

LIME ENERGY CO.  
Form 5  
February 14, 2007

**FORM 5**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0362  
Expires: January 31, 2005  
Estimated average burden hours per response... 1.0

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person \*  
KIPHART RICHARD P

(Last) (First) (Middle)

C/O WILLIAM BLAIR & COMPANY, LLC, 222 WEST ADAMS STREET

(Street)

CHICAGO, IL 60606

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
LIME ENERGY CO. [LMEC]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
12/31/2006

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|---|
| Lime Energy Co Common Stock     | 06/29/2006                           | Â  | A4                             | (A) 5,700,000 (2)   | A \$ 1 14,640,972  | D  | Â   |
| Lime Energy Co Common           | 06/29/2006                           | Â  | J4                             | 8,903,400   | A \$ (3) 14,640,972  | D  | Â   |

Stock

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Lime Energy Co Series E Preferred Stock    | \$ 100   | 06/29/2006                           | ^  | J4 <sup>(1)</sup>              | 1,316 ^   | 06/29/2006 ^ <sup>(4)</sup>                              | Lime Energy Co Common Stock                                   | 8,773                         |

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

KIPHART RICHARD P  
C/O WILLIAM BLAIR & COMPANY, LLC  
222 WEST ADAMS STREET  
CHICAGO, IL 60606

^ X ^ ^ ^

## Signatures

Tammy Hogue, by power of attorney

02/14/2007

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents quarterly dividends on Lime Energy Co Series E Convertible Preferred Stock paid in additional shares of Series E Convertible Preferred Stock. Each share of Series E Convertible Preferred Stock is convertible into 100 shares of common stock.

(2) Purchased pursuant to a private sale of common stock by the Company at \$1.00 per share.

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- On June 29, 2006, Mr. Kiphart converted 89,034 shares of Series E Convertible Preferred Stock into 8,903,400 shares of common. Prior to the issuance of common stock by the Company as part of a transaction that closed on June 29, 2006, the conversion rate of the Series E Convertible Preferred Stock was 6.67 shares of common stock per share of Series E Convertible Preferred Stock. However, the Series E Convertible Preferred Stock contained anti-dilution provisions which required the automatic adjustment to the conversion rate if the
- (3) Company issued stock or securities convertible into common stock at a price below the Series E Preferred conversion price then in effect to the price of the new issuance. Because the Company issued common stock in a transaction which closed on June 29, 2006 at \$1.00 per share, the Series E Preferred conversion rate was automatically adjusted to 100 shares of common stock per share of Series E Preferred converted.
- (4) Conversion rights do not expire.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.