Stock with a value of of \$12,000
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 distribution of convertible preferred stock on 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 based on the fair market value of property received. 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 subsections(s) upon which the tax treatment is based and ability of any resulting loss to be recognized.	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 B Preferred Stock**

<b>Shareholder</b>	<b>Shareholder Basis at 12/30/13</b>	<b>Fair Market Value of Dividend Distribution</b>	<b>Shareholder Basis at 12/31/13</b>
Richard Kiphart	\$ 2,000,000	\$ 6,000	\$ 1,994,000
The John Thomas Hurvis Revocable Trust	\$ 2,000,000	\$ 6,000	\$ 1,994,000