

LIME ENERGY CO.
Form 424B5
May 15, 2012
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-176622

Prospectus supplement (to prospectus dated September 1, 2011)

1,000,000 Shares

Common Stock

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering 1,000,000 shares of our common stock, par value \$0.0001 per share, to Richard Kiphart, , a member of our Board of Directors, under a Subscription Agreement dated May 15 , 2012.

The purchase price for shares of common stock sold to Mr. Kiphart will be \$2.55 per share, the consolidated closing bid price per share on the NASDAQ Capital Market on May 14, 2012. We will receive immediate gross proceeds from the sale of the shares equal to approximately \$2,550,000.

Our common stock is quoted on the NASDAQ Capital Market under the symbol LIME . On May 14, 2012, the last reported sale price for our common stock as reported on the NASDAQ Capital Market was \$2.59 per share.

Investing in our securities involves a high degree of risk. We refer you to the section entitled Risk Factors of this prospectus on page S-4 of this prospectus supplement to read about risks you should consider carefully before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is May 15, 2012

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a shelf registration statement on Form S-3 (File No. 333-176622) that we filed with the Securities and Exchange Commission, or the SEC, and that was declared effective by the SEC on October 7, 2011. This prospectus supplement describes the specific details regarding this offering, including the price, the amount and a description, of our securities being offered, some of the risks of investing in our securities and other items. The accompanying prospectus provides more general information. To the extent that information in this prospectus supplement or any of the documents incorporated by reference into this prospectus supplement is inconsistent with the accompanying prospectus or any of the documents incorporated by reference into the accompanying prospectus, you should rely on this prospectus supplement or the documents incorporated by reference into this prospectus supplement, as the case may be. You should read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement together with the additional information about us described in the section entitled Where You Can Find More Information.

In this prospectus, references to Lime, Lime Energy, the company, we, our or us, unless the context otherwise requires, refer to Lime Energy.

You should rely only on the information contained in this prospectus, including information incorporated by reference as described above, or any prospectus supplement that we have specifically referred you to. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents or that any document incorporated by reference is accurate as of any date other than its filing date. You should not consider this prospectus to be an offer or solicitation relating to the securities in any jurisdiction in which such an offer or solicitation relating to the securities is not authorized. Furthermore, you should not consider this prospectus to be an offer or solicitation relating to the securities if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Without limiting the foregoing, the words may, believe, may, could, might, possible, potential, project, will, should, expect, intend, plan, estimate, approximate, contemplate or continue target, goal and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this prospectus are based on information available to us up to, and including, the date of this document, and we assume no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those contained in or incorporated by reference into this prospectus. You should carefully review those factors and also carefully review the risks outlined in other documents that we file from time to time with the SEC.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us, this offering and information contained elsewhere in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, and does not contain all of the information you should consider in making your investment decision. You should read the entire prospectus supplement and the accompanying prospectus carefully, especially the matters discussed under Risk Factors beginning on page S-4, and the documents incorporated by reference herein, including the financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2011, as amended. See Incorporation of Information by Reference below.

Business Overview

We are a leader in planning and delivering clean energy solutions that assist our clients in the achievement of their energy efficiency and renewable energy goals. We operate in three specific markets: the utility market, the public sector and institutional market and the commercial and industrial market. Our clients include utilities, energy service companies (ESCOs), government entities, educational institutions, commercial and industrial businesses, and property owners and managers. We focus on deploying solutions to improve building energy efficiency, reduce energy-related expenditures and the impact of energy use on the environment, thereby helping our clients save money, improve their facilities and meet their energy efficiency goals and mandates. Our solutions include energy efficient lighting upgrades, energy efficient mechanical and electrical retrofit and upgrade services, water conservation, building weatherization, on-site generation and renewable energy project development and implementation. We provide energy solutions across a range of facilities, from high-rise office buildings, distribution facilities, manufacturing plants, retail sites, multi-tenant residential buildings, mixed use complexes, hospitals, colleges & universities, large government sites to small, single tenant facilities.

Risk Factors

Our business is subject to substantial risk. Please carefully consider the Risk Factors on page S-4 and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus including, but not limited to, the Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, for a discussion of the factors you should consider carefully before deciding to purchase these securities. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. You should be able to bear a complete loss of your investment.

Our Corporate Information

Our principal executive offices are located at 16810 Kenton Drive, Suite 240, Huntersville, NC, our telephone number is (704) 892-4442 and our Internet address is www.lime-energy.com. Except for the documents specifically incorporated by reference into this prospectus supplement or the prospectus, the information on our Internet website is not incorporated by reference in this prospectus supplement or the accompanying prospectus. We have included our Internet website address as an inactive textual reference only.

The Offering

Common stock offered by us pursuant to this prospectus supplement	1,000,000 shares
Common stock to be outstanding after this offering	24,968,864 shares
Offering price	\$2.55 per share
Use of proceeds	We currently intend to use net proceeds to us for general corporate purposes, which may include working capital, general and administrative expenses, and capital expenditures. We may also use a portion

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of the net proceeds to acquire or invest in businesses, products and technologies that are complementary to our current business, although we have no present commitments or agreements for any such transactions. See Use of Proceeds for more information.

Risk Factors

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-4 of this prospectus supplement.

NASDAQ Capital Market Symbol

LIME

The number of shares to be outstanding after this offering is based on 23,968,864 shares outstanding as of May 11, 2012, and does not include, as of May 11, 2012:

- 4,501,310 shares of common stock issuable upon the exercise of stock options with a weighted average exercise price of \$5.58 per share
- 135,953 shares reserved for issuance upon exercise of outstanding warrants
- 348,820 shares that are reserved for issuance pursuant to our equity incentive plan.

RISK FACTORS

In addition to other information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below and incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 2011, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended (Exchange Act) that are incorporated by reference herein in evaluating our company, our properties and our business before making a decision to invest in the common stock. These risks are not the only ones faced by us. Additional risks not presently known to us or that we currently deem immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. The trading price of our common stock could decline due to any of these risks and you may lose all or part of your investment. This prospectus supplement and the accompanying prospectus, and the documents incorporated herein and therein by reference, also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement and the accompanying prospectus, and the documents incorporated herein and therein by reference. Please refer to the section entitled Forward-Looking Statements in this prospectus supplement.

Risks Related to This Offering

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Management will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. Our failure to apply these funds effectively could have a material adverse effect on our business and cause the price of our common stock to decline.

You will experience immediate and substantial dilution in the net tangible book value per share of the common stock you purchase.

Since the price per share of our common stock being offered is substantially higher than the net tangible book value per share of our common stock, you will suffer immediate dilution in the net tangible book value of the

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common stock you purchase in this offering. After giving effect to the sale by us of 1,000,000 shares of common stock in this offering at the offering price of \$2.55 per share, you will experience immediate dilution of \$1.45 per share, representing the difference between our consolidated net tangible book value per share of \$0.99 per share as of March 31, 2012 and the offering price. See the section entitled "Dilution" below for a more detailed discussion of the dilution you will incur if you purchase common stock in this offering.

USE OF PROCEEDS

We estimate that net proceeds to us from the sale of 1,000,000 shares of our common stock in this offering will be approximately \$2,540,000, after deducting estimated offering costs payable by us. The expenses of the offering are expected to be approximately \$10,000.

We intend to use the proceeds for general corporate purposes, including working capital, general and administrative expenses, and capital expenditures; however, we have not determined the amounts we plan to spend on any of the areas listed above or the timing of these expenditures. As a result, our management will have broad discretion to allocate the net proceeds from this offering. See "Risk Factors - Risks Related to this Offering" Management will have broad discretion as to the use of proceeds from this offering, and we may not use the proceeds effectively. We may also use a portion of the net proceeds to acquire or invest in businesses, products and technologies that are complementary to our current business, although we have no present commitments or agreements for any such transactions.

Pending the application of such proceeds, we may invest the proceeds in short-term, interest bearing, investment-grade marketable securities or money market obligations.

DILUTION

The purchasers of the common stock in the offering will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the public offering price paid by the purchaser of shares of our common stock exceeds the net tangible book value per share of our common stock after the offering. Pro forma net tangible book value represents the amount of our total tangible assets reduced by our total liabilities. Tangible assets equal our total assets less goodwill and intangible assets. Net tangible book value per share represents our net tangible book value divided by the number of shares of common stock outstanding. As of March 31, 2012 our net tangible book value was \$23.8 million and our net tangible book value per share was \$0.99.

After giving effect to the sale of 1,000,000 shares of common stock in the offering at a public offering price of \$2.55 per share, which was the last reported stock price of our common stock on the NASDAQ Capital Market on May 14, 2012, our adjusted net tangible book value as of March 31, 2012 would have been \$26.3 million, or \$1.10 per share. This represents an immediate increase in net tangible book value of \$0.11 per share to existing stockholders and immediate dilution of \$1.45 per share to new investor purchasing shares in the offering. The following table illustrates this per share dilution:

Assumed public offering price per share		\$	2.55
Net tangible book value per share as of March 31, 2012	\$	0.99	

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Increase in net tangible book value per share attributable to new investor	\$	0.11
Adjusted net tangible book value per share after the offering	\$	1.10
Dilution in net tangible book value per share to new investor	\$	1.45

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The information above excludes the following:

- 4,555,593 shares of our common stock issuable upon the exercise of options outstanding as of March 31, 2012 with a weighted average exercise price of \$5.59 per share; and
- 135,953 shares of our common stock issuable upon the exercise of outstanding warrants as of March 31, 2012, with a weighted average exercise price of \$23.68 per share.

PLAN OF DISTRIBUTION

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering 1,000,000 shares of our common stock that will be issued by us directly to Richard Kiphart, a member of our Board of Directors, pursuant to a Subscription Agreement dated May 15, 2012. The Subscription Agreement provides for the immediate purchase and sale of the shares offered hereby upon execution. Mr. Kiphart has represented to us that he is purchasing the shares offered hereby for his own account and not with a view towards distribution or resale.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Greenberg Glusker Fields Claman & Machtinger LLP, Los Angeles, California.

EXPERTS

The financial statements and schedule incorporated by reference in this Prospectus Supplement, the Prospectus and in the Registration Statement have been audited by BDO USA, LLP, an independent registered public accounting firm, to the extent and for the periods set forth in their report incorporated by reference herein, in the Prospectus and in the Registration Statement, and are incorporated in reliance upon such report given upon the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We are a public company and file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more

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information about the operation of the public reference room. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>.

In addition, we maintain a web site that contains information regarding our company, including copies of reports, proxy statements and other information we file with the SEC. The address of our web site is www.lime-energy.com. Except for the documents specifically incorporated by reference into this prospectus, information contained on our website or that can be accessed through our website does not constitute a part of this prospectus supplement. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

We have filed a registration statement on Form S-3 with the SEC for the common stock offered under this prospectus supplement. This prospectus supplement and the accompanying prospectus do not include all of the information contained in the registration statement. You should refer to the registration statement and its exhibits for additional information that is not contained in this prospectus. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document. You may:

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- inspect a copy of this prospectus, including the exhibits and schedules, without charge at the public reference room;
- obtain a copy from the SEC upon payment of the fees prescribed by the SEC; or
- obtain a copy from the SEC website.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus the information contained in the documents we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will update and supersede this information. We are incorporating by reference the following documents into this prospectus:

- our annual report on Form 10-K for the year ended December 31, 2011 (including information specifically incorporated by reference into our Form 10-K from our definitive proxy statement for our 2012 annual meeting of stockholders);
- our quarterly report on Form 10-Q for the quarter ended March 31, 2012;
- our current reports on Form 8-K as filed with the SEC on January 6, 2012, February 28, 2012, March 8, 2012 and May 1, 2012; and
- the description of our Common Stock, \$0.0001 par value per share, contained in our Registration Statement on Form 8-A filed on February 21, 2008, including any amendment or report filed for the purpose of updating such description.

We also are incorporating by reference any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to the termination of the offering of the securities to which this prospectus relates. In addition, we also are incorporating by reference any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 after the date of the initial registration statement of which this prospectus is a part and prior to effectiveness of such registration statement. In no event, however, will any of the information that we furnish to the SEC in any current report on Form 8-K or any other report or filing be incorporated by reference into, or otherwise included in, this prospectus.

You may access our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statement, and amendments, if any, to those documents filed or furnished pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC free of charge at the SEC's website or our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Except for the documents specifically incorporated by reference into this prospectus, information contained on our website or that can be accessed through our website does not constitute a part of this prospectus. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

You may request of copy of these filings, at no cost, by writing to Jeffrey Mistarz, Chief Financial Officer, Treasurer and Secretary, Lime Energy Co., 16810 Kenton Drive, Suite 240, Huntersville, NC 28078, or by telephone at (704) 892-4442.

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PROSPECTUS

\$50,000,000

Common Stock

Preferred Stock

Warrants

Units

We may offer and sell from time to time up to \$50,000,000 in total of any combination of the securities described in this prospectus, either individually or in units. We also may offer common stock upon conversion of preferred stock or common stock or preferred stock upon the exercise of warrants. This prospectus provides a general description of the securities we may offer. Each time we offer securities, we will provide a prospectus supplement containing more information about the particular offering together with this prospectus. The prospectus supplement also may add, update or change information contained in this prospectus. This prospectus may not be used to offer and sell securities without a prospectus supplement.

The securities may be sold directly by us to investors, through agents designated from time to time or to or through underwriters or dealers. For additional information on the methods of sale, you should refer to the section entitled "Plan of Distribution" in this prospectus. If any agents or underwriters are involved in the sale of any securities, the names of such agents or underwriters and any applicable fees, commissions, discounts and over-allotment options will be set forth in the applicable prospectus supplement.

Our common stock is listed on the NASDAQ Capital Market under the symbol "LIME". On August 30, 2011, the reported closing price of our common stock was \$3.68 per share. Prospective purchasers of securities are urged to obtain current information as to the market prices of our common stock.

Investing in our securities involves a high degree of risk. We refer you to the section entitled **Risk Factors of this prospectus on page 3 and in the applicable prospectus supplement and under similar sections in the documents we incorporate by reference into this prospectus.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 1, 2011

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In this prospectus, references to Lime, Lime Energy, the company, we, our or us, unless the context otherwise requires, refer to Lime Energy.

You should rely only on the information contained in this prospectus, including information incorporated by reference as described above, or any prospectus supplement that we have specifically referred you to. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents or that any document incorporated by reference is accurate as of any date other than its filing date. You should not consider this prospectus to be an offer or solicitation relating to the securities in any jurisdiction in which such an offer or solicitation relating to the securities is not authorized. Furthermore, you should not consider this prospectus to be an offer or solicitation relating to the securities if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (SEC) using a shelf registration process. Under this shelf registration process, we may offer to sell any one or more or a combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$50,000,000 (or its equivalent based on the applicable exchange rate at the time of the sale in one or more foreign currencies, currency units or composite currencies that we may designate). We have provided to you in this prospectus a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. We also may add, update or change in the prospectus supplement any of the information contained in this prospectus. If there is an inconsistency between the information in this prospectus and a prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully both this prospectus and the applicable prospectus supplement together with the documents we incorporate by reference into this prospectus as described under the heading **Incorporation of Certain Documents By Reference** before making an investment decision. This prospectus may not be used to offer and sell securities without a prospectus supplement.

The registration statement that contains this prospectus, including the exhibits to the registration statement and the information incorporated by reference, provides additional information about the securities offered under this prospectus. That registration statement can be read at the SEC web site or at the SEC public reference room as discussed under the heading **Where You Can Find More Information**.

You should rely only on the information provided in the registration statement, this prospectus and in any prospectus supplement, including the information incorporated by reference. We have not authorized anyone to provide you with different information. You should not assume that the information in this prospectus or any supplement to this prospectus is accurate at any date other than the date indicated on the cover page of these documents. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

ABOUT OUR COMPANY

We are a leading provider of integrated energy engineering, consulting and implementation solutions focused on assisting our clients in the achievement of their energy efficiency goals. We operate in three specific markets: the commercial and industrial market, the public sector market, and the utility market. Our clients include commercial and industrial businesses, property owners and managers, utilities, energy service companies (ESCOs), government entities and educational institutions. We focus on deploying solutions to improve building energy efficiency, reduce energy-related expenditures and the impact of energy use on the environment. Our solutions include energy efficient lighting upgrades, energy efficient mechanical and electrical retrofit and upgrade services, water conservation, building weatherization and renewable project development and implementation. We provide energy efficiency solutions across a range of facilities, from high-rise office buildings, distribution facilities, manufacturing plants, retail sites, mixed use complexes, large government sites to small, local facilities.

We offer our clients a full range of services to address their energy efficiency goals based on our ability to identify and deliver significant returns on our clients' investments, improve the quality of their physical workspaces, maximize their operational savings and reduce their maintenance costs. Our turnkey services include:

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- *Energy Consulting and Technical Services:* We apply our engineering expertise to analyze each client's energy consumption and operational needs and develop customized energy efficiency and renewable energy solutions. Our energy engineering and consulting services include sustainability consulting, energy auditing, energy master planning, project development services, design engineering and facility retro-commissioning. We also provide design review and analysis of new construction projects to maximize energy efficiency and sustainability, project management of energy-related construction, and processing and procurement of incentive and rebate applications.
- *Implementation:* We provide complete turnkey implementation services for a range of energy efficiency and renewable energy projects, including energy efficient lighting upgrades, energy efficiency mechanical and electrical retrofit and upgrade services, water conservation, weatherization and renewable project development and implementation, including solar, biomass and geothermal. We consider factors such as current facility infrastructure, best available technologies, building environmental conditions, hours of operation, energy costs, available utility rebates, tax incentives, and installation, operation and maintenance costs of various efficiency alternatives. Our professionals' extensive knowledge in energy efficiency solutions enables us to apply the most appropriate, effective and proven technologies available in the marketplace.
- *Energy Asset Development and Management:* We leverage our engineering, implementation and project finance experience and capabilities to provide energy asset development and management services to our clients who wish to benefit from alternative and/or renewable energy sources. In this role we serve two sets of clients: the energy consumer and investors. For the energy consumer, we perform project feasibility assessments, evaluate alternative technologies, estimate economic returns, arrange debt and equity financing, manage the design and construction process, and operate the asset under a long-term power purchase agreement. For our investor clients, we source, qualify and structure investment opportunities to maximize risk-adjusted returns, then manage the design and construction process and operate the assets under long-term power purchase agreements. In some limited situations, we take equity positions in these investments.

We serve a wide range of commercial, industrial, utility and public sector clients. Our commercial and industrial clients include many Fortune 500 companies for which we provide our energy efficiency solutions directly. We also work for a number of utilities for which we manage or operate under their energy demand-side management programs. Our public sector clients include federal, state and local government agencies and educational institutions, which we serve through our relationships with ESCOs and directly. ESCOs are awarded project contracts with public sector clients, we assist the ESCOs by providing energy efficiency expertise to develop and implement tailored solutions under these contracts. In addition we also work directly for public sector clients when the services of an ESCO are not required.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risk factors described in Part I, Item 1A, "Risk Factors" in our annual report on Form 10-K for the fiscal year ended December 31, 2010 and our other reports filed from time to time with the SEC, which are incorporated by reference into this prospectus, as the same may be amended, supplemented or superseded from time to time by our filings under the Exchange Act, as well as any prospectus supplement relating to a specific security. Before making any investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus or in any applicable prospectus supplement. The risks and uncertainties described in the prospectus supplement and the

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documents we incorporate by reference into this prospectus are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we believe are not material at the time could also materially adversely affect our business, financial condition or results of operations. In any case, the value of our securities could decline, and you could lose all or part of your investment. See also the information contained under the heading **Cautionary Statement Regarding Forward-Looking Statements** immediately below.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Without limiting the foregoing, the words may, believe, may, could, might, possible, potential, project, will, should, expect, intend, plan, approximate, contemplate or continue target, goal and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this prospectus are based on information available to us up to, and including, the date of this document, and we assume no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those contained in or incorporated by reference into this prospectus. You should carefully review those factors and also carefully review the risks outlined in other documents that we file from time to time with the SEC.

USE OF PROCEEDS

We will retain broad discretion over the use of net proceeds to us from the sale of our securities offered hereby. Except as may be otherwise described in a prospectus supplement, we currently anticipate using any net proceeds to us for general corporate purposes, which may include working capital, general and administrative expenses, and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in businesses, products and technologies that are complementary to our current business, although we have no present commitments or agreements for any such transactions. The amounts and timing of our actual expenditures for each purpose may vary significantly depending upon numerous factors, including the actual amount of proceeds we receive, competition and economic or other conditions.

We cannot guarantee that we will receive any proceeds in connection with any offering hereunder because we may choose not to issue any of the securities covered by this prospectus. If we choose to issue securities, we will provide a prospectus supplement that will contain information about how we intend to use the proceeds from each such offering.

Pending the application of such proceeds, we may invest the proceeds in short-term, interest bearing, investment-grade marketable securities or money market obligations.

DILUTION

If there is a material dilution of the purchasers' equity interest from the sale of common equity securities offered under this prospectus, we will set forth in any prospectus supplement the following

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information regarding any such material dilution of the equity interests of purchasers purchasing securities in an offering under this prospectus:

- the net tangible book value per share of our equity securities before and after the offering;
- the amount of the increase in such net tangible book value per share attributable to the cash payments made by the purchasers in the offering; and
- the amount of the immediate dilution from the public offering price which will be absorbed by such purchasers.

DESCRIPTION OF COMMON STOCK

The following description of our common stock, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of our common stock that we may offer under this prospectus. For the complete terms of our common stock, please refer to our certificate of incorporation and bylaws, which are incorporated by reference into the registration statement which includes this prospectus. Copies of our certificate of incorporation and bylaws are on file with the SEC as exhibits to registration statements previously filed by us. See [Where You Can Find More Information](#). The terms of our common stock also may be affected by Delaware law.

Authorized and Outstanding Capital Stock

We are authorized to issue 50,000,000 shares of common stock, \$0.0001 par value per share. As of August 31, 2011, we had 23,842,556 shares of common stock outstanding. In addition we had 4,952,692 shares of common stock reserved for issuance under outstanding options and warrants, 216,837 additional shares reserved for issuance under our 2008 Stock Incentive Plan, 185,188 shares reserved for issuance under our 2010 Non-Employee Director Stock Plan and 300,000 reserved for issuance under our 2011 Employee Stock Purchase Plan.

As of the date of this prospectus, we do not have any shares of preferred stock outstanding.

Voting Rights

For all matters submitted to a vote of stockholders, each holder of common stock is entitled to one vote for each share registered in the holder's name on our books. Our common stock does not have cumulative voting rights. The holders of a plurality of the shares of our common stock entitled to vote in any election of directors, voting together as a single class, can elect all of the directors standing for election, if they so choose.

Dividends

Subject to limitations under Delaware law and preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared by our board of directors out of legally available funds.

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Liquidation

Upon our liquidation, dissolution or winding up, the holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities of our company, subject to the prior rights of any preferred stock then outstanding.

Fully Paid and Nonassessable

All shares of our outstanding common stock are fully paid and nonassessable and any additional shares of common stock that we issue will be fully paid and nonassessable.

Other Rights and Restrictions

Holders of our common stock do not have preemptive or subscription rights, and they have no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of common stockholders are subject to the rights of the stockholders of any series of preferred stock which we may designate in the future. Our certificate of incorporation and bylaws do not restrict the ability of a holder of common stock to transfer the holder's shares of common stock.

Listing

Our common stock is listed on the NASDAQ Capital Market under the symbol LIME.