

LIME ENERGY CO.
Form 5
February 14, 2007

FORM 5

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

OMB APPROVAL

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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	^	A4	(A) 5,700,000 (2)	A \$ 1 14,640,972	D	^
Lime Energy Co Common	06/29/2006	^	J4	8,903,400	A \$ (3) 14,640,972	D	^

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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.

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