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 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. 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

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	
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	
To Trovide any other information recessary to important the adjustment, such as the reportable tax year > SEE ATTACHINENT	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge.	edge 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 Date 5/30/2014	
Print your name ► Mary Colleen Brennan Title ► CFO	
Paid Print/Type preparer's name Preparer's signature Date Check if	
Preparer THOMAS D'AMORE Self-employed P0142	
Use Only Firm's name ▶ BDO USA, LLP Firm's EIN ▶ 13-538° Firm's address ▶ 330 N WABASH, SUITE 3200 CHICAGO, IL 606011 Phone no. 312-856-4	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

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 B Preferred Stock			
Part II, Item 14	Description of Organizational	On December 31, 2013, Lime paid in-kind dividends of Series B			
rant II, item 14	Action	Preferred Stock with a value of of \$12,000			
Part II, Item 15	Desciption of quantitative effect	Because Lime has no earnings and profits, the distribution of			
	of the organizational action on the basis of the security in the hands	convertible preferred stock on preferred stock is considered a non- 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 B Preferred Stock

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