LIME ENERGY CO.
Form S-4
January 23, 2009

Table of Contents

As filed with the Securities and Exchange Commission on January 23, 2009
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LIME ENERGY CO.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**3600**	**36-4197337**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

1280 Landmeier Road, Elk Grove Village, Illinois, 60007, (847) 437-1666
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Jeffrey R. Mistarz
Chief Financial Officer and Treasurer
1280 Landmeier Road, Elk Grove Village, Illinois, 60007, (847) 437-1666
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

J. Todd Arkebauer, Esq. **Reed Smith LLP** **10 S. Wacker Drive** **Chicago, Illinois 60606-7507** **(312) 207-1000**	**David Mittelman, Esq.** **Reed Smith LLP** **Two Embarcadero Center, Suite 2000** **San Francisco, CA 94111** **(415) 659-5943**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon consummation of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933 (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction.

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	o
Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer)	o

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.0001 per share	227,693(1)	N/A	536,000(2)	$21.07

(1) The number of shares of common stock of the registrant being registered is based upon (x) an estimate of the maximum number of shares of common stock, par value $0.001 per share, of Advanced Biotherapy, Inc. (ADVB) presently outstanding in connection with the merger of a wholly owned subsidiary of the registrant with ADVB, multiplied by (y) the exchange ratio of 0.002124 of a share of common stock, par value $0.0001 per share, of the registrant, for each such share of common stock of ADVB. For purposes of this calculation, the maximum number of ADVB shares is 107,200,056, which represents 9.2% of the total number of ADVB shares of common stock presently outstanding.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act. The proposed maximum aggregate offering price for the common stock is (i) the product of (x) $0.005, the average of the bid and asked prices of ADVB common stock, as quoted on the OTC Bulletin Board, on January 15, 2009, and (y) 107,200,056, the estimated maximum number of shares of ADVB common stock that may be exchanged for the shares of common stock of the registrant being registered.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further Amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

This information statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This information statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy any securities in any jurisdiction where an offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED January 23, 2009

227,693 shares of common stock of Lime Energy Co.

ACQUISITION OF ADVANCED BIOTHERAPY, INC.

The board of directors and the holders of a majority of the capital stock of Lime Energy Co. have approved a set of transactions to acquire Advanced Biotherapy, Inc. (ADVB). Upon consummation of the merger described in this document, the holders of ADVB common stock will have a right to receive 0.002124 of a share of Lime common stock for each share of ADVB common stock held immediately prior to the merger.

Lime entered into a stock purchase agreement on November 18, 2008 to acquire 90.8% of the outstanding common stock of ADVB in exchange for 2,252,341 shares of our common stock from the controlling stockholders of ADVB, including Richard P. Kiphart, Lime s and ADVB s chairman and largest stockholder. Each ADVB stockholder selling through the stock purchase agreement will receive the same 0.002124 ratio of Lime shares as Lime is offering through this document to all remaining ADVB stockholders.

Lime common stock is quoted on the NASDAQ Capital Market under the symbol LIME . On January 21, 2009, the closing price of LIME common stock was $4.29.

This information statement/prospectus is intended to provide you with information about the acquisition of ADVB. **We urge you to read this information statement/prospectus carefully, including the Risk Factors beginning on page [ ].**

No earlier than 20 days after the date of this information statement/prospectus, Lime intends to (a) acquire the ADVB shares covered by the November 18, 2008 purchase agreement and (b) consummate a short-form merger between ADVB and a Lime subsidiary. As a result of the merger, all ADVB stockholders who have not exercised appraisal rights will become Lime stockholders. The merger is expected to represent a taxable event for ADVB stockholders.

We are not asking you for a proxy and you are requested not to send us a proxy.

The holders of a majority of the outstanding shares of Lime capital stock have approved the issuance of Lime common stock to the stockholders of ADVB. No other vote of the Lime stockholders is necessary to effect the acquisition of ADVB.

By order of the Lime Energy Co. Board of Directors,

/s/ David R. Asplund

David R. Asplund
Chief Executive Officer

Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued in connection with this transaction or determined if this information statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This information statement/prospectus is dated , 2009, and is first being mailed on or about , 2009 to our stockholders of record as of the close of business on , 2009.

Notice of Merger and Right of Appraisal

ATTN: Stockholders of Advanced Biotherapy, Inc.

Notice is hereby given pursuant to Section 262(d) of the Delaware General Corporation Law (DGCL) that on February _, 2009 (the Effective Time), Advanced Biotherapy, Inc. (ADVB) will be merged (the Merger) with and into a subsidiary of Lime Energy Co. (the Merger Sub).

Pursuant to the Merger, each outstanding share of ADVB s common stock, par value $0.001 per share (each an ADVB Share) which is not already held by the Merger Sub will be converted into the right to receive 0.002124 of a share of Lime Energy Co. common stock.

The Merger will become effective under Section 253 of the DGCL on February _, 2009, upon adoption of a resolution by the Board of Directors of the Merger Sub, which owns approximately 90.8% of the outstanding ADVB Shares, and the filing by the Merger Sub of a Certificate of Ownership and Merger with the Delaware Secretary of State, without any vote or other action on the part of the stockholders of ADVB. As a result of the Merger, ADVB will be merged with and into the Merger Sub and will cease to exist as a corporate entity.

No further vote of any ADVB stockholder is required and no proxies or consents are being sought from you hereby. You will receive written instructions set forth in a Letter of Transmittal from the Merger Sub s exchange agent after the Merger is completed detailing how to exchange your ADVB stock certificates for certificates representing shares of Lime Energy Co. common stock or evidence of such shares in book entry form.

Appraisal Rights

As a stockholder of record of ADVB, you have the right, exercisable on or prior to February _, 2009, to seek appraisal for part of or for all of your ADVB Shares by complying with the requirements of Section 262 of the Delaware Law. The procedures of Section 262 should be complied with strictly. Failure to follow any such procedures may result in the termination or waiver of your appraisal rights.

(a) *Demand for Appraisal.* Under Section 262, a stockholder who desires to exercise appraisal rights must perfect such rights by delivering to the Merger Sub, within 20 days after the date of mailing of this Notice, a written demand for appraisal of his or her ADVB Shares which reasonably informs the Merger Sub of the identity of the stockholder and that such stockholder intends thereby to demand the appraisal of part of or all his or her ADVB Shares. Any such demand may be delivered to the Merger Sub by mail in care of:

Jeffrey R. Mistarz, 1280 Landmeier Road, Elk Grove Village, Illinois, 60007

(b) *Withdrawal of Demand for Appraisal.* A written demand for appraisal may be withdrawn by a stockholder, who has not commenced an appraisal proceeding or joined that proceeding as a named party, at any time within 60 days after the effective date of the Merger.

(c) *Filing of Petition for Appraisal; Appraisal Proceeding.* Within 120 days after the effective date of the Merger, any stockholder who has perfected his or her appraisal rights and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the value of the ADVB Shares held by all stockholders entitled to an appraisal. Upon the filing of any such petition by a stockholder, service of a copy thereof must be made upon the Merger Sub. The Merger Sub must within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list of the names and addresses of all stockholders who have demanded payment for their ADVB Shares and with whom agreements as to the value of their ADVB

Shares have not been reached by the Merger Sub.

Within 120 days after the effective date of the Merger, any stockholder who has complied with the provisions of Section 262 is entitled, upon written request, to receive from the Merger Sub a statement setting forth the aggregate number of ADVB Shares in respect of which demands for appraisal were received by the Merger Sub, and the aggregate number of holders of such ADVB Shares. Such statement must be mailed within 10 days after the written request therefor has been received by the Merger Sub or within 10 days after expiration of the time for delivery of demands for appraisal under Section 262, whichever is later.

Table of Contents

If a petition for an appraisal is timely filed, the Delaware Court of Chancery will hold a hearing to determine the stockholders entitled to appraisal rights and will appraise the ADVB Shares owned by such stockholders. Such stockholders have a right to receive the fair value of their ADVB Shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest, if any, to be paid thereon. Following the appraisal proceeding, the Court will direct the Merger Sub to make payment of the fair value of such ADVB Shares as so determined, together with interest, if any, to the stockholders entitled thereto.

No representation can be made as to the outcome of an appraisal proceeding. Stockholders should also be aware that the appraisal rights process is subject to uncertainties (including the financial and legal complexities involved in determining the fair value of minority interests in the stock of a company similar to ADVB), and to the possibility of lengthy and expensive litigation that could extend for a substantial period of time (without the stockholders having received any money for their ADVB Shares during such period). Stockholders should also recognize that an appraisal proceeding could result in a determination of a fair value higher or lower than or equal to the Merger consideration for the ADVB Shares.

Additional Information You Should Consider

The accompanying Form S-4 information statement/prospectus contains important information, including: (i) a detailed description of the Merger beginning on page _; (ii) ADVB s Management, Discussion and Analysis beginning on page _; (iii) the most recent quarterly and fiscal year financials of ADVB beginning on page _; and (iv) the text of Section 262 of the DGCL beginning on page _. **You are urged to review the information statement/prospectus in order to make an informed decision as to whether you should seek appraisal rights.**

In addition to the information found in the information statement/prospectus, we urge you to consider carefully: (i) ADVB s Quarterly Report on Form 10-Q with respect to the quarterly period ending September 30, 2008 filed by ADVB with the Securities and Exchange Commission (the SEC) and (ii) ADVB s Annual Report on Form 10-KSB with respect to the fiscal year ending December 31, 2007 filed by ADVB with the SEC. You may read and copy these reports at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 on official business days during the hours of 10:00 am to 3:00 pm. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy statements and other information regarding issuers, including ADVB, who file electronically with the SEC. The address of that site is *www.sec.gov*.

If you have any questions regarding your dissenters rights described in this notice, you should consult with your own independent counsel.

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS ABOUT THE ADVB ACQUISITION	iii
SUMMARY	1
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	4
RISK FACTORS	5
MARKET PRICES AND DIVIDENDS AND OTHER DISTRIBUTIONS	16
THE ADVB ACQUISITION	18
APPRAISAL RIGHTS	26
TAX CONSEQUENCES OF THE ADVB ACQUISITION	27
THE STOCK PURCHASE AGREEMENT	29
THE MERGER	32
INFORMATION ABOUT LIME	33
LIME MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	41
INFORMATION ABOUT ADVB	61
ADVB MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	66
LIME UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION	69
LIME UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET	71
LIME DIRECTORS AND EXECUTIVE OFFICERS	74
TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS	76
LIME EXECUTIVE COMPENSATION	82
COMPENSATION OF LIME DIRECTORS	90
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	92
DESCRIPTION OF LIME CAPITAL STOCK	97
COMPARISON OF RIGHTS OF STOCKHOLDERS OF LIME AND ADVB	99
LEGAL MATTERS	104
EXPERTS	104
WHERE YOU CAN FIND MORE INFORMATION	105

EX-2.1.1
EX-21
EX-23.1
EX-23.2
EX-23.4
EX-23.5
EX-99.2

You should rely only on the information contained in this information statement/prospectus. No one has been authorized to provide you with information that is different from that contained in this document. You should assume that the information in this information statement/prospectus is accurate only as of its date. Information contained in this document regarding ADVB has been prepared by ADVB.

This information statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

Unless otherwise stated, all references in this information statement/prospectus to Lime are to Lime Energy Co.; to the Merger Sub are to Lime Merger Sub Co., a Delaware corporation and wholly owned subsidiary of Lime; all references to the Stock Purchase Agreement are to the Stock Purchase Agreement, dated November 18, 2008, by and among Lime and the controlling holders of the majority of ADVB common stock; all references to the Stock Purchase are to the purchase of ADVB common stock by Lime pursuant to the Stock Purchase Agreement; all references to the Merger are to the merger by the Merger Sub whereby the Merger Sub will merge with and into ADVB; all references to the Merger Certificate are to the Certificate of Ownership and Merger of Merger Sub effecting the Merger.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ADVB ACQUISITION

The following questions and answers, and the summary that follows, highlights information about this information statement/prospectus and the ADVB Acquisition. The questions and answers and summary may not include all the information that is important to you. We urge you to read carefully this entire information statement/prospectus, including the appendices and the other documents referred to herein.

Q: What are the transactions covered by this information statement/prospectus?

A: Lime is sending you this document to provide information to the holders of Lime common stock and ADVB common stock about the Stock Purchase Agreement between Lime and controlling ADVB stockholders for the purchase of more than 90% of ADVB common stock, and Lime s contractual obligation to acquire the remaining stock of ADVB through a short-form merger.

In this information statement/prospectus, we refer to the Stock Purchase Agreement and the Merger as the ADVB Acquisition in which Lime will obtain ownership of 100% of ADVB shares of common stock.

Q. What is the Stock Purchase Agreement?

A: We entered into the Stock Purchase Agreement, whereby we agreed to acquire 90.8% of the outstanding common stock of ADVB in exchange for 2,252,341 shares of our common stock from controlling stockholders of ADVB, including Richard P. Kiphart. Mr. Kiphart is our and ADVB s Chairman and largest stockholder. Pursuant to the Stock Purchase Agreement, each selling ADVB stockholder will receive 0.002124 of a share of our common stock for each share of ADVB common stock, which number represents $0.008625 divided by $4.06, the closing price of our common stock on November 14, 2008. A copy of the Stock Purchase Agreement is attached as Appendix B to this information statement/prospectus.

Q: What is the Merger?

A: Immediately after acquiring the ADVB shares through the Stock Purchase Agreement, Lime will hold more than 90% of ADVB shares and, in accordance with Delaware law, ADVB will merge into Lime.

Q: What will ADVB stockholders receive in the Merger?

A: Upon the effectiveness of the Merger, each holder of an outstanding share of ADVB common stock will be entitled to receive 0.002124 of a share of Lime common stock. Holders of ADVB common stock receiving Lime common stock in the Merger will not receive any fractional Lime shares in the Merger. Instead, the total number of shares of Lime common stock that a holder of ADVB common stock will receive for any shares of ADVB common stock will be rounded up to the nearest whole number.

Lime stockholders will continue to own their existing shares, and will not need to exchange their existing shares in connection with the Merger.

Q: Will the remaining ADVB stockholders in the Merger receive the same consideration as the controlling sellers of ADVB common stock under the Stock Purchase Agreement?

A:

Yes. All of the ADVB stockholders will receive 0.002124 of a share of Lime common stock for each share of ADVB common stock that they hold.

Q: Why am I receiving these materials?

A: We are delivering this document to you as an information statement and prospectus of Lime. It is an information statement of Lime because, insofar as the majority of the outstanding shares of voting stock of Lime have approved the ADVB Acquisition, no further vote by Lime stockholders is required. It is a prospectus of Lime because Lime will exchange shares of its common stock for shares of ADVB common stock in the Merger.

Q: Are Lime stockholders voting on the Stock Purchase Agreement and the Merger?

A. No. Lime stockholders holding a majority of the outstanding shares of Lime common and preferred stock entitled to vote have already adopted and approved the Stock Purchase Agreement and the Merger by written

consent. No further vote of Lime stockholders is required and no proxies or consents from Lime stockholders are being sought hereby. Rather, for Lime stockholders, this information statement/prospectus is intended to provide Lime stockholders with information about the terms of the Stock Purchase Agreement, Merger Certificate and the Merger, and the impact of the transactions contemplated thereby.

Q: Are ADVB stockholders voting on the Stock Purchase Agreement and the Merger?

A. No. Upon consummation of the Stock Purchase Agreement, Lime will hold in excess of 90% of the outstanding shares of ADVB common stock entitled to vote, and Lime will effect the Merger as the parent holding company. No further vote of ADVB stockholders is required and no proxies or consents from ADVB stockholders are being sought hereby. Rather, for ADVB stockholders, this information statement/prospectus is intended to provide ADVB stockholders with information about Lime, the terms of the Merger Certificate and the Merger, and the impact of the transactions contemplated thereby.

Q: When does Lime expect to complete the Merger?

A. Lime expects to complete the Merger at the end of the first quarter of 2009.

Q: Is the Merger expected to be taxable to ADVB stockholders?

A. Yes. In general, for United States federal income tax purposes, ADVB stockholders will recognize gain or loss in an amount equal to the difference between the value of the Lime common stock received and that stockholder s adjusted tax basis in the ADVB shares surrendered. **ADVB stockholders should consult their tax advisors for a full understanding of the tax consequences to them of the Merger.** For further information regarding the U.S. federal income tax consequences of the Merger, please see Material United States Federal Income Tax Consequences of the Merger beginning on page [ ].

Q: Do ADVB or Lime stockholders have appraisal or dissenters rights?

A. The holders of record of ADVB common stock have a statutory right to dissent from the Merger and demand payment of the fair value of their shares of ADVB common stock as determined in a judicial appraisal proceeding in accordance with Section 262 of the Delaware General Corporate Law (the DGCL), plus interest, if any, from the date of the Merger. The value may be more or less than the value of the Lime common stock offered in the Merger. The record date for all ADVB holders of record shall be [ ].

The holders of Lime common stock are not entitled to exercise any appraisal rights in connection with the Merger.

Q: What do ADVB stockholders need to do to qualify for appraisal rights?

A: In order to qualify for appraisal rights, ADVB stockholders of record must make a written demand for appraisal within 20 days after the date of mailing of the Notice of Merger and Appraisal Rights included in this information statement/prospectus, which shall and otherwise comply with the procedures for exercising appraisal rights set forth in the DGCL. The statutory right of dissent is set out in Section 262 of the DGCL and is complicated. A copy of Section 262 is attached as Appendix A hereto. Any failure to comply with its terms will result in an irrevocable loss of such right. **ADVB stockholders seeking to exercise their statutory right of dissent are encouraged to seek advice from legal counsel.**

Q:

Has ADVB s board of directors made a recommendation concerning the Stock Purchase Agreement and the Merger?

A. No. The ADVB board of directors did not approve or disapprove of the Stock Purchase Agreement and Merger and was not required to make any recommendation to ADVB stockholders.

Q: Should ADVB stockholders send in their stock certificates to Lime?

A. No. ADVB stockholders should not send their stock certificates to Lime. The ADVB stockholders will receive written instructions set forth in a Letter of Transmittal from the exchange agent after the Merger is completed detailing how to exchange their ADVB stock certificates for certificates representing shares of Lime common stock or evidence of such shares in book entry form.

Table of Contents

Q: What if a person holds warrants or options to purchase shares of ADVB common stock?

A. Unless previously exercised, warrants to purchase shares of ADVB common stock will remain outstanding and will not be exchanged in connection with the Merger. Following the Merger all holders of outstanding ADVB warrants and options will be offered the opportunity to exchange their warrants and options for warrants and options to purchase Lime common stock. The number of shares issuable upon exercise of such Lime warrants and options, and the exercise prices for such warrants and options, will be adjusted based on the exchange ratio and rounded up to the nearest whole number.

Q: Should Lime stockholders send in their stock certificates to Lime?

A. No. Lime stockholders will not be exchanging their stock certificates in connection with the Merger. Accordingly, Lime stockholders holding stock certificates should keep their stock certificates both now and after the Merger is completed.

Q: Where can I find more information about Lime?

A: More information regarding Lime is available from its public filings with the SEC. Please see Where You Can Find More Information beginning on page [ ].

Q: Whom should I contact if I have any questions about the Stock Purchase Agreement or the Merger?

A. Please contact Jeffrey R. Mistarz at Lime. 1280 Landmeier Road, Elk Grove Village, Illinois, 60007, (847) 437-1666.

SUMMARY

This summary highlights selected information contained in this information statement/prospectus and may not contain all the information that may be important to you. Each section of this summary is qualified in its entirety by reference to the full discussions of the related matters in the body of this information statement/prospectus, and we urge you to read carefully this information statement/prospectus, including the appendices, in its entirety.

The Companies

Lime Energy Co. (see page [ ])

We are a provider of energy efficiency solutions that enable our clients to reduce their energy-related expenditures and the impact of their energy use on the environment. Our clients include commercial and industrial businesses, property owners and managers and energy service companies serving government and educational institutions. Our core Energy Efficiency Services business provides energy engineering and consulting services as well as the development and implementation of energy efficiency lighting upgrade services, mechanical and electrical conservation services, water conservation services and renewable energy solutions. Through our Energy Technology business, we also offer a proprietary line of intelligent controllers that provide continuous management of HVAC and lighting equipment using wireless communication technology in order to reduce energy usage and improve system reliability.

Advanced Biotherapy, Inc. (see page [ ])

ADVB is a corporation organized and existing under the laws of the state of Delaware, headquartered in Chicago, Illinois. ADVB s common stock is quoted on the OTC Bulletin Board under the symbol ADVB. ADVB, which began as a development stage biotechnology company, ceased to actively pursue its biotechnology business in 2006 and currently has no operations. Richard P. Kiphart is ADVB s Chairman and largest stockholder.

The ADVB Acquisition (see page [ ])

Our board of directors and the holders of a majority of our capital stock have approved a series of transactions, described herein, whereby we will acquire ADVB. ADVB s current assets include approximately $5.6 million in cash, an $800,000 convertible promissory note from a third party and a $4.5 million promissory note from Lime, of which $1.89 million is outstanding as of January 13, 2009.

Our primary objective in the acquisition of ADVB is to obtain ADVB s cash assets in order to meet our significant need for operating capital and retire the $4.5 million promissory note held by ADVB. We do not intend to pursue the development of ADVB s biotechnology business. We believe that the acquisition of ADVB is the best alternative to access operating capital and retire the ADVB note given the current state of the financial markets.

The most efficient way in our view to consummate the acquisition of ADVB is via a short-form merger pursuant to Section 253 of the DGCL. Under this structure, we will first acquire 90% or more of the outstanding capital stock of ADVB and then effect a statutory merger to acquire the remaining ADVB stock, without the need to seek the approval of the majority of ADVB s more than 3,400 stockholders.

Our Reasons for the ADVB Acquisition (see page [ ])

We had significant need for operating capital in 2008. Given the state of the financial markets, our search for third-party lending sources was unsuccessful. Ultimately, we incurred over $13.4 million of secured debt to finance our operations in 2008, $11.5 million of which was advanced by Mr. Kiphart directly and $1.5 million of which was advanced by ADVB in addition to other smaller loans from other parties. All of this debt would have matured on March 31, 2009 and our board of directors determined that our timely repayment was unlikely without an additional capital raise. By effecting the ADVB Acquisition, we will own 100% of ADVB s assets, and thereby eliminate the need for repayment of the ADVB debt. In addition, the Merger ultimately will give us access to the approximately $5.6 million in cash held by ADVB, which we will use for general operating and capital expenses.

Recommendation of the Lime Board of Directors and Corporate Value Management s Fairness Opinion (see page [ ])

After careful consideration, the Lime board of directors recommended to its stockholders that they vote for the ADVB Acquisition. In reaching their recommendation they relied upon the fairness opinion prepared by Corporate Value Management, Inc., an independent valuation firm, whereby Corporate Value Management, Inc. determined that the consideration paid to ADVB was fair from a financial point of view. A copy of the Fairness Opinion is attached as Appendix C to this information statement/prospectus.

Material Interests of Certain of our Stockholders and Certain Stockholders of ADVB in the Control Transaction (see page [ ])

Mr. Kiphart, one of the selling stockholders under the Stock Purchase, is the beneficial owner of more than 80% of the shares of ADVB and serves as its Chairman. David Valentine, Mr. Kiphart s son-in-law, is also a stockholder of ADVB. Messrs. Kiphart and Valentine also hold options to purchase a total of 6,075,000 shares of ADVB common stock and will be offered the opportunity to replace those options with options to purchase a total of 12,903 shares of our common stock.

Mr. Kiphart is also a significant stockholder of Lime and serves as its Chairman. Mr. Valentine is also a stockholder and board member of Lime.

Our board of directors and a majority of our stockholders approved the ADVB Acquisition, and were fully informed of the interests of Mr. Kiphart and Mr. Valentine. Mr. Kiphart and Mr. Valentine recused themselves from approving the ADVB Acquisition in their capacity as members of our board of directors, but have approved the transaction in their capacity as our stockholders.

Material Interests of ADVB s Management in the ADVB Acquisition (see page [ ])

The ADVB Acquisition provides that we will use our best efforts to cause Christopher W. Capps, ADVB s current President and Chief Executive Officer, to be appointed to our board of directors. In addition, all of the directors and executive officers of ADVB own options and or warrants issuable and exercisable for 53,506,667 shares of ADVB common stock in the aggregate.

Material U.S. Federal Income Tax Consequences of the ADVB Acquisition (see page [ ])

The ADVB Acquisition will be treated as a purchase of the assets of ADVB in exchange for Lime common stock followed by a liquidation of ADVB. In general, for United States federal income tax purposes, ADVB will recognize taxable income or loss in an amount equal to the difference between the value of the Lime common stock issued in the ADVB Acquisition and any other consideration (including cash issued pursuant to a United States Holder s statutory appraisal rights) and ADVB s tax basis in its assets. Lime does not believe that ADVB will recognize a material amount of taxable gain. In addition, to the extent that taxable gain is recognized, Lime believes that such taxable gain will not result in regular income tax due to the existence of net operating loss carryforwards, though a small amount of alternative minimum tax could be owed.

Material U.S. Federal Income Tax Consequences of the ADVB Acquisition to ADVB and Lime Stockholders (see page [ ])

The receipt of Lime common stock by ADVB stockholders pursuant to the ADVB Acquisition or cash pursuant to the United States Holder s statutory appraisal rights) will be a taxable transaction and each ADVB stockholder will

generally recognize U.S. source capital gain or loss on the disposition of ADVB common stock equal to the difference, if any, between (i) the value of Lime common stock (or the amount of cash) the ADVB stockholder receives and (ii) the ADVB stockholders adjusted tax basis in its ADVB common stock.

The issuance of Lime shares to ADVB stockholders under the Stock Purchase Agreement and the Merger is not a taxable event to Lime or its stockholders and is not expected to have any resulting tax consequences.

Tax matters are very complicated and the tax consequences of the ADVB Acquisition to ADVB stockholders will depend on their individual circumstances. Stockholders should consult their own tax advisors for a full understanding of the tax consequences to them of the ADVB Acquisition. See Material United States Federal Income Tax Consequences of the Merger.

Accounting Treatment of the ADVB Acquisition (see page [ ])

ADVB has no revenue generating operations and does not have employees capable of developing a product that will be considered a business. Therefore it is not considered a business as defined by Regulation S-X, Rule 11-01(d) or by generally accepted accounting principles. Consequently, the Merger will not be accounted for as a business combination under the guidance of Financial Accounting Standard No. 141R, *Business Combinations.* The substance of the ADVB Acquisition includes two distinct events. First, as a result of the transaction, we are settling approximately $1.89 million of debt due to ADVB. In addition, we are receiving approximately $5.6 million of cash in exchange for shares of our common stock issued in connection with the ADVB Acquisition. As a result of the Merger, we will eliminate the debt due to the ADVB, record the assets acquired (consisting primarily of cash and cash equivalents) at fair value and credit equity for the fair value of our common shares issued in connection with the ADVB Acquisition.

Appraisal Rights and Dissenters Rights (see page [ ])

Lime and ADVB are both Delaware corporations and, under the DGCL, the holders of our common stock will not be entitled to exercise any appraisal rights in connection with the Merger but holders of shares of ADVB common stock will have a statutory right to dissent.

Authorization by Our Board of Directors and the Majority of Our Stockholders (see page [ ])

Richard P. Kiphart, one of the sellers under the Stock Purchase Agreement, is the beneficial owner of more than 80% of the shares of ADVB and serves as its Chairman, and is also the beneficial owner of more than 22.5% of Lime s capital stock and serves as our Chairman as well. Because our common stock is traded on the NASDAQ Capital Market, we are subject to NASDAQ s Marketplace Rules that require stockholder approval when an acquisition involves a director or substantial stockholder on both sides of the same transaction.

On November 18, 2008, our board of directors of unanimously adopted resolutions approving the ADVB Acquisition and the related agreements to which we are a party and recommended that our stockholders approve the issuance of our common stock to the stockholders of ADVB pursuant to the ADVB Acquisition. Pursuant to the recommendation of our board of directors, holders of a majority of our outstanding capital stock executed the director and shareholder consents on November 26, 2008 approving the issuance of our common stock to the ADVB stockholders pursuant to the ADVB Acquisition.

Based on the actions taken by our board of directors and the foregoing consents, we have obtained all necessary corporate approvals in connection with the ADVB Acquisition. No consents or approvals from the ADVB board of directors or stockholders are necessary in connection with the ADVB Acquisition.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This information statement/prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. This forward-looking information includes statements about the financial conditions, results of operations, earnings outlook and prospects of Lime and ADVB and may include statements for the period following the completion of the merger. You can identify these forward-looking statements by the use of forward-looking words such as outlook, believes, forecasts, intends, target, expects, potential, continues, may, will, should, seeks, approximately, plans, estimates, anticipates, future or the negative version of those words or other comparable words. Any forward-looking statements contained in this information statement/prospectus are based upon the historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations will be achieved.

Forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements, including but not limited to those described under Risk Factors, as well as, among others, the following:

- implementation of our operating and growth strategy;
- the loss, or renewal on less favorable terms, of management contracts;
- development of new, competitive energy efficiency services;
- changes in federal and state regulations including those affecting energy efficiency tax credits and the energy efficiency industry;
- a significant decrease in the cost of energy leading to a decrease in the demand for energy efficiency services;
- our ability to consummate transactions and integrate newly acquired contracts into our operations; and
- availability, terms and employment of capital.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this information statement/prospectus.

If one or more of these or other risks or uncertainties materialize, or if the underlying assumptions prove to be incorrect, actual results may vary materially from what may have been projected. Any forward-looking statements you read in this prospectus reflect current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to operations, results of operations, financial condition, growth strategy and liquidity. You should specifically consider the factors identified in this information statement/prospectus that could cause actual results to differ before making an investment decision.

Except as otherwise required by federal securities laws, Lime does not undertake any obligation to publicly update, review or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason, after the date of this information statement/prospectus.

Table of Contents

RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this information statement/prospectus.

Risks Related to Lime s Financial Condition

We have incurred significant operating losses since inception and may not achieve or sustain profitability in the future.

We have experienced operating losses and negative cash flow from operations since our inception and we currently have an accumulated deficit. Our ability to continue as a going concern is ultimately dependent on our ability to increase sales to a level that will allow us to operate profitably and sustain positive operating cash flows. We must overcome marketing hurdles, including gaining market acceptance, in order to increase sales of our services and technologies. In addition, we may be required to reduce the prices of our services and technologies in order to increase sales. If we reduce prices, we may not be able to reduce costs sufficiently to achieve acceptable profit margins. As we strive to grow our business, we have spent and expect to continue to spend significant funds for: (i) general corporate purposes, including working capital, marketing, recruiting and hiring additional personnel; (ii) acquisitions, including our purchase of Applied Energy Management, Inc. (AEM) in June 2008; and (iii) research and development. To the extent that our revenues do not increase as quickly as these costs and expenditures, our results of operations and liquidity will be adversely affected. If we experience slower than anticipated revenue growth or if our operating expenses exceed our expectations, we may not achieve profitability in the future or if we achieve profitability in the future, we may not be able to sustain it.

Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations, and we might need to raise capital, which might not be available.

As of September 30, 2008, we had outstanding indebtedness of approximately $24.4 million, which represents approximately 69% of our total capitalization of $35.2 million.

Our substantial indebtedness could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, growth initiatives, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy, research and development costs or other purposes;
- place us at a disadvantage compared to our competitors who have less debt; and
- limit our ability to continue to offer customer financing in certain situations.

Any of the above listed factors could materially and adversely affect our business, results of operations and financial condition. Further, if we do not have sufficient earnings to service our debt, we may be required to refinance all or part of the existing debt, sell assets, borrow more money or sell securities, none of which we can guarantee we will be able to do.

Additionally, in the past we have relied, to a large extent, on financing from related parties, including the financing of the AEM acquisition. There are no assurances that such related parties will continue to provide financing or financing on terms that are acceptable to us. We may require additional equity or debt financing for additional working capital for expansion, to consummate an acquisition or if we continue to suffer losses. In the event additional financing is unavailable to us, we may be unable to expand or make acquisitions and our stock price may decline.

If sufficient additional funding is not available to us, the commercialization of our services and technologies and our ability to grow is likely to be impaired.

Our operations have not generated positive cash flow since our inception on an annual basis. We have funded our operations through the issuance of common and Series A-1 preferred stock and debt. Our ability to continue to operate until our cash flow turns positive may depend on our ability to continue to raise funds through the issuance of equity or debt. If we are not successful in raising additional funds, we might have to significantly scale back or delay our growth plans, sell or shut down some of our businesses or possibly cease operations altogether. Any reduction or delay in our growth plans could materially adversely affect our ability to compete in the marketplace, take advantage of business opportunities and develop or enhance our services and technologies, which could have a material adverse effect on our business, results of operations and financial condition. If we should have to cease operations altogether, our stockholders investment is likely to be lost.

A downturn in the general economy or a recession could harm our operations and financial performance.

The energy efficiency solutions marketplace is rapidly evolving and growing, but we do not know how sensitive it is to a recession or downturn in the general economy. The current recession could harm the economic health of our clients and consequently decrease the demand for our energy efficiency solutions. Further, the sales of our energy efficiency solutions are made on the basis of purchase orders rather than long-term purchase commitments and consequently our clients may cancel, delay or otherwise modify their purchase commitments in response to economic pressures with little or no consequence to them and with little or no notice to us. Whether in response to an economic downturn affecting an industry or a customer s specific business, any cancellation, delay or other modification in our clients orders could significantly reduce our revenue, impact our working capital, cause our operating results to fluctuate from period to period and make it more difficult for us to predict our revenue.

Risks Related to Lime s Business

We have a limited operating history under our current business model in a rapidly evolving market, which may make it difficult to evaluate our business and prospects, and may expose us to increased risks and uncertainties.

Our business has evolved substantially over time through organic growth and strategic acquisitions. Our current business model has only been in operation since June 2006, when we launched our Energy Efficiency Services business. Accordingly, we only have a limited history of generating revenues under our current business model, and the future revenue potential of our current business model in the rapidly evolving energy efficiency solutions market is uncertain. As a result of our short operating history under our current business model, we have limited financial data that can be used to evaluate our business, strategies, performance and prospects or an investment in our common stock. Any evaluation of our business and our prospects must be considered in light of our limited operating history under our current business model and the risks and uncertainties encountered by companies with new business models. To address these risks and uncertainties, among other things, we must do the following:

- maintain and expand our current relationships and develop new relationships with commercial and industrial businesses, property owners and managers and large energy service companies serving government and educational institutions;
- maintain and enhance our existing energy efficiency solutions;
- continue to develop new and improved energy efficiency solutions that achieve significant market acceptance;
- integrate AEM business, acquired in June 2008, into our current business model;

execute our business and marketing strategies successfully;

respond to competitive developments; and

attract, integrate, retain and motivate qualified personnel.

We may be unable to accomplish one or more of these objectives, which could cause our business to suffer and could have a material adverse effect on our business, results of operations and financial condition. In addition, accomplishing many of these goals might be very expensive, which could adversely impact our operating results and financial condition. Additionally, any predictions about our future operating results may not be as accurate as they could be if we had a longer operating history under our current business model.

It is difficult for us to estimate our future quarterly operating results.

A significant portion of our revenue is seasonal. Historically, this seasonality has caused our revenue, operating income, net income and cash flow from operating activities to be lower in the first two quarters and higher in the last two quarters of each year. The concentration of earnings and cash flow in the fourth quarter is due to our clients focus on making purchasing decisions near our fiscal year-end. Further, the sales of our energy efficiency solutions are made on the basis of purchase orders rather than long-term purchase commitments and consequently we do not have a constant and predictable stream of revenue from any one client. Additionally, because a few large projects are often responsible for a significant portion of AEM s annual revenue, the level of activity, initial project delays or gaps between projects have historically led to significant fluctuations of revenue on an irregular basis throughout the fiscal year. As a result, we may be unable to forecast our revenue accurately, and a failure to meet our revenue or expense forecasts could have an immediate and negative impact on the market price of our common stock.

We may not be able to integrate the recent AEM acquisition successfully.

We are currently integrating the operations of AEM that we acquired in June 2008. We may experience difficulties in managing the integration process, including the following:

- integrating acquired operations and products with our existing operations and products;
- meeting operating expectations for the acquisition;
- diverting management s attention from other business concerns;
- adverse impact on earnings of amortization or write-offs of goodwill and other intangible assets relating to the acquisition;
- retaining key personnel; and
- establishing effective internal financial controls over the AEM business.

These difficulties could have a material adverse effect on our business, results of operations and financial condition, which could decrease our profitability and make it more difficult for us to grow our business. These difficulties could also result in a loss of confidence in the reliability of our financial statements, which could adversely affect the market price of our common stock.

Further, the potential risks associated with the AEM acquisition may necessitate additional financing which could result in increased debt or the issuance of additional equity securities, which may be dilutive to our existing stockholders and could have a material adverse effect on our business, results of operations and financial condition.

Our growth may be impaired and our current business may suffer if we do not successfully address risks associated with acquisitions.

Our future growth may depend, in part, upon our ability to successfully identify, acquire and operate other complementary businesses. Any acquisition contemplated or completed by us may result in adverse short term effects on our reported results of operation; divert management s attention; introduce risks associated with unanticipated problems or legal liabilities; cause the incurrence of additional debt; cause the issuance of additional equity; or introduce contingent liabilities and amortization expenses related to intangible assets, some or all of which could harm our business, results of operations and financial condition

In addition, often an acquired company s performance is largely dependent on a few key people, particularly in smaller companies. If these key people leave the company, become less focused on the business or less motivated to

---

make the business successful after the acquisition, the performance of the acquired company and our combined business may suffer.

We operate in a highly competitive industry and if we are unable to compete successfully our revenue and profitability will be adversely affected.

The energy efficiency solutions market is highly competitive, and we expect competition to increase and intensify as the energy efficiency solutions market continues to evolve. We face strong competition primarily from lighting and lighting fixture manufacturers including, Sylvania Lighting Systems and Orion Energy Systems, Inc., lighting fixture distributors, providers of energy efficiency lighting upgrades and maintenance, such as Amtek Inc., and small regional providers of energy efficiency solutions. As we continue to integrate the operations of AEM into our business, we expect that we will extend energy efficiency offerings that are currently available to AEM s public sector clients to our commercial and industrial clients, and we expect to face additional competition from providers of those services in the commercial and industrial market. We compete primarily on the basis of client service and support, quality and scope of services and products, cost of services and products, ability to service clients on a national level, name recognition and financial resources, our experience and performance track record for services provided.

Many of our competitors are better capitalized than we are, have longer operating histories and strong existing client relationships, greater name recognition and more extensive engineering and sales and marketing capabilities. Competitors could focus their substantial resources on developing a competing business model or energy efficiency solutions that may be potentially more attractive to clients than our products or services. In addition, we may face competition from other products or technologies that reduce demand for electricity. Our competitors may also offer energy efficiency solutions at reduced prices in order to improve their competitive positions. If our large energy service company clients internally develop sufficient energy implementation capabilities, they may no longer outsource work to us. Any of these competitive factors could make it more difficult for us to attract and retain clients, require us to lower our prices in order to remain competitive and reduce our revenue and profitability, any of which could have a material adverse effect on our results of operations and financial condition.

We may be unable to obtain sufficient bonding capacity to support certain service offerings.

A significant number of AEM s contracts require performance and surety bonds. Bonding capacity for construction projects has become increasingly difficult to obtain, and bonding companies are denying or restricting coverage to an increasing number of contractors. Some sureties have required us to post collateral, guarantees, agreements of indemnity and letters of credit to secure the performance and surety bonds. We may not be able to maintain a sufficient level of bonding capacity, which could preclude AEM from being able to bid for a number of contracts and successfully contract with a number of customers. If we are unable to obtain surety bonds, our business, results of operations and financial condition could be materially adversely affected.

Our success is largely dependent upon the skills, experience and efforts of our senior management and our ability to attract and retain highly qualified engineers and other skilled personnel, and the loss of their services or our inability to attract and retain such personnel could have a material adverse effect on our ability to expand our business or to maintain profitable operations.

Our continued success depends largely upon the continued availability, contributions, skills, experience and effort of our senior management, including David R. Asplund, our Chief Executive Officer, Daniel W. Parke, our President and Chief Operating Officer, Jeffrey R. Mistarz, our Senior Vice President and Chief Financial Officer and John E. O Rourke, Chief Executive Officer and President of our AEM subsidiary. All of the current employment agreements with our senior management team may be terminated by the employee at any time and without notice. While all such agreements, with the exception of Daniel W. Parke, include noncompetition, non-solicitation and confidentiality

covenants, there can be no assurance that such provisions will be enforceable or adequately protect us. The loss of the services of any of these persons might impede our operations or the achievement of our strategic and financial objectives, and we may not be able to attract and retain individuals with the same or similar level of experience or expertise. Additionally, we do not maintain key person life insurance on any member of our senior management. The loss or interruption of the service of members of our senior

Table of Contents

management or our inability to attract or retain other qualified personnel could have a material adverse effect on our ability to expand our business, implement our strategy or maintain profitable operations.

In addition, to execute our growth strategy and maintain our margins, we must attract and retain highly qualified engineers, other skilled personnel and an effective sales force that can accurately price our clients energy efficiency solution contracts. Competition for hiring these individuals is intense, especially with regard to engineers specializing in the energy efficiency solutions market. If we fail to attract and retain highly qualified engineers and other skilled personnel, our business and growth prospects could be materially adversely affected.

We depend upon a limited number of clients in any given period to generate a substantial portion of our revenue.

Historically, we did not have long-term contracts with our clients, and our dependence on individual key clients varied from period to period as a result of the significant size of some of our retrofit and multi-facility roll-out projects. In 2007, one client, Washington Mutual, Inc., accounted for approximately 10% of our consolidated revenue. With our acquisition of AEM in June 2008, we added large energy service companies and utilities to our client base that tend to be recurring clients. In 2007, approximately 60% of AEM s revenues were generated from Honeywell International Inc. and DMJM Harris, Inc., a subsidiary of AECOM Technology Corporation. Honeywell, DMJM Harris and Washington Mutual accounted for approximately 27%, 13% and 3.5% of our pro forma 2007 consolidated revenue, respectively. On a pro forma basis, our top 10 clients accounted for approximately 59.5% and 67.5%, respectively, of our total revenue in fiscal 2007 and 2006, and 53.1% and 46.7% respectively, of our pro forma total revenue for the nine months ended September 30, 2007 and 2008. We expect large retrofit and roll-out projects to become a greater component of our total revenue in the near term. As a result, we may experience more client concentration in any given future period. The loss of, or substantial reduction in sales to, any of our significant clients could have a material adverse effect on our business, results of operations and financial condition in any given future period.

Our public sector business depends on a limited number of large energy service companies under contract by government and other public end-users.

A significant portion of our public sector business revenue is generated through our relationship with a limited number of large energy service companies that provide energy efficiency services to government and other public end-users. If for any reason government spending on energy efficiency services is reduced or postponed or government and other public end-users shift contracts to large energy service companies with whom we do not have established relationships, this may have a significant negative impact on our business, results of operations and financial condition. Further, our public sector projects typically have long payment cycles that may limit our liquidity and which could have a material adverse effect on our results of operations in any given future period.

The failure to effectively maintain, upgrade and sell our proprietary technologies could have a material adverse effect on our business, results of operations and financial condition.

A recent effort to upgrade the eMAC technology has taken significantly longer and cost more than initially anticipated. Total research and development costs incurred in connection with the eMAC upgrades were approximately $700,000, $300,000 and $37,000 for the years ended December 31, 2007, 2006 and 2005, respectively and $850,000 for the nine months ended September 30, 2008. The delay has adversely affected eMAC sales, resulting in significant losses in our Energy Technology segment which contributed to the impairment of its goodwill. This situation has also diverted a significant amount of management s attention from the operation of our other businesses. We are currently evaluating several alternatives for this business, including restructuring it further in an attempt to bring it to profitability, selling it or shutting it down. If the steps we take to address the situation prove ineffective we may continue to experience losses and a drain on our management and cash resources, which could have a material adverse effect on our business, results of operations and financial condition. If we choose to keep the business,

maintenance of proprietary technology must be effectively addressed in the future or it could impact our sales and profitability.

Table of Contents

A decrease in electric retail rates could lessen demand for our energy efficiency solutions.

Our services and technologies have the greatest sales and profit potential in areas where commercial electric rates are relatively high. However, retail electric rates for commercial establishments in the United States may not remain at their current levels. If there is overbuilding of power generating stations in certain regions of the United States, wholesale power prices may decrease in the future. Because the price of commercial retail electric power is largely attributed to the wholesale cost of power, it is reasonable to expect that commercial retail rates may decrease as well. In addition, much of the wholesale cost of power is directly related to the price of certain fuels, such as natural gas, oil and coal. If the prices of those fuels decrease, the prices of the wholesale cost of power may also decrease. This could result in lower electric retail rates and reduced demand for our energy efficiency solutions, which could have a material adverse effect on our business, results of operations and financial condition.

Failure of our subcontractors to properly and effectively perform their services in a timely manner could cause delays in the delivery of our energy efficiency solutions.

Our success depends on our ability to provide quality, reliable energy efficiency solutions in a timely manner, which in part requires the proper removal and installation of lighting, heating, ventilation and air conditioning (HVAC) and other products by our contractors and subcontractors upon which we depend. A significant portion of our energy efficiency solutions are installed by contractors or subcontractors. Any delays, malfunctions, inefficiencies or interruptions in our energy efficiency solutions caused by improper installation could cause us to have difficulty retaining current clients and attracting new clients. Such delays could also result in additional costs that could affect the profit margin of our projects. In addition, our brand, reputation and growth could be negatively impacted.

Any internal or external security breaches involving our eMAC technology could harm our reputation, and even the perception of security risks regarding internet data transmission, whether or not valid, could inhibit market acceptance of our energy efficiency solutions and cause us to lose clients.

We and our clients use our eMAC technology to monitor, compile and analyze information related to our clients energy use for HVAC and lighting applications. In addition, our technology allows us to remotely control HVAC and lighting equipment at commercial, institutional and industrial locations. Our eMAC technology relies on the secure transmission of data over the Internet for some of its functionality. Well-publicized compromises of Internet security could have the effect of substantially reducing confidence in the Internet as a medium of data transmission. The occurrence or perception of security breaches in eMAC technology or our clients concerns about Internet security or the security of our energy efficiency solutions, whether or not they are warranted, could have a material adverse effect on our business, harm our reputation, inhibit market acceptance of the eMAC technology and cause us to lose clients, any of which could have a material adverse effect on our financial condition and results of operations.

If our information technology systems fail, or if we experience operation interruptions, then our business, results of operations and financial condition could be materially adversely affected.

The efficient operation of our business is dependent on our information technology systems. We rely on those systems generally to manage the day-to-day operation of our business, manage relationships with our clients, monitor our clients eMAC systems and maintain our financial and accounting records. The failure of our information technology systems, our inability to successfully maintain and enhance our information technology systems, or any compromise of the integrity or security of the data we generate from our information technology systems, could have a material adverse effect on our results of operations, disrupt our business and product development and make us unable, or severely limit our ability, to respond to client demands. In addition, our information technology systems are vulnerable to damage or interruption from:

earthquake, fire, flood and other natural disasters;

employee or other theft;

attacks by computer viruses or hackers;

power outages; and

computer systems, Internet, telecommunications or data network failure.

Any interruption of our information technology systems could result in decreased revenue, increased expenses, increased capital expenditures, client dissatisfaction and potential lawsuits, any of which could have a material adverse effect on our results of operations or financial condition.

Product liability and personal injury claims could have a material adverse effect on our business, results of operations and financial condition.

We face exposure to product liability claims in the event that our energy efficiency solutions products fail to perform as expected or cause bodily injury or property damage. Since the majority of our products use electricity, it is possible that our products could result in injury, whether by product malfunctions, defects, improper installation or other causes. Particularly because our products often incorporate new technologies or designs, we cannot predict whether or not product liability claims will be brought against us in the future or result in negative publicity about our business or materially adversely affect our client relations. Further, we face exposure to personal injury claims in the event that an individual is injured as a result of our negligence. Moreover, we may not have adequate resources in the event of a successful claim against us. A successful product liability or personal injury claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages which could materially adversely affect our results of operations and financial condition.

Our retrofitting process frequently involves responsibility for the removal and disposal of components containing hazardous materials and at times requires that our contractors or subcontractors work in hazardous conditions, either of which could give rise to a claim against us.

When we retrofit a client s facility, we typically assume responsibility for removing and disposing of its existing lighting fixtures. Certain components of these fixtures typically contain trace amounts of mercury and other hazardous materials. Older components may also contain trace amounts of polychlorinated biphenyls (PCBs). We currently rely on licensed contractors to remove the components containing such hazardous materials at the client job site. The contractors then arrange for the disposal of such components at a licensed disposal facility. Failure by such contractors to remove or dispose of the components containing these hazardous materials in a safe, effective and lawful manner could give rise to liability for us, or could expose our workers or other persons to these hazardous materials, which could result in claims against us. Further, our workers are sometimes required to work in hazardous environments that present a risk of serious personal injury which could result in claims against us. A successful personal injury claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could materially adversely affect our results of operations and financial condition.

The success of our business depends on the market acceptance of our energy efficiency solutions.

Our future success depends on commercial acceptance of our energy efficiency solutions. If we are unable to convince current and potential clients of the advantages of our energy efficiency solutions, then our ability to sell our energy efficiency solutions will be limited. In addition, because the energy efficiency solutions market is rapidly evolving, we may not be able to accurately assess the size of the energy efficiency solutions market, and we may have limited insight into trends that may emerge and affect our business. If the market for our energy efficiency solutions does not continue to develop, or if the market does not accept our services and technologies, then our ability to grow our business could be limited and we may not be able to increase or maintain our revenue or profitability.

If we are unable to manage our anticipated revenue growth effectively, our operations and profitability could be adversely affected.

We intend to undertake a number of strategies in an effort to grow our revenue, including through acquisitions. If we are successful, our revenue growth may place significant strain on our limited resources. To properly manage

any future revenue growth, we must continue to improve our management, operational, administrative, accounting and financial reporting systems and expand, train and manage our employee base, which may involve significant expenditures and increased operating costs. Due to our limited resources and experience, we may not be able to effectively manage the expansion of our operations or recruit and adequately train additional qualified personnel. If we are unable to manage our anticipated revenue growth effectively, the quality of our client care may suffer, we may experience client dissatisfaction, reduced future revenue or increased warranty claims, and our expenses could substantially and disproportionately increase. Any of these circumstances could adversely affect our business, results of operations and financial condition.

If our management fails to acquire companies in the future or to effectively negotiate the terms of future acquisitions, our growth may be impaired.

As part of our growth strategy, we intend to acquire companies with complementary technologies, products or services. Our management, including our board of directors, will have discretion in identifying and selecting companies to be acquired by us and in structuring and negotiating these acquisitions. Our common stockholders may not have the opportunity to approve these acquisitions. In addition, in making acquisition decisions, we will rely, in part, on financial projections developed by our management and the management of potential target companies. These projections will be based on assumptions and subjective judgments. The actual operating results of any acquired company or the combination with an acquired company may fall significantly short of projections.

We may be unable to acquire companies that we identify as targets for various reasons, including:

- our inability to interest such companies in a proposed transaction;
- our inability to agree on the terms of an acquisition;
- our inability to obtain adequate financing;
- incompatibility between our management and management of a target company; and
- our inability to obtain the approval of the holders of our common stock, if required.

If we cannot consummate acquisitions on a timely basis or agree on terms at all, or if we cannot acquire companies with complementary technologies, products or services on terms acceptable to us, our future growth may be impaired, which could have a material adverse effect on our business, results of operations and financial condition.

Our ability to use our net operating loss carry forwards may be subject to limitation, which could potentially result in increased future tax liability.

Generally, a change of more than 50% in the ownership of a company s stock, by value, over a three-year period constitutes an ownership change for U.S. federal income tax purposes. An ownership change may limit a company s ability to use its net operating loss carry forwards attributable to the period prior to such change. The number of shares of our common stock that we have sold in various transactions since our inception, together with any subsequent shares of stock we issue, or that our stockholders may sell, including those to be sold in the ADVB Acquisition, may be sufficient, taking into account prior or future shifts in our ownership over a three-year period, to cause us to undergo an ownership change. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carry forwards, which amounted to approximately $75 million as of December 31, 2007, to offset U.S. federal taxable income may become subject to limitations, which could potentially result in increased future tax liability.

If we are not able to protect our intellectual property rights against infringement, or if others obtain intellectual property rights relating to energy efficiency solutions, we could lose our competitive advantage in the energy efficiency technology solutions market.

We regard our intellectual property rights, such as patents, licenses of patents, trademarks, copyrights and trade secrets, as important to our success. The steps we have taken to protect our intellectual property rights may not be adequate. Third parties may infringe or misappropriate our intellectual property rights or we may not be able to detect unauthorized use and take appropriate steps to enforce our rights. Failure to take appropriate protective steps

could materially adversely affect any competitive advantage we may have in the energy efficiency solutions market, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, patents held by third parties may limit our ability to sell or otherwise commercialize products and technologies and could result in the assertion of claims of patent infringement against us. Claims of patent infringement against us, regardless of merit, could result in the expenditure of significant financial and managerial resources. We could be forced to seek to enter into license agreements with third parties to resolve claims of infringement by our technologies of the intellectual property rights of third parties. Such licenses may not be available on acceptable terms or at all. The failure to obtain such licenses on acceptable terms could have a negative effect on our business, which could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to the ADVB Acquisition

Shares eligible for public sale after this offering could have a material adverse effect on our stock price.

Sales of a substantial number of shares of our common stock in the public market following the Merger and the related exchange of ADVB common stock for Lime common stock, or the perception that these sales could occur, could cause the market price of our common stock to decline. The shares of common stock that may be issued in connection with the Merger will be available for resale immediately and the shares of common stock that may be issued in connection with the Stock Purchase will be available for resale six months after they are issued. In addition, to the shares issued in the ADVB Acquisition, we are obligated to offer to each ADVB warrant holder and option holder the right to exchange such holder s derivative securities for new Lime warrants and options to purchase Lime common stock as such ADVB holder would have received had the ADVB holder exercised the ADVB warrant or option in full prior to the Merger. The outstanding ADVB options and warrants are exercisable for a total of 109,902,680 shares of ADVB common stock, and if all of the ADVB option and warrant holders accept the replacement offer, the replacement options and warrants will be exercisable for a total of 233,434 shares of our common stock, which represents approximately 1.8% of our common stock on a fully-diluted basis.

As a new investor, you will experience immediate and substantial dilution.

The price of our common stock being received by ADVB stockholders in the ADVB Acquisition is considerably more than the net tangible book value per share of our outstanding common stock. Accordingly, the price per share of our common stock substantially exceeds, on a per share basis, the value of our tangible assets after subtracting liabilities. ADVB stockholders receiving shares of our common stock will suffer additional dilution to the extent outstanding stock options and warrants are exercised and to the extent we issue any stock or options to our employees under our stock plan.

Our management will have broad discretion in allocating the cash assets of ADVB.

After the Merger, we expect to use the cash and cash equivalents held by ADVB for working capital and general corporate purposes, including possible use in funding potential future acquisitions. Consequently, our management will have broad discretion in allocating the net proceeds of this offering. You may not agree with such uses and our use of the proceeds from this offering may not yield a significant return or any return at all for our stockholders. The failure by our management to apply these funds effectively could have a material adverse effect on our business, results of operation or financial condition.

Risks Related to Ownership of our Common Stock

The future trading market for our common stock may not be active on a consistent basis and the market price of our common stock could be subject to significant fluctuations after this offering.

Trading in our common stock has been limited and, at times, volatile since our shares were listed on The NASDAQ in February 2008. The trading volume of our common stock in the future depends in part on our ability to increase our revenue and reduce or eliminate our operating losses. If we are unable to achieve these goals, the trading market for our common stock may be negatively affected, which may make it difficult for you to sell your

Table of Contents

shares. An active trading market for our common stock may not develop or, if developed, be sustained, and the trading price of our common stock may fluctuate substantially.

The price of our common stock may also fluctuate as a result of:

- variations in our operating results;
- announcements by us, our competitors or others of significant business developments, changes in client relationships, acquisitions or expansion plans;
- analysts earnings estimates, ratings and research reports;
- the depth and liquidity of the market for our common stock;
- speculation in the press;
- strategic actions by us or our competitors, such as sales promotions or acquisitions;
- actions by institutional and other stockholders;
- recruitment or departure of key personnel; or
- domestic and international economic factors and trends, some of which may be unrelated to our performance.

The stock markets, in general, periodically experience volatility that is sometimes unrelated to the operating performance of particular companies. These broad market fluctuations may cause the trading price of our common stock to decline, and in particular, you may not be able to resell your shares at or above the public offering price.

In the past, following a period of volatility in the market price of a company s securities, securities class action litigation has often been brought against a company. Because of the potential volatility of our common stock price, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management s attention and resources from our business.

Due to the concentration of holdings of our stock, a limited number of investors may be able to control matters requiring common stockholder approval or could cause our stock price to decline through future sales because they beneficially own a large percentage of our common stock.

There were 8,700,209 shares of our common stock outstanding as of September 30, 2008, of which a total of 13 investors beneficially own in the aggregate approximately 81%, which does not include Series A-1 preferred stock which is convertible into common stock. As a result of their significant ownership, these investors may have the ability to exercise a controlling influence over our business and corporate actions requiring stockholder approval, including the election of our directors, a sale of substantially all of our assets, a merger between us and another entity or an amendment to our certificate of incorporation, as amended (the Certificate of Incorporation). This concentration of ownership could delay, defer or prevent a change of control and could adversely affect the price investors might be willing to pay in the future for shares of our common stock. Also, in the event of a sale of our business, these investors could be able to seek to receive a control premium to the exclusion of other common stockholders.

A significant percentage of the outstanding shares of our common stock, including the shares beneficially owned by these holders, can be sold in the public market from time to time, subject to limitations imposed by federal securities

laws. The market price of our common stock could decline as a result of sales of a large number of our presently outstanding shares of common stock by these investors or other stockholders in the public market or due to the perception that these sales could occur. This could also make it more difficult for us to raise funds through future offerings of our equity securities or for you to sell your shares if you choose to do so.

The large concentration of our shares held by this small group of stockholders could result in increased volatility in our stock price due to the limited number of shares available in the market.

Table of Contents

Raising additional capital or consummation of additional acquisitions through the issuance of equity or equity-linked securities could dilute your ownership interest.

We may find it necessary to raise capital again some time in the future or to consummate additional acquisitions through the issuance of equity or equity-linked securities. If we raise additional funds in the future through the issuance of equity securities or convertible debt securities, our existing stockholders will likely experience dilution of their present equity ownership position and voting rights. The recent acquisition of AEM resulted in the dilution of our stockholders equity ownership and will result in the additional dilution of their interest if certain earn-out stock payments in connection with the purchase of AEM are triggered before January 1, 2009. The recent conversion of our convertible note due to Mr. Kiphart into shares of Series A-1 preferred stock will result in additional dilution if the preferred stock is converted into shares of our common stock. Depending on the number of shares issued and the terms and conditions of the issuance, new equity securities could have rights, preferences, or privileges senior to those of our common stock. Depending on the terms, common stock holders may not have approval rights with respect to such issuances.

We expect our quarterly revenue and operating results to fluctuate. If we fail to meet the expectations of market analysts or investors, the market price of our common stock could decline substantially, and we could become subject to securities litigation.

Our business is seasonal and can be affected by cyclical factors outside of our control. In addition, we recognize revenue on many of our long-term contracts once the project is substantially complete, resulting in intermittent periods of fluctuating revenue. Our quarterly revenue and operating results have fluctuated in the past and may continue to vary from quarter to quarter in the future. You should not rely upon the results of one quarter as an indication of our future performance. Our revenue and operating results may fall below the expectations of market analysts or investors in some future quarter or quarters. Our failure to meet these expectations could have an adverse effect on the market price of our common stock. In addition, these fluctuations may result in volatility in our results of operations and/or have an adverse effect on the market price of our common stock. If the price of our common stock falls significantly we may be the target of securities litigation. If we become involved in this type of litigation, regardless of the outcome, we could incur substantial legal costs, management s attention could be diverted from the operation of our business, and our reputation could be damaged, which could have a material adverse effect on our business, results of operations and/or financial condition.

If securities analysts do not publish research or reports about our business or if they downgrade their evaluations of our stock, the price of our stock could decline.

The trading market for our common stock depends in part on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts covering us downgrade their estimates or evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease coverage of Lime, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

MARKET PRICES AND DIVIDENDS AND OTHER DISTRIBUTIONS

Stock Prices

Lime

Since February 25, 2008, our stock has traded on the NASDAQ under the trading symbol LIME. From December 12, 2000 to June 9, 2006, our common stock was listed on The American Stock Exchange under the trading symbol ELC. From June 12, 2006 through September 21, 2006, our common stock traded on the OTC Bulletin Board under the trading symbol ELCY. From September 22, 2006 until January 28, 2008, our common stock was traded under the symbol LMEC on the OTC Bulletin Board, which reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. Following a 1-for-7 reverse stock split on January 28, 2008, our trading symbol on the OTC Bulletin Board was LMEG until February 25, 2008 when our stock began trading on the NASDAQ.

The following table sets forth the quarterly high and low selling prices for our common stock as reported on The American Stock Exchange, OTC Bulletin Board and NASDAQ since January 1, 2006, adjusted for our 1-for-15 reverse stock split effected on January 25, 2007, and our 1-for-7 reverse stock split effected on January 28, 2008.

	Common Stock	
	High	**Low**
Fiscal Year Ended December 31, 2006:		
Fiscal Quarter Ended March 31, 2006	$ 117.600	$ 58.80
Fiscal Quarter Ended June 30, 2006	$ 71.400	$ 4.90
Fiscal Quarter Ended September 30, 2006	$ 9.800	$ 5.25
Fiscal Quarter Ended December 31, 2006	$ 9.030	$ 5.32
Fiscal Year Ended December 31, 2007:		
Fiscal Quarter Ended March 31, 2007	$ 7.700	$ 6.30
Fiscal Quarter Ended June 30, 2007	$ 15.050	$ 5.81
Fiscal Quarter Ended September 30, 2007	$ 14.210	$ 9.45
Fiscal Quarter Ended December 31, 2007	$ 15.750	$ 5.60
Fiscal Year Ended December 31, 2008		
Fiscal Quarter Ended March 31, 2008	$ 12.000	$ 6.30
Fiscal Quarter Ended June 30, 2008	$ 10.500	$ 5.70
Fiscal Quarter Ended September 30, 2008	$ 7.255	$ 5.00
Fiscal Quarter Ended December 31, 2008	$ 6.31	$ 3.26
Fiscal Year Ended December 31, 2009		
Fiscal Quarter Ended March 31, 2009 (as of January 21, 2009)	$ 5.000	$ 4.05

On November 17, 2008, the last trading day before the public announcement of the signing of the Stock Purchase Agreement, the last sales price per share of our common stock was $3.81 on the NASDAQ. On January 21, 2009, the latest practicable date before the date of this information statement/prospectus, the last sales price per share of our

common stock was $4.29 on the NASDAQ.

ADVB

ADVB common stock is quoted on the OTC Bulletin Board operated by the National Association of Securities Dealers, Inc. under the symbol ADVB.

Table of Contents

The following table sets forth the quarterly high and low selling prices for ADVB common stock as reported on the OTC Bulletin Board since January 1, 2006, and reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	Common Stock	
	High	Low
Fiscal Year Ended December 31, 2006:		
Fiscal Quarter Ended March 31, 2006	$ 0.1600	$ 0.0625
Fiscal Quarter Ended June 30, 2006	$ 0.0900	$ 0.0250
Fiscal Quarter Ended September 30, 2006	$ 0.0990	$ 0.0180
Fiscal Quarter Ended December 31, 2006	$ 0.1400	$ 0.0350
Fiscal Year Ended December 31, 2007:		
Fiscal Quarter Ended March 31, 2007	$ 0.0550	$ 0.0250
Fiscal Quarter Ended June 30, 2007	$ 0.0750	$ 0.0150
Fiscal Quarter Ended September 30, 2007	$ 0.0250	$ 0.0135
Fiscal Quarter Ended December 31, 2007	$ 0.0200	$ 0.0050
Fiscal Year Ended December 31, 2008		
Fiscal Quarter Ended March 31, 2008	$ 0.0150	$ 0.0080
Fiscal Quarter Ended June 30, 2008	$ 0.0130	$ 0.0090
Fiscal Quarter Ended September 30, 2008	$ 0.0200	$ 0.0050
Fiscal Quarter Ended December 31, 2008	$ 0.0100	$ 0.0020
Fiscal Year Ended December 31, 2009		
Fiscal Quarter Ended March 31, 2009 (as of January 15, 2009)	$ 0.009	$ 0.005

On November 17, 2008, the last trading day before the public announcement of the signing of the Stock Purchase Agreement, the last reported bid price per share of ADVB common stock was $0.006. On January 9, 2009, the latest practicable date before the date of this information statement/prospectus, the last reported bid price per share of ADVB common stock was $0.005 on the OTC Bulletin Board.

Dividends and Other Distributions

Lime has never paid cash dividends on our common stock or preferred stock. We currently intend to retain earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future.

ADVB has never paid any dividends on its common stock.

Security Holders

Lime:

On December 31, 2008, there were approximately 4,000 record holders of our common stock and one record holder of our Series A-1 preferred stock.

ADVB:

On December 31, 2008, there were approximately 3,500 record holders of ADVB common stock.

THE ADVB ACQUISITION

The following is a discussion of the ADVB Acquisition. You are urged to read carefully the Stock Purchase Agreement in its entirety, a copy of which is attached as Appendix B to this information statement/prospectus.

Background of the ADVB Acquisition

In early 2008, our management recognized a need for additional capital in order to continue to take advantage of the business opportunities available to us. We began discussions with investment banks and placement agents to explore different capital-raising transactions and engaged William Blair & Company (Blair) to assist us in these efforts. Our chairman and largest stockholder, Richard Kiphart, is also a principal of Blair and is the head of its Corporate Finance department. We also pursued lending facilities with our existing lenders and other third party banks, but the tightening credit markets throughout 2008 meant we had difficulty banks willing to take on new loans.

During the course of our capital raising efforts with Blair, Mr. Kiphart agreed to loan us money to continue our expansion. Mr. Kiphart also presented to ADVB a proposal to participate in that loan facility, and the ADVB board approved the proposal. On March 12, 2008, we entered into a revolving credit facility with Mr. Kiphart and ADVB for up to $3 million, representing a $1.5 million commitment from each of them.

In May 2008 we decided to pursue the acquisition of Applied Energy Management, Inc. (AEM), an energy efficiency company. Successful completion of that transaction required additional cash payable to the sellers at closing, the assumption of AEM s debt, and additional capital investment in our new AEM subsidiary after the closing. Our ongoing capital raising efforts, however, would not result in proceeds within the timetable for these additional cash needs. Mr. Kiphart agreed to increase his commitment to us under the revolving credit facility, and on June 6, 2008, we amended the facility to provide for borrowings of up to $9.5 million from Mr. Kiphart. ADVB s total commitment remained at $1.5 million. We closed the acquisition of AEM on June 11, 2008 and continued to pursue capital raising efforts.

In August 2008 Blair advised us that market conditions made a public offering unviable. Accordingly, together with Blair, we began exploring several private placement structures. Meanwhile, we realized a need for more capital investment in AEM than we had previously anticipated, as well as funds for continued company-wide general operations. Mr. Kiphart again agreed to increase his commitment to us under the revolving credit facility, and on August 14, 2008 we further amended the facility to provide for borrowings of up to $14.5 million from Mr. Kiphart. ADVB s total commitment remained at $1.5 million. We also secured the facility with a pledge of all our assets, and added an option for Mr. Kiphart and ADVB to convert the debt into shares of our common stock if the debt was not repaid at maturity.

In early September 2008, as Blair continued to explore a possible private placement, we began discussions with Mr. Kiphart on the circumstances under which he would be willing to convert his portion of the Kiphart/ADVB loan into additional equity in Lime. Mr. Kiphart indicated he was willing to consider such a proposal, contingent on a private placement closing of sufficient size to resolve our other cash flow requirements.

Following the sharp downturns in the stock markets in September and October 2008, Blair advised us in mid-October 2008 that they could not undertake a private placement on our behalf. We elected to proceed immediately with a smaller direct private placement to accredited investors who had previously expressed an interest in Lime. Several of these investors emphasized to us the need to have a firm plan in place to handle the repayment of the Kiphart/ADVB loan, as it was clear the proceeds from the private placement would not be enough for that purpose. We continued

active negotiations with Mr. Kiphart about alternatives with respect to the Kiphart/ADVB loan, including the terms of a new class of convertible preferred stock, Lime Series A-1 preferred stock. In the meantime, our immediate cash flow and debt repayment needs required additional loans, and on October 31, 2008, we further amended the Kiphart/ADVB loan facility to provide for borrowings of up to $4.5 million from ADVB. Mr. Kiphart s commitment remained at $14.5 million.

Having received sufficient interest in a private placement of our common stock, and having reached agreement with Mr. Kiphart on the terms of the Series A-1 preferred stock, on November 13, 2008, we accepted subscriptions from fifteen investors to purchase common stock and warrants for a total of $6,275,500. We closed $3,000,500 of

these subscriptions on November 13 and accepted the remainder (including subscriptions from Mr. Kiphart and other officers and directors of Lime) with closing subject to our stockholder approval as required by NASDAQ Marketplace Rules. On November 14, 2008, Mr. Kiphart converted the entire amount of the approximately $14.7 million debt we owed him under the Kiphart loan into 358,710 shares of Series A-1 preferred stock.

Immediately after Mr. Kiphart s conversion of his debt, there remained $1.5 million owed to ADVB, an amount that has increased to $1.89 million as of January 13, 2009. On or about September 2008 our management began to explore the possibility of acquiring ADVB to access its cash and retire the $1.5 million debt.

David Asplund, Lime s chief executive officer, submitted a proposal for the acquisition of ADVB stock to Mr. Kiphart on September 16, 2008. On September 30, 2008, Mr. Asplund and Mr. Kiphart agreed to engage their legal advisers to begin discussions on possible structures for such an acquisition. On October 3, 2008, ADVB and Lime executed a nondisclosure agreement regarding a possible transaction. After consulting with its legal and accounting advisers, Lime s management decided that the acquisition of ADVB through a short-form merger presented the most efficient alternative to accessing the assets of ADVB.

On October 7, 2008, Mr. Asplund, Daniel Parke (Lime s president) and Jeffrey Mistarz (Lime s chief financial officer) met with Mr. Kiphart and Christopher Capps (a stockholder and Director of ADVB beside serving as ADVB s president) to negotiate the terms of an acquisition of ADVB s stock. No agreement was reached at that time, and negotiations continued by phone through the end of October. On October 27, 2008, Lime retained Corporate Value Management, Inc. to establish an acceptable range of values for ADVB stock and ultimately to deliver a fairness opinion.

Beginning the week of November 3, 2008, Mr. Kiphart and Mr. Capps contacted by phone and email a total of eight additional ADVB stockholders about participating in Lime s proposed purchase of their shares, assuming a satisfactory exchange ratio could be reached. Each of these eight ADVB stockholders were personally known to Mr. Kiphart or Mr. Capps and of which four were family members of Mr. Kiphart and four were then Directors of ADVB. These eight ADVB stockholders beneficially owned 7.5% of ADVB shares, an amount that when added with Mr. Kiphart s and Mr. Capp s ownership, exceeded the 90% of ADVB shares necessary to consummate a short-form merger.

On November 14, 2008, Lime and Mr. Kiphart and Mr. Capps reached agreement as to the exchange ratio for their ADVB stock: 0.002124 of a share of Lime common stock per share of ADVB common stock, the same ratio as will be applied in the Merger. Over the ensuing weekend of November 15 and 16, Mr. Capps and Mr. Kiphart communicated this ratio to the same ADVB stockholders they had contacted previously. Each of the eight ADVB stockholders contacted agreed to participate. One of the eight ADVB stockholders reported beneficial ownership of shares held by his direct family members (a spouse and minor child), bringing the total number of ADVB stockholders selling (including Mr. Kiphart and Mr. Capps) to twelve (the Sellers).

On November 18, 2008, the Sellers signed a Stock Purchase Agreement with Lime whereby they agreed to sell Lime all of their shares of ADVB stock, in exchange for Lime common stock, with closing subject to approval by Lime stockholders.

On November 18, 2008, we publicly announced the ADVB Acquisition and related restructuring measures including the private placement and Mr. Kiphart s conversion of his debt.

Reasons for the ADVB Acquisition

We had significant need for operating capital in 2008. Given the state of the financial markets, our search for third-party lending sources was unsuccessful. Ultimately, we incurred over $13.4 million of secured debt to finance

our operations in 2008, $11.5 million of which was advanced by Mr. Kiphart directly and $1.5 million of which was advanced by ADVB in addition to other smaller loans from other parties. All of this debt would have matured on March 31, 2009 and our board of directors determined that our timely repayment was unlikely without raising additional capital. Prior to execution of the Stock Purchase Agreement, Mr. Kiphart converted the debt owed to him under the Kiphart/ADVB loan into our Series A-1 preferred stock, eliminating the need for repayment of that debt. The debt owed to ADVB, however, remains outstanding and we are still in need of operating capital. In course of determining that the ADVB Acquisition is the best alternative to pay down our debt and access working capital, our

board consulted with management as well as its financial and legal advisors and considered a number of factors in making its determination. In particular our board and management considered the following:

Eliminate the ADVB debt. By effecting the ADVB Acquisition, we will own 100% of ADVB, thereby eliminating the need to repay the $1.89 million owed to ADVB.

Access Cash. The ADVB Acquisition ultimately will give us access to the approximately $5.6 million in cash held by ADVB, which we will use for general operating and capital expenses.

ADVB s Lack of Operations. ADVB ceased to actively pursue its biotechnology business in 2006 and currently has no operations other than holding promissory notes from two companies including Lime. By acquiring ADVB we gain immediate access to its assets without taking on significant liabilities and expense of winding down its operations.

Timing and Expense of Acquisition. ADVB s concentrated ownership and Mr. Kiphart s overlapping majority ownership stake in ADVB and Lime allowed us to consummate the Merger quickly without the need to seek the approval of all of ADVB s more than 3,400 stockholders.

Current Financial Markets. Due to the current market conditions, we have been unsuccessful in our efforts to seek sufficient financing from banks and private lenders to meet our working capital needs. As detailed in the preceding section, we were also unsuccessful in our attempts raise capital through public offering due to the current market conditions.

Corporate Value Management s Fairness Opinion. We sought, received and have relied on a fairness opinion prepared by Corporate Value Management, Inc. (CVM) whereby CVM determined that the consideration paid to ADVB was fair from a financial point of view.

Fairness Opinion of Corporate Value Management, Inc.

Our board of directors engaged CVM to prepare a fairness opinion with respect to the consideration paid in the ADVB Acquisition. CVM presented an oral report to our board of directors and delivered its written opinion on November 18, 2008. CVM did not determine or recommend the amount of consideration, but reviewed only whether the proposed consideration was fair from a financial point of view. As noted in its opinion, CVM was not retained to advise us with respect to alternatives to the ADVB Acquisition or whether to proceed with the ADVB Acquisition. We did not impose any restrictions or limits on CVM with respect to its investigation or procedures.

The exchange ratio of 0.002124 of a share of our common stock for each share of ADVB common stock ultimately agreed to between us and the Sellers fell within the expected range as contemplated by CVM in its oral presentation to our board of directors and thus was consistent with CVM s analyses, conclusions and overall opinion as to the fairness of the exchange ratio from a financial point of view.

The full text of CVM s written fairness opinion, which sets forth the assumptions made, general procedures followed, matters considered, limits on the review undertaken and methods employed by CVM in arriving at its opinion is attached hereto as Appendix C. The summary of the CVM fairness opinion contained in this information statement/prospectus is qualified in its entirety by reference to the full text of such opinion. You should read the CVM fairness opinion in its entirety.

CVM is a full-service financial consulting practice that is comprised of accredited experts in the fields of valuation, corporate finance, and corporate value enhancement strategy. CVM serves clients ranging in size from $1 million

privately held entities to $1 billion multi-national publicly traded corporations, as well as government agencies. Our board of directors retained CVM based on such qualifications. The fees paid to CVM in connection with ADVB fairness opinion are $35,000. We have also paid CVM an additional $79,745 with respect to other valuation and impairment testing engagements during the previous two years.

Table of Contents

Due Diligence Performed by CVM

As part of its due diligence, CVM performed the following reviews:

Reviewed our publicly available financial statements and other business and financial information and that of ADVB.

Reviewed our internal financial statements and other financial and operating data and that of ADVB which were prepared by the management of the respective companies.

Held discussions with our management and ADVB s management concerning the business, past and current operations, financial condition and future prospects of the respective companies.

Reviewed the financial terms and conditions set forth in the draft of the Stock Purchase Agreement.

Reviewed our stock price and trading history of the common stock and that of ADVB.

Compared our financial performance and that of ADVB and the prices and trading activity of the common stock of both companies with that of other publicly traded companies which we deemed to be comparable with ADVB and Lime, respectively.

Participated in discussions with our representatives and those of ADVB.

Made such other studies and inquiries, and took into account such other matters as we deemed relevant, including our assessment of general economic, market, and monetary conditions as of the date of CVM s opinion.

CVM s opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. CVM s opinion does not provide or imply any conclusion as to the likely trading range of any security issued by any party following the date of its opinion. These may vary depending upon, among other factors, changes in interest rates, market conditions, general economic conditions and other factors that generally influence the price of securities.

In rendering its opinion, CVM relied upon and assumed the accuracy and completeness of all of the financial and other information that was available to it from public sources or that was provided to it on our behalf, by ADVB, or their respective representatives, or that was otherwise reviewed by CVM. With respect to budgetary information, CVM assumed that such information had been reasonably prepared in good faith reflecting our best currently available estimates and judgments and those of ADVB.

Analysis

In conducting its analysis, CVM analyzed the value of the assets being acquired, analyzed the value of the consideration paid, computed the premium being paid and compared the premium to both our most recent private placement transaction and private placement transactions observed in the marketplace. CVM concluded that the overall implied discount for the ADVB Acquisition was 19%, a number within the range of both our most recent private placement experience and the marketplace as a whole. The implied discount is computed as the difference between the monetary value of the assets paid less that monetary value of the assets received, divided by the monetary value of the assets paid.

The following is a summary of the material analyses CVM performed while preparing its fairness opinion.

Value of Assets Acquired

CVM equated the value of the assets acquired with a stockholders equity value of ADVB equal to $8.2 million.

Table of Contents

Analysis of Value of ADVB

	Book Value Sep-30-2008	FMV Adjustments	FMV Sep-30-2008
		(All amounts in $000)	
ASSETS			
Current Assets			
Cash and Equivalents	$ 4,978.4	$ 694.5(1)	$ 5,672.9
Interest Receivable	84.6		84.6
Total Current Assets	5,062.9	694.5	5,757.4
Net Property, Plant & Equipment	11.5		11.5
Other Assets			
Equity Investment Organic Farm Marketing, LLC	50.0	(50.0)(2)	
Patents and Patents Pending (Net)		(3)	
Note Receivable Organic Farm Marketing, LLC	800.0	(800.0)(4)	
Restricted Cash (Wisc. Dept. of Agriculture CD)	1,000.0	(5)	1.000.0
Note Receivable Lime Energy Co.	1,500.0		1,500.0
Total Other Assets	3,350.0	(850.0)	2,500.0
TOTAL ASSETS	$ 8,424.4	$ (155.5)	$ 8,268.9
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 66.5	$	$ 66.5
Total Current Liabilities	66.5		66.5
Total Long-Term Liabilities			
TOTAL LIABILITIES	66.5		66.5
STOCKHOLDERS EQUITY	$ 8,357.9	$ (155.5)	$ 8,202.4

(1) Assumes 99.21 million options exercised at $0.0007 per share.

(2) Due to the speculative nature of the company, we have assumed no value for the debt and equity investments in Organic Farm Marketing, LLC (OFM)

(3) No value has been ascribed to the ADVB patents for this exercise.

(4)

As of October 6, 2008, this cash is no longer restricted as the letter of credit for OFM to the WDOA has been cancelled.

Value of Consideration Paid

CVM calculated the value of the consideration to be paid by Lime at between $10.3 million and $12.2 million. Using the closing price for our common stock as of November 17, 2008, the consideration value was $10.3 million. Based on a weighted average calculation and using the 10-day volume weighted average, the consideration value was $12.2 million.

	Price as of 11/17/08	Price as of 11/14/08 Used in Transaction	10 Day Volume Wtd Avg Price
Number of Lime Shares Required	2,691,238	2,691,238	2,691,238
Price Per Share	$ 3.8100	$ 4.0600	$ 4.5485
Value of Consideration Granted	$ 10,253,616	$ 10,926,425	$ 12,241,120

22

Table of Contents

Calculation of Premium Paid and Implied Discount

The monetary value of the assets to be acquired from ADVB is 19% to 33% less than the monetary value of the stock we will give to the shareholders of ADVB. Given the fixed exchange ratio for the ADVB Acquisition, increases in the value of our common stock would have the effect of increasing the discount, and decreases in the value our common stock would have the effect of decreasing the discount. Taking into account various measures of the value of our stock and possible fluctuations in the value of one of ADVB s assets, CVM arrived at an implied discount of 19% based on the $3.81 per share closing price for our common stock as of November 17, 2008

Implied Premium Paid Given Differing Assumptions as to the Value of the OFM Investment

	No OFM Value	OFM Value = 50% Book Value	OFM Value = 100% Book Value
Value of ADVB Assets ($000)	$ 8,269	$ 8,627	$ 9,119
Shares of Lime (000)	2,691	2,691	2,691
Value Received Per Share of Lime	$ 3.07	3.21	3.39
Lime 11/17/08 Close	$ 3.810	$ 3.810	$ 3.810
Implied Acquisition Premium	24.0%	18.8%	12.4%
Equivalent PIPE Discount	19.4%	15.9%	11.1%
Lime last 10 day avg	$ 4.549	$ 4.549	$ 4.549
Implied Acquisition Premium	48.0%	41.9%	34.2%
Equivalent PIPE Discount	32.5%	29.5%	25.5%
Lime 52 week high	$ 14.001	$ 14.001	$ 14.001
Implied Acquisition Premium	355.7%	336.7%	313.2%
Equivalent PIPE Discount	78.1%	77.1%	75.8%

Acquisition Premium = (Value of Shares / Value Received Per Share) 1
Equivalent PIPE Discount = (Value of Shares Value Received Per Share) / Value of Shares

Calculation of Discount for Recent Lime Private Placement

CVM analyzed the $6.3 million private placement we conducted on November 13, 2008 and determined that it was effected at a 23.8% discount to that day s closing price. This discount is slightly higher than the discount calculated on the ADVB Acquisition, even when ascribing no value to the OFM assets of ADVB.

Pricing of Lime Private Placement Transaction as of November 11, 2008

	Price 11/11/08	Price 10 Day Avg.
Value of shares sold in Private Placement	$ 4.100	$ 4.675

Value of warrants granted (1 for every 4 shares)		0.509		0.509
Value of stock and warrants (value given up)	$	4.609	$	5.184
Private Placement Closing Price (value received)	$	3.510	$	3.510
Premium on Private Placement = (value given up/value received) 1		31.3%		47.7%
Discount on Private Placement = (value given up value received)/value given		23.8%		32.3%

23

Calculation of Marketplace Comparables for Private Placement Discounts

CVM analyzed 328 private placement transactions and filtered them to arrive at 49 comparable transactions. Within this set, CVM determined that the 19% implied discount for the ADVB Acquisition fell within the top 1/3 of discounts applicable to such transactions.

Approximately 33% of the above PIPE transactions were completed at discounts equal to or greater than the implied discount of 19%. 18% of the deals were completed at discounts in excess of 35%.

It is important to note that the discounts reported in PlacementTracker exclude any value attributable to attached warrants. Any value attributable to these warrants would increase the discounts reported by PlacementTracker.

Following CVM s presentation of its analyses and conclusions, our board of directors reviewed and digested the analyses and conclusions in their totality in reaching the board s own conclusions with respect to the advisability of the ADVB Acquisition. Our board of directors did not make any specific observations or reach any specific conclusions with respect to any of the individual analyses presented by CVM.

General Matters Regarding CVM Fairness Opinion

The preparation of a fairness opinion is not susceptible to partial analysis or summary description. CVM believes that its analyses and the summary set forth above must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, could create an incomplete view of the processes underlying the analysis set forth in its opinion. CVM has not indicated that any of the analyses which it performed had a greater significance than any other.

In determining the appropriate analyses to conduct and when performing those analyses, CVM made numerous assumptions with respect to industry performance, general business, financial, market and economic conditions and other matters, many of which are beyond our control. The estimates contained in the analyses which CVM performed are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by the analyses. The analyses were prepared solely as part of CVM s analysis of the fairness from a financial point of view of the proposed consideration for ADVB common stock as of the date of the opinion. The analyses are not appraisals and do not reflect the prices at which any securities may trade at the present time or at any time in the future.

Material Interests of Certain Stockholders of Lime and ADVB in the ADVB Acquisition

Mr. Kiphart, one of the Sellers, is the beneficial owner of more than 80% of the shares of ADVB and serves as its Chairman. David Valentine, Mr. Kiphart s son-in-law, is also a stockholder of ADVB. Messrs. Kiphart and Valentine also hold options to purchase a total of 6,075,000 shares of ADVB common stock and will be offered the opportunity to replace those options with options to purchase a total of 12,093 shares of our common stock. Please see The Stock Purchase Agreement Replacement Offer for ADVB Options & Warrants beginning on page 35.

Table of Contents

Mr. Kiphart is also a significant stockholder of Lime and serves as its Chairman. Mr. Valentine is also a stockholder and board member of Lime. The Stock Purchase Agreement specifies that Mr. Capps will be added to Lime s board of directors following the closing of the ADVB Acquisition.

Our board of directors and a majority of our stockholders approved the ADVB Acquisition, and were fully informed of the interests of Mr. Kiphart. Mr. Kiphart recused himself from approving the ADVB Acquisition in his capacity as a member of our board of directors, but has approved the transaction in his capacity as a Lime stockholder.

Material Interests of ADVB s Management in the ADVB Acquisition

When ADVB stockholders review the information regarding the ADVB Acquisition described herein, they should keep in mind that ADVB s officers and directors have interests in the ADVB Acquisition that are different from, or in addition to, theirs. The ADVB Acquisition provides that we will use our best efforts to cause Christopher W. Capps, ADVB s current President and Chief Executive Officer, to be appointed to our board of directors. The other members of our board of directors will remain the same. In addition, all of the directors and executive officers of ADVB own options and/or warrants issuable and exercisable for 53,506,667 shares of ADVB common stock in the aggregate.

Authorization By Our Board of Directors and the Majority Stockholders of Lime

Our common stock is traded on NASDAQ. Consequently, we are subject to the NASDAQ Marketplace Rules. Although the ADVB Acquisition does not require stockholder approval under our Certificate of Incorporation or Bylaws, the issuance of common stock pursuant to the ADVB Acquisition does require the approval of the stockholders holding at least a majority of our outstanding capital stock under Marketplace Rule 4350(i)(1)(D), all as more fully described below.

Marketplace Rule 4350(i)(1)(C) requires NASDAQ-listed issuers to obtain the approval of the stockholders holding at least a majority of the outstanding stock of a company prior to any issuance or potential issuance of securities in connection with the acquisition of stock of another company if any director, officer or substantial stockholder of the issuer has a 5% or greater interest, directly or indirectly, in the company to be acquired or in the consideration to be paid in the transaction and the present or potential issuance of common stock could result in an increase in outstanding common shares or voting power of 5% or more.

Marketplace Rule 4350(i)(1)(C) is applicable to the issuance of shares pursuant to the ADVB Acquisition because (i) Richard P. Kiphart, our chairman and largest stockholder, has 5% or greater interest in ADVB and (ii) the issuance of our common stock pursuant to the ADVB Acquisition would result in an increase in outstanding common shares or voting power of 5% or more of the shares of our common stock.

As more fully described in the sections of this information statement/prospectus entitled Background of the ADVB Acquisition, and Reasons for the ADVB Acquisition beginning on pages 22 and 23, respectively, our board of directors determined that it was in our best interest and the best interest of our stockholders for us to execute the ADVB Acquisition.

Accordingly, on November 18, 2008, the board of directors of Lime unanimously adopted resolutions approving the ADVB Acquisition and the related agreements to which we are a party and recommended that our stockholders approve the issuance of our common stock to the stockholders of ADVB pursuant to the ADVB Acquisition.

Pursuant to the recommendation of our board of directors, the following holders of a majority of our outstanding capital stock executed the consents on November 26, 2008 approving the issuance of our common stock to the ADVB stockholders pursuant to the ADVB Acquisition.

Name of Stockholder	Shares of Common Stock Held (On an as Converted Basis)	Percentage of Common Stock Held (On an as Converted Basis)
David R. Asplund	277,579	2.11%
Daniel R. Parke	3,012	0.02%
Richard P. Kiphart	5,733,823	43.63%
The Parke Family Trust	706,874	5.28%
TOTAL		

On the record date for the consents, there were 9,555,053 shares of our common stock issued and outstanding with the holders thereof being entitled to cast one vote per share. On the record date, there were 358,710 shares of our Series A-1 preferred stock issued and outstanding with the holders thereof being entitled to cast 10 votes per share.

On the record date 6,571,077 shares of common stock, together with the Series A-1 preferred stock voting on an as-converted basis, were required to approve the ADVB Acquisition.

On the record date, our directors and executive officers and their affiliates owned and were entitled to vote 3,195,747 shares of our common stock, on an as-converted basis, or approximately 33.4% of the total voting power of the shares of our common stock and Series A-1 preferred stock outstanding on that date. These directors and officers consented to the ADVB Acquisition in the same manner as the public holders of the majority of the shares of our common stock.

Lime

Based on the actions taken by our board of directors and the foregoing consents, we have obtained all necessary corporate approvals in connection with the ADVB Acquisition. We are not seeking any proxies or additional written consents from any other stockholders, and our other stockholders will not be given an opportunity to vote with respect to the actions described in this information statement/prospectus. This information statement/prospectus is furnished to our stockholders solely for purposes of advising them of the action taken by the consents and to give such stockholders notice of such action taken as required by applicable law.

ADVB

No consents or approvals from the ADVB board of directors or stockholders are necessary in connection with the ADVB Acquisition. ADVB is not seeking any proxies or written consents from any of its stockholders, and its stockholders will not be given an opportunity to vote with respect to the actions described in this information statement/prospectus. This information statement/prospectus is furnished to ADVB s stockholders solely for purposes of providing them with information about the ADVB Acquisition and its impact.

Accounting Treatment

ADVB has no revenue generating operations and does not have employees capable of developing a product that will be considered a business. Therefore it is not considered a business as defined by Regulation S-X, Rule 11-01(d) or by generally accepted accounting principles. Consequently, the Merger will not be accounted for as a business combination under the guidance of Financial Accounting Standard No. 141R, *Business Combinations.* The substance of the ADVB Acquisition includes two distinct events. First, as a result of the transaction, we are settling approximately $1.89 million of debt due to ADVB. In addition, we are receiving approximately $5.6 million of cash in exchange for shares of our common stock issued in connection with the ADVB Acquisition. As a result of the Merger, we will eliminate the debt due to the ADVB, record the assets acquired (consisting primarily of cash and cash equivalents) at fair value and credit equity for the fair value of our common shares issued in connection with the ADVB Acquisition.

As noted at page 34, we will issue unregistered common shares with no registration rights to the to the ADVB stockholder who are parties to the Stock Purchase Agreement and registered shares to the remaining ADVB stockholders with a fair value of $8.2 million for the assets of ADVB. The unregistered common shares were valued at approximately $3 per share based on our recently completed private placement that represents a contemporaneous cash transaction with independent parties.

APPRAISAL RIGHTS

Lime and ADVB are both Delaware corporations. Under the DGCL, the holders of Lime common stock will not be entitled to exercise any appraisal rights in connection with the Merger but holders of shares of ADVB common stock will have a statutory right to dissent.

Table of Contents

In general, shares of ADVB common stock issued and outstanding immediately prior to the effective time of the Merger that are held by a holder who (i) has not accepted the offer by delivering a duly executed and properly completed Letter of Transmittal and related documentation, (ii) is entitled to, and who has, properly demanded and perfected dissenter s rights for such shares of ADVB common stock in accordance with Section 262 of the DGCL, and (iii) has not effectively withdrawn or forfeited such dissenter s rights prior to the effective time of the Merger, will not be converted into a right to receive shares of our common stock at the effective time. The statutory right of dissent is set forth in Section 262 of the DGCL and is complicated. A copy of Section 262 is attached hereto as Appendix A. Any failure to comply with its terms will result in an irrevocable loss of such right. ADVB stockholders seeking to exercise their statutory right of dissent are encouraged to seek advice from legal counsel. If, after the effective time of the Merger, such holder fails to perfect or withdraws, forfeits or otherwise loses such holder s dissenter s rights, then (A) such shares of ADVB common stock will be treated as if they had been converted as of the effective time of the Merger into a right to receive shares of our common stock and (B) such holder will receive shares of our common stock in accordance with the terms of the Merger Certificate.

TAX CONSEQUENCES OF THE ADVB ACQUISITION

The following is a summary of the material United States federal income tax consequences relevant to a United States Holder (as defined below) of ADVB shares of common stock. This summary is based upon the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), United States judicial decisions, administrative pronouncements, existing and proposed Treasury regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those discussed below. No ruling has been obtained, and no ruling will be requested, from the Internal Revenue Service with respect to any of the United States federal income tax consequences described below, and as a result, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions that are reached and describe herein.

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to particular investors and does not address state, local, foreign, or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain taxpayers subject to special treatment under the U.S. federal income tax laws (such as financial institutions, regulated investment companies, real estate investment trusts, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers or traders in securities or currencies, investors whose functional currency is not the U.S. dollar, persons holding the stock as part of a hedging, integrated or conversion transaction, constructive sale or straddle, persons who acquired their stock through the exercise or cancellation of employee stock options or otherwise as compensation for their services, or investors other than United States Holders.

For purposes of this summary, the term United States Holder means a beneficial owner of ADVB common stock that, for United States federal income tax purposes, is

- an individual who is a citizen or resident of the United States;

- a corporation or other entity taxable as a corporation that is created or organized in or under the laws of the United States or any state thereof (or the District of Columbia);

- an estate whose income is includible in gross income for U.S. federal income tax purposes, regardless of its source; or

- a trust (x) if a court within the United States is able to exercise primary jurisdiction over the administration of the trust, and one or more United States persons (within the meaning of the Internal Revenue Code) have the

authority to control all substantial decisions of the trust; or (y) that has an election in effect under applicable income tax regulations to be treated as a United States person.

If a partnership is a beneficial owner of the ADVB common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership that holds the shares of ADVB, you should consult your tax advisor regarding the tax consequences of the ADVB Acquisition.

Table of Contents

All beneficial owners of ADVB common stock should consult their tax adviser as to the particular tax consequences to them of the ADVB Acquisition, including the applicability and effect of state, local, foreign, and other tax laws and possible changes in tax law.

Information Reporting and Backup Withholding Tax

Under certain circumstances, the Internal Revenue Code imposes a backup withholding obligation on certain reportable payments. Proceeds from the exchange or disposition of ADVB common stock pursuant to the ADVB Acquisition that are paid in the United States or by a U.S.-related financial intermediary will be subject to U.S. information reporting rules, unless a United States Holder is a corporation or other exempt recipient. In addition, payments that are subject to information reporting may be subject to backup withholding (currently at the rate of 28%) if a United States Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a United States Holder s U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is provided to the Internal Revenue Service. Stockholders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Tax Consequences to ADVB

For U.S. federal income tax purposes, the ADVB Acquisition will be treated as a purchase of the assets of ADVB in exchange for Lime common stock followed by a liquidation of ADVB. Accordingly, ADVB will recognize taxable income or loss in an amount equal to the difference between the value of the Lime common stock issued in the ADVB Acquisition and any other consideration (including cash issued pursuant to a United States Holder s statutory appraisal rights) and ADVB s tax basis in its assets. We do not believe that ADVB will recognize a material amount of taxable gain. In addition, to the extent that taxable gain is recognized, we believe that such taxable gain will not result in regular income tax due to the existence of net operating loss carryforwards, though a small amount of alternative minimum tax could be owed. Due to limitations under the Internal Revenue Code, ADVB s net operating loss carryforwards will not be available either to Lime or to Merger Sub subsequent to the ADVB Acquisition.

Tax Consequences to ADVB Stockholders

The receipt of Lime common stock by a United States Holder pursuant to the ADVB Acquisition or cash pursuant to the United States Holder s statutory appraisal rights, will be a taxable transaction for U.S. federal income tax purposes. A United States Holder will generally recognize U.S. source capital gain or loss on the disposition of ADVB common stock equal to the difference, if any, between (i) the value of Lime common stock (or the amount of cash) the United States Holder receives and (ii) the United States Holder s adjusted tax basis in its ADVB common stock. A United States Holder s basis in its ADVB common stock will generally be the cost at which it was purchased. Capital gain or loss will be long-term capital gain or loss if the United States Holder held the ADVB common stock for more than one year at the time of disposition. The deductibility of capital losses is subject to significant limitations under the Internal Revenue Code. A United States Holder s basis in any Lime common stock received in the ADVB Acquisition will generally be the value of such stock on the date it is acquired.

Tax Consequences to Lime and Lime Stockholders

The issuance of Lime shares to ADVB stockholders under the Stock Purchase Agreement and the Merger is not a taxable event to Lime or its stockholders and is not expected to have any resulting tax consequences.

THE STOCK PURCHASE AGREEMENT

The following discussion summarizes material provisions of the Stock Purchase Agreement, a copy of which is attached as Appendix B to this information statement/prospectus and is incorporated by reference herein. The rights and obligations of the parties are governed by the express terms and conditions of the Stock Purchase Agreement and not by this summary.

The representations and warranties described below and included in the Stock Purchase Agreement were made by Lime and each of the parties to the agreement as of specific dates. The assertions embodied in those representations and warranties were made for purposes of the Stock Purchase Agreement and are subject to important qualifications and limitations agreed to by Lime and each of the parties to the Stock Purchase Agreement in connection with negotiating its terms. The Stock Purchase Agreement is described in this information statement/prospectus and included as Appendix B only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding Lime, ADVB or their respective businesses. Accordingly, the representations and warranties in the Stock Purchase Agreement should not be read alone, but instead should be read in conjunction with the information provided elsewhere in this information statement/prospectus.

The Stock Purchase

On November 18, 2008, we entered into the Stock Purchase Agreement pursuant to which we agreed to purchase 90.8% of the capital stock of ADVB from the Sellers in exchange for shares of our common stock. The ADVB stock was valued at $0.008625 per share, based on the closing price of their common stock on November 14, 2008. The Sellers will receive 0.002124 of a share of our common stock in exchange for each share of ADVB common stock held by them, with any fractional shares rounded up to the next whole share. The Sellers held a total of 1,060,421,884 ADVB shares as of the signing of the Stock Purchase Agreement, resulting in a total of 2,252,341 shares of our common stock to be issued to the Sellers.

The Stock Purchase Agreement required us to prepare and file a registration statement on Form S-4 with respect to the shares of common stock to be offered to the ADVB shareholders as part of the Merger on or before December 31, 2008. Pursuant to an agreement dated December 31, 2008, between us and the Sellers Representative, the Stock Purchase Agreement was first amended to extend this filing deadline to January 16, 2009 and then again amended on January 16, 2009 to further extend this filing deadline to January 23, 2009.

The Merger

The Stock Purchase Agreement requires us to effect the Merger between Merger Sub and ADVB within 45 days of the closing of the Stock Purchase, with the Merger Sub continuing as the surviving entity, as a means to acquire all of the other shares of ADVB common stock not owned directly or indirectly by the Sellers. Because the Merger Sub will own more than 90% of the ADVB voting stock, the Merger will not require the vote or approval of any other ADVB stockholders or the board of directors of ADVB and therefore ADVB will not be soliciting any votes from their stockholders to consummate the ADVB Acquisition.

In the Merger, subject to appraisal rights, the remaining ADVB stockholders will receive 0.002124 of a share of Lime common stock in exchange for each share of ADVB common stock held by them, with any fractional shares rounded up to the next whole share. Upon completion of the Merger, the Merger Sub will own 100% of the stock of ADVB and the ADVB stockholders will have no ongoing rights as stockholders of ADVB (other than appraisal rights under Delaware corporate law), and will instead be stockholders of Lime.

Based on 1,167,621,940 ADVB shares outstanding as of September 30, 2008, approximately 2,480,478 shares of Lime common stock will be issued to the ADVB stockholders in the ADVB Acquisition, resulting in approximately 20.6% of the outstanding shares of our common stock being held by the Sellers and the other former ADVB stockholders.

Replacement Offer for ADVB Options and Warrants

As required by the Stock Purchase Agreement, all ADVB option and warrant holders (including the Sellers) will have the opportunity to exchange their existing ADVB options and warrants for new, fully vested options and

warrants to purchase shares of our common stock, with the same aggregate exercise price and the same expiration date. The number of shares of our common stock available for purchase under any such replacement option or warrant will be equal to the number of shares of ADVB common stock formerly available under the original option or warrant, multiplied by the exchange ratio of 0.002124 and the exercise price will increase by a factor equal to approximately 471.

The outstanding ADVB options and warrants are exercisable for a total of 109,902,680 shares of ADVB common stock, and if all of the ADVB option and warrant holders accept the replacement offer, the replacement options and warrants will be exercisable for a total of 233,434 shares of our common stock, which represents approximately 1.8% of our common stock on a fully-diluted basis.

This information statement/prospectus is not an offer of Lime securities to ADVB option and warrant holders. Any Lime securities to be offered to ADVB option and warrant holders will not be or have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Payment of Richard P. Kiphart s Legal Expenses

The Stock Purchase Agreement requires us to pay Mr. Kiphart s legal expenses with respect to the Stock Purchase, estimated to be $27,000. All other Sellers and other ADVB stockholders must bear their own costs and expenses in connection with the ADVB Acquisition.

Indemnification of the ADVB Directors, Sellers and Officers

The Stock Purchase Agreement requires us to continue to indemnify the ADVB officers and directors against third party claims under the same terms as provided by ADVB for six years following the closing of the Stock Purchase. The Stock Purchase Agreement further requires us to indemnify the Sellers against third party claims in connection with this information statement/prospectus.

Directors and Executive Management Following the Merger

The Stock Purchase Agreement requires us to use our best efforts to cause Christopher W. Capps, the current president of ADVB, to be appointed as a director of our board within 10 days of the effective date of the Stock Purchase and during each election so long as Richard P. Kiphart continues to be our stockholder. The other members of our board of directors will remain the same.

Representations and Warranties

The Stock Purchase Agreement contains a number of representations and warranties made by the Sellers to us. The representations and warranties are subject, in some cases, to specified exceptions and qualifications, including that each is to the best knowledge of the Sellers Representative, Richard P. Kiphart. The representations and warranties relate to, among other things:

- ADVB organization, capital structure and title to shares;
- accuracy of ADVB s SEC reports;
- absence of any material adverse effect or certain other changes or events to ADVB since December 31, 2007;

- ADVB s legal proceedings; and

- full disclosure by ADVB of material facts or information.

In addition to the foregoing, the Stock Purchase Agreement contains certain representations and warranties made by each of the Sellers to us that relate to, among other things:

- authority, execution and delivery of the Stock Purchase Agreement;

- consents and approvals of third parties, and permissions and authorizations of governmental entities, required in connection with the ADVB Acquisition;

- ownership of ADVB common stock shares; and
- access to publicly available information about Lime.

In addition to the foregoing, the Stock Purchase Agreement contains certain representations and warranties we made to each Seller that relate to, among other things:

- organization, capital structure, corporate power and authority, and execution and delivery of the Stock Purchase Agreement;
- consents and approvals of third parties, and permissions and authorizations of governmental entities, required in connection with the ADVB Acquisition;
- accuracy of our SEC reports;
- absence of any material adverse effect or certain other changes or events since September 30, 2008;
- legal proceedings; and
- full disclosure of material facts or information.

Market Standoff

From November 18, 2008 until the closing of the Stock Purchase, each Seller cannot sell, offer to sell, contract to sell, grant any option to purchase, pledge or otherwise transfer or dispose of any shares of our common stock or ADVB s common stock beneficially owned by such Seller.

Lime s General Release of Claims Against ADVB and its Directors and Officers

Pursuant to the Stock Purchase Agreement, Lime entered into a Release Agreement with ADVB on November 18, 2008 (the Release Agreement) whereby Lime released ADVB, its directors, officers, agents, attorneys, investment bankers, affiliates, holders of record, advisors and representatives from all claims, demands, debts, damages, liabilities, actions, causes of actions, suits, sums of money, accounts, obligations, costs, expenses, covenants, agreements, contracts and promises relating to (i) the conduct and management of ADVB, (ii) the discharge of fiduciary duties with respect to ADVB and its stockholders and (iii) the negotiation, execution and performance of the Stock Purchase Agreement. The Release Agreement excludes any claim in connection with any breach of the Stock Purchase Agreement made prior to the closing of the Stock Purchase Agreement or at any time if the breach arose directly from actual fraud, intentional misconduct or a knowing material violation of law.

Indemnification

The Stock Purchase Agreement provides that until March 31, 2009, each Seller will defend, indemnify and hold us, our directors, officers, employees and agents against any losses sustained in connection with any breach of a representation, warranty or covenant made by such Seller in the Stock Purchase Agreement or any inaccuracy or incompleteness of any information provided to us in writing by such Seller and stated specifically to be used for inclusion in this information statement/prospectus.

Governing Law

Except to the extent that the corporate laws of the State of Delaware apply to a party, the Stock Purchase Agreement is governed by and will be construed in accordance with the laws of the State of Illinois.

THE MERGER

The following summarizes material provisions of the Merger including the Merger Certificate. The rights and obligations of the parties are governed by the express terms and conditions of the Merger Certificate and not by this summary.

The Merger

Subject to the terms and conditions of the Merger Certificate and in accordance with the DGCL, ADVB will merge with and into Merger Sub, the separate corporate existence of ADVB will terminate and Merger Sub will survive the Merger and continue to exist as a wholly owned subsidiary of Lime.

Ongoing Trading and Reporting

By virtue of the Merger, ADVB will be merged out of existence and consequently (i) that trading of ADVB shares in the OTC Bulletin Board will cease, and (ii) ADVB will terminate its reporting obligations to the SEC.

Consideration to be Received in the Merger

ADVB Common Stock

At the effective time of the Merger, each outstanding share of ADVB common stock, par value $0.001 per share, will be converted into the right to receive 0.002124 of a share of Lime common stock, par value $0.0001 per share. Holders of ADVB will not receive any fractional shares of Lime common stock in the Merger. Instead, the total number of shares of Lime common stock that any holder of ADVB common stock may receive in the Merger will be rounded up to the nearest whole number.

Adjustments to the Exchange Ratio

The exchange ratio will be appropriately adjusted to reflect the effect of any stock split, stock dividend, reorganization, recapitalization, reclassification or other like change with respect to Lime common stock or ADVB common stock prior to the effective time of the Merger.

Procedures for Exchange of Certificates

We will appoint an exchange agent for the purpose of exchanging certificates and uncertificated shares of ADVB common stock for the merger consideration. As soon as reasonably practicable after the effective time of the Merger, the exchange agent will mail transmittal materials to each holder of ADVB common stock, advising such holders of the procedure for surrendering their share certificates (or an appropriate affidavit) to the exchange agent in exchange for shares of our common stock.

Each holder of a share of ADVB common stock that has been converted into a right to receive shares of our common stock will receive such shares upon surrender to the exchange agent of the applicable ADVB common stock certificate (or an appropriate affidavit), together with an executed letter of transmittal covering such shares and such other documents as the exchange agent may reasonably require.

After the effective time and until surrendered, each certificate that previously represented shares of ADVB common stock will represent only the right to receive shares of our common stock as described above under Consideration to be Received in the Merger. In addition, ADVB will not register any transfers of shares of ADVB common stock after the effective time of the Merger.

Holders of ADVB common stock should not send in their ADVB stock certificates until they receive, complete and submit a signed letter of transmittal sent by the exchange agent with instructions for the surrender of ADVB stock certificates.

Table of Contents

Closing and Effective Time of the Merger

The Merger will become effective upon the filing of the Merger Certificate with the Secretary of State of Delaware or at such later time as may be agreed upon by Merger Sub and ADVB and as specified in the Merger Certificate. The filing of the Merger Certificate will occur as soon as legally permissible after the effectiveness of the Registration Statement.

Directors and Executive Management Following Merger

David R. Asplund will serve as Chief Executive Officer of the combined company and Jeffrey R. Mistarz will serve as its Secretary and Treasurer.

Governing Law

The Merger Certificate is governed by and will be construed in accordance with the laws of the State of Delaware.

Description of Merger Sub

Merger Sub is our wholly owned subsidiary, which will be organized as a Delaware corporation prior to the Merger, for the sole purpose of effecting the ADVB Acquisition. Upon completion of the Merger, ADVB will merge with and into Merger Sub, and Merger Sub will continue its existence as a wholly owned subsidiary of Lime.

The Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the Merger Certificate.

INFORMATION ABOUT LIME

Overview

We are a provider of energy efficiency solutions that enable our clients to reduce their energy-related expenditures and the impact of their energy use on the environment. Our clients include commercial and industrial businesses, property owners and managers and energy service companies serving government and educational institutions. Our core Energy Efficiency Services business provides energy engineering and consulting services as well as the development and implementation of energy efficiency lighting upgrade services, mechanical and electrical conservation services, water conservation services and renewable energy solutions. Through our Energy Technology business, we also offer a proprietary line of intelligent controllers that provide continuous management of HVAC and lighting equipment using wireless communication technology in order to reduce energy usage and improve system reliability.

Our business is organized into two principal segments: Energy Efficiency Services and Energy Technology.

Energy Efficiency Services. Our Energy Efficiency Services segment, which represented approximately 95% of our pro forma 2007 revenue, includes:

Engineering and consulting: We apply our engineering expertise to analyze each client s energy consumption and operational needs and develop customized energy efficiency solutions. Our energy engineering consulting services include project development services, energy management planning, energy bill analysis, building energy audits and e-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 application.

Implementation: We provide a range of energy efficiency and conservation services, including energy efficiency lighting upgrade services, mechanical and electrical conservation services, water conservation services and renewable energy solutions. Our objective is to improve the quality of our clients physical space, maximize their operational savings, capitalize on rebates available to them and reduce their maintenance costs. We take into consideration factors such as infrastructure requirements, best available

technologies, building environmental conditions, hours of operation, energy costs, available utility rebates and tax incentives, and installation, operation and maintenance costs of various efficiency alternatives. Our professionals extensive knowledge in the area of energy efficiency solutions enables us to apply the most appropriate, effective and proven technologies available in the marketplace.

Energy Technology. Through our Energy Technology segment, which represented approximately 5% of our pro forma 2007 revenue, we offer our patented line of HVAC and lighting controllers under the eMAC and uMAC brand names. The eMAC technology provides remote monitoring, management and control of commercial rooftop HVAC units. This technology allows our clients to reduce energy consumption, thereby lowering operating expenses, and helps identify and prevent potential equipment failures, thereby reducing maintenance expenses and downtime. Our uMAC technology is a version of the eMAC that remotely controls the operation of a facility s lights via wireless communications.

Currently, we primarily serve the commercial and industrial and the public sector markets. Our commercial and industrial clients include many Fortune 500 companies for which we directly provide our energy efficiency solutions. We also serve the public sector, including government and educational institutions, through our relationships with large energy service companies (ESCO). ESCOs are awarded project contracts with the public sector, and we serve as their energy efficiency service experts to develop and implement solutions outside of the scope of their offerings.

In 2007 our pro forma revenue increased by 63.7% to $60.4 million as compared to $36.9 million in 2006. We have invested significant amounts of capital and resources in building the infrastructure of our Energy Efficiency Services business and developing and enhancing the proprietary technology of our Energy Technology business. We believe these businesses form a strong platform for continued growth.

History

We have evolved considerably since we were formed in 1997 as an energy technology company to manufacture and sell the EnergySaver. The eMAC line of HVAC and lighting controllers has replaced the EnergySaver as our energy technology product, and energy technology is no longer our primary source of revenue. In June 2006 we launched our Energy Efficiency Services business through an acquisition. Our Energy Efficiency Services segment has grown rapidly through acquisitions and organic growth, and it represented 83% of our consolidated revenue and 95% of our pro forma revenue in 2007.

In 1997 we were formed as Electric City LLC, a Delaware limited liability company, for the purpose of marketing a line of lighting controllers, which we marketed under the EnergySaver name. In 1998 we changed from a limited liability company into a corporation by merging Electric City LLC into Electric City Corp., a Delaware corporation. In 1998 we established a public trading market for our common stock through a merger with an inactive, unaffiliated company. Trading in our common stock commenced on August 14, 1998 on the OTC Bulletin Board. In May 2005 we acquired Maximum Performance Group, Inc. (MPG) a technology-based provider of energy and asset management products and services. MPG manufactures and markets its eMAC line of controllers for HVAC and lighting applications.

In June 2006 we established our energy service business through the acquisition of Parke P.A.N.D.A. Corporation (Parke). Parke is an energy services provider specializing in the design, engineering and installation of energy efficient lighting upgrades for commercial and industrial users. We expanded this business through the acquisition of Kapadia Consulting, Inc. (Kapadia) in September 2006. Kapadia is an engineering firm that specializes in energy efficiency solutions consulting and energy efficient lighting upgrades for commercial and industrial users. During 2007 we added to this segment through two small acquisitions and the opening of two additional offices.

In June 2008 we acquired AEM. AEM provides energy engineering and consulting services and energy efficiency services similar to our existing energy efficiency lighting solutions, and it also provides mechanical and electrical conservation services, water conservation services and renewable energy solutions.

Table of Contents

Services and Products

Energy Efficiency Services Engineering and Consulting

Within our Energy Efficiency Services segment, we provide engineering and consulting services for clients seeking to improve their energy efficiency, reduce carbon emissions and better manage their energy costs. Our engineering and consulting services include:

- providing energy bill analysis to target the highest energy cost facilities within a client s portfolio of buildings;

- conducting building energy audits to identify energy cost reduction opportunities within a client s facility;

- providing energy management planning to assist in the development of energy master plans for both the supply side (energy procurement in deregulated markets) and the demand side (strategies to improve operating efficiency and reduce greenhouse gas emissions), which includes utility rate structure analysis, energy impact of future load growth or equipment replacement, U.S. EPA EnergyStar analysis, benchmarking and energy inflation risk analysis;

- undertaking engineering design review to optimize energy efficiency of new construction and major renovation projects in order to improve a building s energy efficiency and reduce long-term operating costs, which includes life-cycle cost analysis and comparison of different technologies and incremental costs versus savings analysis;

- providing project management services for energy-related construction or upgrade projects, whether designed by us or others, ensuring that upgrade projects are installed and commissioned per the design specifications;

- managing incentive and rebate application processing and procurement; and

- providing e-commissioning, a methodical investigation and tune-up process for improving and optimizing an existing building s operation by focusing on energy-using equipment such as heating, cooling, lighting, and their related controls.

Energy Efficiency Services Implementation

We also provide implementation services to deploy our energy efficiency solutions to our clients. Historically, our engineering consulting service work often results in repeat revenue in the form implementation of lighting upgrades or HVAC controls, additional engineering work or expansion of the work to additional client facilities. With the acquisition of AEM in June 2008, we expanded our suite of energy efficiency services to include mechanical and electrical conservation services, water conservation services, and renewable energy project development and implementation services. Our comprehensive suite of energy efficiency implementation services includes:

- *Lighting Upgrade Services.* As part of our services, we seek to determine the best lighting for our client or, in the case where our client is an energy service company, for their client to achieve targeted financial metrics and technical specifications. These lighting solutions take into consideration factors such as light and heat level requirements, building environmental conditions, hours of operation, energy costs, available utility and tax incentives, as well as installation, operating and maintenance costs of various lighting. We then upgrade the existing system with a new system that we custom configure with components from third-party manufacturers. Our designs often incorporate occupancy sensors, light harvesting, time clock controllers and IP addressable systems that facilitate control of individual fixtures for maximum energy savings.

Mechanical and Electrical Conservation Services. Our mechanical and electrical conservation services include the development, design, analysis, implementation and commissioning of mechanical and electrical efficiency projects at our client s facilities. Mechanical projects utilize technology to increase the efficiency of HVAC systems. Heating technologies decrease energy consumption through steel and sectional boilers, more efficient burners with dual fuel technologies to take advantage of fuel switching opportunities and

Table of Contents

economizers to reduce exhaust gas temperatures. Cooling technologies consist of more efficient water or air cooled chillers, air handling equipment, roof top units, split systems and packaged equipment. Other mechanical projects consist of heat recovery, air compressor staging and upgrades along with other applications based on our clients facilities. Electrical projects consist of motor replacements, variable frequency drives, automated control systems and power factor correction. Unlike our lighting and water services, these services require regional installation and technical support. Our regional based mechanical, electrical and plumbing contracting offices provide local technical, estimation and construction support for opportunities that exist in their geographic region. Other benefits of our regional based offices include local vendor and manufacturing support for the materials and products that support the energy conservation projects. In most cases, mechanical and electrical conservation services development is performed in partnership with the ESCOs to establish an energy efficiency project which meets the owner s objectives while meeting acceptable profitability and risk minimization thresholds.

Water Conservation Services. Our water conservation services include the development, analysis, specification and installation of water reduction technologies into a client s facility. Technologies include dual flush toilets, waterless urinals, low flow aerators for sinks and shower heads and water reclamation for reintroduction. Water conservation is a demonstrated energy efficiency measure that provides significant energy and environmental cost savings. In addition to the savings associated with the cost of water, other related opportunities include reductions in sewer costs, domestic hot water expenses and carbon emissions from reduced fossil fuel fired to heat water. Additionally, reduced contribution to a city s sewer system means that less waste has to be filtered at a treatment facility reducing sewer costs and environmental impact. We use our own crews to perform the installation of water projects throughout the country.

Renewable Project Development and Implementation. Our renewable project development projects include a biomass gasification plant which incorporates a wood chip storage bunker and auger wood chip feed system for boiler fuel supply; a solar domestic hot water and photovoltaic system consisting of parabolic solar dishes, heat exchangers and computerized solar dish tracking system; and a closed loop water/glycol geothermal heat pump system for a public housing development. We have developed and implemented these projects over the last three years. In each case we have worked closely with ESCOs to review the proposed technologies, analyze proposed system performance, design custom solutions and build to budget.

Energy Technology

Our eMAC technology provides remote monitoring, management and control of commercial rooftop HVAC units enabling our clients to significantly reduce energy consumption and identify and prevent potential equipment failures, thereby reducing operating expense, maintenance expense and downtime. Our eMAC technology provides the following benefits:

Remote wireless management of HVAC equipment. Our eMAC technology is comprised of an HVAC controller with wireless communication capabilities and a central, server-based, Internet-accessible software system that monitors and controls the operation of the connected HVAC units. Clients are able to centrally and remotely control the timing and temperature parameters of the HVAC systems in all branch offices to prevent changes to the local HVAC settings.

Remote wireless monitoring of HVAC equipment. The wireless communication capabilities of the eMAC technology allow us to monitor up to 140 points and remotely manage the operation of a client s HVAC equipment to preempt and prevent possible failures, and to alert our clients of any potential equipment failures. This often permits us to react to a potential equipment problem before the occupants of the space are aware of any equipment malfunction. We charge our clients a monthly fee for this ability, though we often include an

initial monitoring period with the purchase of an eMAC technology so that our clients can become familiar with the benefits of this service.

Improvement of HVAC operating efficiency. HVAC systems are designed to handle the hottest and coldest days of the year. Our eMAC technology, through its patented Pentech Energy Recovery Controller (PERC) manages this substantial excess system capacity by dynamically matching the HVAC output

Table of Contents

to any given load condition. PERC achieves this by periodically turning off the air conditioner s compressor and condenser fan while continuing to run the evaporator fan, thereby continuing to deliver cooling to the conditioned space utilizing the energy stored in the cooling coils, heat exchanger and air ducts. In heating applications, PERC periodically closes the gas valve while continuing to operate the indoor air fan, delivering heated air into the space utilizing the heat stored in the heat exchanger and air ducts. At the same time, PERC is monitoring the rate of temperature change in the conditioned space in order to avoid overshooting the desired temperature setting.

Our uMAC technology is a version of the eMAC which has been simplified to remotely control the operation of a facility s lights via wireless communications. Using the uMAC, a client can remotely, via the Internet, turn lights on and off and change the daily schedule for the operation of a facility s lighting.

Sales and Marketing

Commercial and Industrial

We expect to continue to have significant new business opportunities with our existing clients. Additionally, we expect our sales force will continue to generate business from new clients through a combination of cold calls, referrals and trade shows. We employ a sophisticated proposal system combining proposal-generation software and a proprietary database based on over 20 years of experience designing and installing energy efficiency upgrades.

We employ a well-trained sales force comprised of over 29 sales personnel operating out of 7 offices across the country. Our sales force is organized into teams and is compensated based on the revenues generated by each team in addition to a base salary. We actively pursue new talent and have strived to hire sales personnel with highly-relevant industry expertise as well as training sales personnel who are new to the industry. Our sales force has experienced very low turn-over and we believe is positioned to handle our expected growth.

The extensive training and education of our sales force is a key to our business. Our sales force attends national and regional meetings each year where they review our sales model and are introduced to the latest technologies available in energy efficiency solutions market. These meetings are also used to exchange ideas and to provide feedback to our management regarding what the sales force is experiencing in the field. In addition, our newly hired sales and marketing personnel go through a comprehensive new hire orientation which covers our sales methods, including how to identify good prospects, how to gather data necessary to prepare a detailed sales proposal and how to close a sale. Trainees also learn how to create our standard client proposal and go on sales calls to see firsthand how a proposal is presented to a client by an experienced member of our sales team. They learn how to forecast their sales and how to use our client relationship management software to track their sales activities. In addition, they are taught about the types of services and technologies we sell and are given an overview of the available rebate incentive programs.

We have an established a five-step sales approach designed to shorten sales cycles, increase closing rates and help forecast future sales. It targets key decision makers, including senior executives and building owners and managers, and frames our services and technologies in the context of the value proposition they represent in terms of the return of investment, paybacks and rebates. We have also offered certain clients extended payment plans that enable them to pay for our energy efficiency solutions over time. Because the implementation of our energy efficiency solutions typically results in a reduction of our clients monthly energy costs, our clients can enjoy immediate positive net cash flow upon installation of our systems when they pay for our systems over time.

In addition to our sales group, we employ four full-time and two part-time marketing personnel. Our marketing department focuses on vertical market segments directly targeting our potential clients industries rather than introducing our energy efficiency solutions through general lighting industry trade shows. It also promotes our

solutions through direct client education, including a tri-annual newsletter developed to highlight our services and technology. In addition, upon the fifth anniversary of receiving our services, each client receives a letter from our marketing department describing technology updates that are available to further increase the energy efficiency of their facilities.

Table of Contents

Public Sector

With the addition of AEM, we are now completing public sector energy efficiency projects through our ESCO relationships. ESCOs assist public sector entities in reaching their energy efficiency goals by identifying opportunities to save energy, arranging third party financing, coordinating the engineering, design and implementation of the project, guaranteeing the savings over the life of the project, and operating and maintaining the project post-implementation. These contracts between the ESCO and public sector entity can last up to 25 years and are often awarded based on a company s track record and financing capability. The ESCOs then in turn hire energy efficiency implementers, such as AEM, to help them design and implement portions of the project.

Our sales and development efforts to the public sector are focused on supporting and building relationships with the ESCOs. Over the years, AEM has positioned itself in the supply chain of many of the major ESCOs participating in public sector energy efficiency programs offering a comprehensive set of products and services to these companies. The combination of energy engineering expertise and regional implementation capabilities has spurred AEM s recent growth in this sector. With the depth of energy efficiency solutions that we can provide, we believe that there are few competitors that can provide these set of services over the range of geographies required for public sector facilities.

Clients

During 2007, on a pro forma basis, we provided energy efficiency solutions to over 200 clients. Our client base includes a diverse cross-section of commercial and industrial businesses, property owners and managers and energy service companies serving government and educational institutions. Below is a list of our top ten clients in 2007, on a pro forma basis:

Client	**Industry**
Honeywell International Inc.	ESCO
DMJM Harris, Inc.	ESCO
Washington Mutual, Inc.	Banking
Johnson Controls, Inc.	ESCO
Sempra Energy	Utility
Frito-Lay North America	Food
Turner Construction Company	Construction
Lockheed Martin Corporation	Defense/Aerospace
Jones Lang Lasalle Inc.	Property Manager
Suntrust BKS Inc	Banking

In 2007 Washington Mutual, Inc. accounted for approximately 10% of our consolidated revenue or 3% on a pro forma basis. On a pro forma basis, Honeywell and DMJM Harris accounted for approximately 27% and 13% of our 2007 pro forma consolidated revenue, respectively.

Suppliers and Manufacturing

During 2007 approximately 12% of our consolidated materials and subcontracted labor came from two suppliers. Purchases from any one supplier will vary year-to-year depending on sales and inventory levels. None of our largest suppliers sell us proprietary products that we could not purchase from other vendors.

All of the products we implement in our solutions are purchased from third party suppliers and manufacturers. These products are generally widely available and are selected based on a combination of price, performance, features and availability.

The eMAC is manufactured for us by a contract manufacturer. We believe that this contract manufacturer has sufficient capacity to handle our anticipated growth in eMAC sales for the foreseeable future. In addition, we believe that many contract manufacturers across the country could manufacture the eMAC for us if our current contract manufacturer could not meet our needs. Most components used in the manufacturing of the eMAC are

Table of Contents

sourced from multiple suppliers, though some components are proprietary to a single manufacturer. We periodically engage in discussions with additional parts suppliers to ensure lowest cost pricing and reliability of supply.

Competition

Commercial and Industrial

The market for energy efficiency solutions is highly fragmented. We are not aware of any other company that offers the full range of energy efficiency services and technologies we offer on a national scale. Our Energy Efficiency Services segment faces competition primarily from lighting and lighting fixture manufacturers including, Sylvania Lighting Services and Orion Energy Systems, Inc., lighting fixture distributors, providers of energy efficiency lighting upgrades and maintenance, such as Amtek Inc. (which was recently acquired by Sylvania Lighting Services), and small regional providers of energy efficiency solutions. As we continue to integrate the operations of AEM into our business, we expect that we will extend energy efficiency offerings that are currently available to AEM s public sector clients to our commercial and industrial clients, and we expect to face additional competition from providers of those services in the commercial and industrial market.

Our Energy Technology segment faces competition primarily from thermostat and HVAC unitary control manufacturers including TCS Basys Controls, Site Controls and Field Diagnostics. However, we are not aware of any competitor s product which integrates all of the features of our eMAC technology. We differentiate ourselves through the value proposition our services and technologies represent by providing a comprehensive and integrated combination of operating efficiency, remote wireless management and remote wireless monitoring of HVAC and lighting equipment on a multi-site, national level.

Public Sector

The public sector marketplace is predominately served by ESCOs, who enter into energy efficiency service contracts with public sector entities. Once the ESCOs have secured contracts, they hire energy efficiency providers to help them design and implement portions of projects. We compete with other energy efficiency service providers to be the chosen partner for these ESCOs projects. The competing energy efficiency partners are primarily small, private players which we believe lack our reputation and capabilities. Through the acquisition of AEM, we have increased our size and position in the market, and we believe we can leverage this to gain a greater share of projects contracted by ESCOs. This acquisition has also allowed us to expand our national footprint to help us attain our goal of being the only provider of comprehensive energy efficiency solutions on a national level.

We believe the following are the principal factors by which providers of energy efficiency solutions compete for business in both the commercial and industrial and the public sector market:

- client service and support;
- quality and scope of services and products;
- cost of services;
- ability to service clients at a national level;
- financial resources; and
- experience and proven track record for services provided on transactions executed.

Compliance with Environmental Laws

Neither the production, nor the sale of our products in any material way generates activities or materials that require compliance with federal, state or local environmental laws. Our Energy Efficiency Services businesses use licensed disposal firms to dispose of old lamps, lighting ballasts or other products that may contain heavy metals or other potential environmental hazards.

Intellectual Property

We have six issued patents and two patents pending before the U.S. Patent and Trademark Office, as well as foreign patent offices on various aspects of the eMAC technologies. In addition, we have registered one copyright and two trademarks and have two additional trademark registrations pending.

Employees

As of November 30, 2008, we have 338 full time employees and 40 part time employees, of which 57 were management and corporate staff, 35 were engineers, 35 were engaged in sales and marketing, 16 to support new ESCO project development and 256 were engaged in project management, product installation, client support and field service.

Facilities

Our headquarters are located at 1280 Landmeier Road in Elk Grove Village, Illinois. This facility is approximately 13,000 square feet and houses the corporate headquarters and a warehouse. We acquired this facility in August 1998. There is a mortgage on the building that matures in February 2010.

Other properties that are used for sales and administration include:

Location:	Business Segment	Square Feet	Lease Expiration
Austin, TX	Energy Efficiency Services	4,000	June 2011
Bronx, NY	Energy Efficiency Services	2,500	Month-to-month
Glendora, CA	Energy Efficiency Services	9,350	December 2009
Greensboro, NC	Energy Efficiency Services	3,000	March 2011
Huntersville, NC	Energy Efficiency Services	6,560	March 2013
Lee, MA	Energy Efficiency Services	7,600	April 2010
Locust, NC	Energy Efficiency Services	4,000	March 2011
New York, NY	Energy Technology	2,800	September 2010
N. Miami Beach, FL	Energy Efficiency Services	5,510	May 2010
Riverton, UT	Energy Efficiency Services	600	December 2009
San Diego, CA	Energy Technology	8,200	September 2012
Saddle Brook, NJ	Energy Efficiency Services	2,288	January 2010
South Plainfield, NJ	Energy Efficiency Services	2,093	November 2009
Redmond, WA	Energy Efficiency Services	1,877	December 2009
Ventura, CA	Energy Efficiency Services	1,776	November 2010

We believe that the space and location of our current facilities in combination with the current and planned outsourcing of our manufacturing will be sufficient to reach a level of sales and production projected for the current year.

Legal Proceedings

From time to time, we have been a party to pending or threatened legal proceedings and arbitrations that are routine and incidental to our business. Based upon information presently available, and in light of legal and other defenses available to us, management does not consider the liability from any threatened or pending litigation to be material to

us.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There have been no changes in or disagreements with Lime s independent accountants or any reportable event that requires disclosure under Item 304 of Regulation S-K during the fiscal years ending December 31, 2006 and December 31, 2007, or any subsequent interim period.

Table of Contents

LIME MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and the related notes and schedules thereto and other information, including Risk Factors, appearing elsewhere in this information statement/prospectus and other reports and filings made with the SEC.

Overview

We are a provider of energy efficiency solutions that enable our clients to reduce their energy-related expenditures and the impact of their energy use on the environment. Our clients include commercial and industrial businesses, property owners and managers and energy service companies serving government and educational institutions.

We operate under three reporting segments: Energy Efficiency Services, Energy Technology and Financial Services.

Energy Efficiency Services. Our Energy Efficiency Services segment represented approximately 93% of our revenue during the first nine months of 2008 and 94% of our pro forma 2007 revenue (adjusted to include AEM). Our Energy Efficiency Services segment includes:

Engineering and consulting: Our energy engineering and consulting services include project development services, energy management planning, energy bill analysis, building energy audits and e-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 a range of energy efficiency and conservation services, including energy efficient lighting upgrade services, mechanical and electrical conservation services, water conservation services and renewable energy solutions.

Energy Technology. Our Energy Technology segment, which represented approximately 7% of our revenue for the first nine months of 2008 and 6% of our pro forma 2007 revenue (adjusted to include AEM), offers our patented line of heating, ventilation and air conditioning, HVAC and lighting controllers under the eMAC and uMAC brand names. The eMAC technology provides remote monitoring, management and control of commercial rooftop HVAC units. Our uMAC technology is a version of the eMAC that remotely controls the operation of a facility s lights via wireless communications.

Financial Services. Our Financial Services segment began operations in late 2007 to enable our commercial and industrial clients to pay for our energy efficiency solutions over time. We record the extended payment receivables from our clients as long-term receivables and consolidate them within a subsidiary for purposes of optimal receivables management and in anticipation of potentially financing them in order to reduce our cost of capital. Since its inception through September 30, 2008, we have provided extended payment terms on approximately $2.3 million of our sales, and we had approximately $2.0 million of receivables in this portfolio as of September 30, 2008.

General Business Trends and Recent Developments

The trends, events, and uncertainties set out in this section have been identified as those we believe are reasonably likely to materially affect the comparison of historical operating results reported in this prospectus to either other past period results or to future operating results. These trends, events and uncertainties include:

Recent Establishment and Expansion of Energy Efficiency Services Business

In 2006 we established our Energy Efficiency Services business through the acquisitions of Parke and Kapadia. Our acquisition of AEM in June 2008 as well as additional acquisitions and the opening of new offices have significantly added to this segment. Our Energy Efficiency Services business represented approximately 83% of our consolidated revenue in 2007, and 95% of our 2007 consolidated revenue on a pro forma basis. Certain

characteristics of this new business, such as seasonality, margins and working capital requirements, are fundamentally different than those of our previous business; therefore, we believe our historical results will not be indicative of our future performance. As an example, in 2007 the Energy Efficiency Services business was somewhat seasonal with a disproportionate amount of revenue recognized in the second half of the year. This seasonality is likely to result in greater fluctuations in our revenue, earnings and working capital requirements throughout the year than we had experienced prior to the establishment of our Energy Efficiency Services business. Because certain of our expenses are relatively fixed, as described below, fluctuations in the revenues of our Energy Efficiency Services business are also likely to cause fluctuations in our earnings.

Uncertainty Regarding our Energy Technology Segment

In May 2005 we added the eMAC and uMAC line of HVAC and lighting controllers through the acquisition of MPG. To date, this product line has failed to reach the level of sales necessary to achieve profitability.

In late 2006 we commissioned an independent review of the market for the eMAC which concluded that there appears to be an attractive market for the product. We therefore began an engineering project to replace certain components of the eMAC and to add cellular communications capabilities. Total research and development costs incurred in connection with the eMAC upgrades were approximately $700,000, $350,000 and $37,000 for the years ended December 31, 2007, 2006 and 2005, respectively, and approximately $850,000 for the nine months ended September 30, 2008. The project has experienced delays and cost overruns and, due to the limited availability of certain discontinued components for the existing version of the eMAC line, resulted in lower than expected sales of the eMAC during 2007. The Energy Technology segment incurred a significant loss during 2007, in part because the sales and administrative overhead of this segment was positioned to support a higher level of eMAC sales than was actually achieved during the year. These events contributed to the determination that MPG s goodwill was impaired, resulting in the $4.2 million impairment charge at the end of 2007.

Historically, we have upgraded our eMAC technology through the combined efforts of our in-house technicians and outside consultants. Beginning early in 2008 we completely outsourced these efforts and retained an engineering consulting firm to assume responsibility for completing the eMAC upgrades with the objective of finalizing an upgraded version of the product in the last quarter of 2008. We have reduced the overhead of this segment in an attempt to reduce its 2008 loss. While we continue to believe there is an attractive market for the eMAC product line, we have not determined whether we can achieve the scale necessary for it to become a profitable business. If we fail to complete the engineering upgrade within the targeted timeframe or fail to generate sufficient sales, we will explore alternatives for reducing the losses generated by this segment, including possibly selling or discontinuing the business.

AEM Transaction

On June 11, 2008, we acquired all of the outstanding shares of AEM for $3.5 million in cash and 882,725 shares of our unregistered common stock, plus the assumption of $5.9 million of outstanding debt. In addition, the sellers of AEM can receive up to an additional $1.0 million in cash and 126,103 shares of common stock if AEM achieves certain revenue and adjusted EBITDA targets during the period from the acquisition through the end of 2008. Immediately following the acquisition, we infused $2.0 million of equity into AEM to provide for its working capital needs. We financed the acquisition and the equity infusion by drawing on an $11.0 million line of credit from our chairman and largest individual stockholder, Richard P. Kiphart, and ADVB a company controlled by Mr. Kiphart.

AEM provides energy engineering and consulting services and energy efficiency services similar to our existing energy efficiency lighting solutions. In addition, it provides mechanical and electrical conservation services, water conservation services and renewable energy solutions primarily for government and municipal facilities. The majority of AEM s clients are ESCOs and it operates primarily on the East Coast.

Impact of AEM Transaction

As outlined above, on June 11, 2008 we acquired all of the capital stock of AEM, which now operates as our wholly-owned subsidiary. Because of the significance of this acquisition, our historical operating results are not

Table of Contents

expected to be indicative of our future operating results. In particular, we expect our revenue and expenses to increase substantially as a result of this acquisition. The following table reflects our historical operating results for selected income statement line items for the year ended December 31, 2007, and the same line items on a pro forma basis assuming the AEM acquisition and the related financing transactions occurred effective January 1, 2007.

	Year Ended December 31, 2007	
	Actual	**Pro Forma (Unaudited)**
Revenue	$ 19,481,130	$ 60,380,996
Cost of sales	15,082,400	47,163,002
Gross profit	4,398,730	13,217,994
Selling, general and administrative expense	13,072,381	22,412,291
Amortization of intangibles	2,011,878	3,769,243
Impairment loss	4,181,969	4,181,969
Operating loss	(14,867,498)	(17,145,509)
Interest expense, net	(685,230)	(2,156,970)
Net loss	$ (15,552,728)	$ (19,302,479)

As a result of our acquisition of AEM, our pro forma revenue and gross profit were significantly higher than our actual revenue and gross profit. Also as a result of our acquisition of AEM, our pro forma SG&A expense and amortization of intangibles were significantly higher than our actual SG&A expense and amortization of intangibles. The higher pro forma SG&A expense and amortization of intangibles more than offset the higher gross profit, resulting in a pro forma operating loss that was greater than our actual operating loss. Due to the interest expense that we incurred in connection with our acquisition of AEM, our pro forma net interest expense was higher than our actual net interest expense. As a result of our pro forma operating loss being greater than our actual operating loss and our pro forma net interest expense being higher than our actual net interest expense, our pro forma net loss was greater than our actual net loss.

The acquisition of AEM may reduce the seasonality of our consolidated revenue because AEM derives the majority of its revenue from long-term government contracts that are generally not seasonal in nature. However, because a few large projects are often responsible for a significant portion of AEM s annual revenue, the level of activity, initial project delays or gaps between projects can have a significant impact on the revenue and earnings of a particular period.

As explained above, we borrowed $5.5 million on our line of credit to fund the cash portion of the AEM acquisition price and a $2.0 million equity infusion we made into AEM immediately following the acquisition for working capital requirements. The annual interest expense of $953,000 associated with this use of our line of credit has been included in our pro forma results for 2007. It is our intent to use a portion of the proceeds from this offering to repay this debt, thereby eliminating the associated interest expense.

Private Placement

On November 13, 2008, we entered into Subscription Agreements with 15 investors to sell 1,787,893 units, each comprised of one share of our common stock and a warrant to purchase an additional quarter share of our common stock. The sale price was $3.51 per unit, which is equal to 75% of the volume-weighted average price of our common stock for the ten days prior to the closing. The warrants allow holders to purchase a share of our common stock for $4.10 per share, which was the closing price of our common stock on the day prior to the closing, and the warrants are exercisable any time after May 13, 2009 and before November 13, 2011. The total gross proceeds raised in the private placement will be $6,275,500. The private placement will close in two tranches: tranche A, which is comprised of unaffiliated investors; and tranche B which is comprised of affiliated investors. We raised $3,000,500 in tranche A, which closed on November 13, 2008. We anticipate closing on the remaining $3,275,000 in tranche B during the first quarter of 2009. Proceeds from the private placement will be used for working capital purposes.

Recapitalization

On November 14, 2008, we entered into a Preferred Stock Purchase Agreement with Richard P. Kiphart, under which we sold Mr. Kiphart 358,710 shares of our newly created Series A-1 preferred stock in exchange for his agreement to cancel a promissory note we issued in the then outstanding amount of $14,707,104 (the Recapitalization). The note bore interest at 17% per annum and would have matured on March 31, 2009. Each outstanding share of Series A-1 preferred stock is entitled to cumulative quarterly dividends at a rate of (i) 15% per annum of its stated value, which is $41.00 per share, on or prior to March 31, 2009 (9% payable in cash and 6% payable in additional shares of Series A-1 preferred stock); and (ii) 17% per annum of its stated value at any time on or after April 1, 2009 (9% payable in cash and 8% payable in additional shares of Series A-1 preferred stock). The Series A-1 preferred stock is convertible into shares of common stock on a 10-for-1 basis anytime after December 31, 2009, subject to adjustment. Each share of Series A-1 preferred stock is currently entitled to 10 votes and the Series A-1 preferred stock votes along with the common stock. In connection with this Recapitalization, we expect to remove $14.7 million in liabilities from our balance sheet and treat the Series A-1 preferred stock as equity.

Employee Stock Purchase Plan

On November 18, 2008, our Board approved the Lime Energy Co. 2008 Employee Stock Purchase Plan (ESPP), subject to stockholder approval. The holders of a majority of the total number of shares of our outstanding Common Stock approved the ESPP pursuant to a consent dated November 13, 2008. Implementation will occur during the first quarter of 2009. All of our employees and employees of our affiliates who have been employed for at least six months and whose customary employment is at least 20 hours per week and at least five months per calendar year are eligible to participate in the ESPP, except for persons who are deemed under Section 423(b)(3) of the Code, to own 5% or more of our voting stock. The ESPP provides, for a series of six-month offering periods commencing on January 1 and July 1 of each year, with the first offering per period commencing on January 1, 2009. During each offering period, employees who enroll in the ESPP for the offering period are granted an option to purchase shares through the accumulation of payroll deductions of not more than 15% of each participant s compensation (up to a maximum of $25,000 per calendar year, based on the fair market value of the shares determined as of the date the option to purchase such shares is granted). The number of shares to be purchased will be determined by dividing the participant s balance in the ESPP account on the last day of the offering period by the purchase price per share. The purchase price per share will be the lesser of 85% of the fair market value of our common stock on the last day of the offering period or 85% of the fair market value on the first day of the offering period. Unless a participant withdraws from the ESPP, such participant s option will be exercised automatically on the last day of the offering period.

Option Exchange Offer

On November 26, 2008, our Board approved an exchange offer pursuant to the recommendation of our Compensation Committee. Holders of a majority of the total number of shares of our outstanding capital stock executed a consent to the exchange offer on November 26, 2008 in accordance with NASDAQ Marketplace Rules. Under the proposed exchange offer, certain underwater stock options we issued to employees and directors may be exchanged for a lesser number of new stock options with exercise price equal to the closing price of the our common stock on the day the Exchange Offer. The proposed exchange ratios are intended to make the exchange offer value-neutral to our stockholders (and not significantly increase the cost of our awards) and decrease dilution. Under Financial Accounting Standards Board s Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment (SFAS No. 123R), to the extent the fair value of each replacement stock option granted to employees or directors exceeds the fair value of the stock option surrendered, such excess is considered additional compensation. This excess, if any, in addition to any remaining unrecognized expense for the stock options surrendered in exchange for the new stock options, we will recognize as an expense for compensation. The incremental expense will be recognized ratably over the vesting period of the replacement options in accordance with the requirements of SFAS No. 123R. In the

event that any of the replacement options are forfeited prior to their settlement due to termination of employment, the incremental expense for the forfeited stock options will be

reversed and will not be recognized. The total expense will vary according to the number of options tendered for exchange and the fair market value of our stock on the grant date of the replacement awards.

We have not commenced the employee exchange offer yet. Upon the commencement of the stock option exchange offer, we will file with the SEC a completed Schedule TO and related exhibits and documents, including the offer to exchange, when available because these materials will contain important information about the stock option exchange offer. The Schedule TO and related exhibits and documents will be available free of charge (i) at the SEC s website at www.sec.gov, (ii) by directing a written request to: Lime Energy Co., Attn: Jeff Mistarz, 1280 Landmeier Road, Elk Grove Village, IL 60007-2410; (iii) by directing an email request to Jeff Mistarz at otender@lime-energy.com; or (iv) by contacting Jeff Mistarz at (847) 437-1666.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with the generally accepted accounting principles in the United States (GAAP). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions. Critical accounting policies are defined as those that involve significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. We believe that our most critical accounting policies are limited to those described below. For a detailed discussion on the application of these and other accounting policies, see Note 3 in the notes to our consolidated financial statements.

Use of Estimates

Preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses and related contingent liabilities. On an on-going basis, we evaluate our estimates, including those related to revenues, bad debts, warranty accrual, income taxes and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Revenue and Profit Recognition

We recognize our revenue when all four of the following criteria are met: (i) persuasive evidence has been received that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the selling price is fixed or determinable; and (iv) collectability is reasonably assured. In addition, we follow the provisions of the SEC s Staff Accounting Bulletin No. 104, *Revenue Recognition*, which sets forth guidelines in the timing of revenue recognition based upon factors such as passage of title, installation, payments and client acceptance. Any amounts received prior to satisfying our revenue recognition criteria are recorded as deferred revenue.

Historically, we have recognized revenue primarily on a completed contract basis. Under the completed contract method, revenue is recognized once the project is substantially complete, resulting in some variability in revenue. This method works well with projects that are smaller and shorter in duration. AEM, however, recognizes, and will continue to recognize, all of its revenue on a percentage of completion basis. AEM s projects generally are larger in terms of revenue and longer in duration; therefore, AEM recognizes revenue throughout the term of the project on a completion method based on the percentage of costs incurred. Because AEM represents 68% of our 2007 revenue on a pro forma basis, we expect at least for the near future that the majority of our revenue will be recognized on a percentage of completion basis. Under both methods of revenue recognition, any anticipated losses on contracts are

charged to operations as soon as they are determinable.

In our Energy Technology segment, we often bundle contracts to provide monitoring services and web access with the sale of our eMAC hardware. As a result, these sales are considered to be contracts with multiple deliverables which, at the time the hardware is delivered and installed, includes undelivered services essential to the functionality of the product. Accordingly, we defer the revenue for the product and services and the cost of the

equipment and installation and recognize them over the term of the monitoring contract. Our monitoring contracts typically vary in length from one month to five years, with the majority of the contracts having one-year terms.

Revenue from our new Financial Services segment represents small administrative fees on the creation of extended payment arrangements between our wholly owned financing subsidiary and commercial and industrial clients that participate in our extended payment program. When an extended payment agreement is recorded, we are required to discount the receivable using a market rate of interest that would generally be available to our customer, and amortize the discount over the term of the receivable as interest income. As a result, a significant majority of the earnings of the Financial Services segment are recognized as interest income.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our clients to make required payments. The allowance is largely based upon specific knowledge of clients from whom collection is determined to be doubtful and our historical collection experience with such clients. If the financial condition of our clients or the economic environment in which they operate were to deteriorate, resulting in an inability to make payments, or if our estimates of certain clients ability to pay are incorrect, additional allowances may be required. During 2007 we increased our allowance by $126,000 and wrote off receivables of $341,000, all of which related to the EnergySaver business that we no longer market. As of September 30, 2008, our allowance for doubtful accounts was approximately $132,000, or 0.6% of our outstanding accounts receivable.

Amortization of Intangibles

We account for acquisitions of companies in accordance with the Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS No. 141). We allocate the purchase price to tangible assets and intangible assets based on their fair values, with the excess of purchase price amount being allocated to goodwill. The determination of the fair values of these intangible assets is based on a number of significant assumptions as determined by us, including evaluations of the future income producing capabilities of these assets and related future expected cash flows or replacement cost of the asset. We also make estimates about the useful lives of the acquired intangible assets. Should different conditions result in the determination that the value of the acquired intangible assets has been impaired, we could incur write-downs of intangible assets, or changes in the estimation of useful lives of those intangible assets. In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142), goodwill is not amortized, but is subject to annual impairment testing which is discussed in greater detail under the heading Goodwill below.

Intangible assets included acquired technology, customer and contractual relationships, client backlog, non-competition agreements and trade names. Acquired technology was initially recorded at fair value based on the estimated after tax cost to replace the asset and is amortized over its estimated useful life on a straight-line basis. Customer and contractual relationships represent contractual and separable relationships that we have with certain customers and partners. These contractual relationships were initially recorded at their fair value based on the present value of expected future cash flows and are amortized over their estimated useful life. Non-competition agreements were initially recorded based on the present value of potential profits that could be lost, should the individual initiate a competing enterprise, and are amortized over the minimum term of the non-competition agreements. Trade name intangible assets are initially recorded at fair value based on the present value of the royalty payments that would need to be paid for the development and use of a comparable trade name should the name be unavailable to us. Trade name intangible assets are deemed to have an indeterminate life and are not amortized.

Impairment Loss

We evaluate all of our long-lived assets, including intangible assets other than goodwill and fixed assets, periodically for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long- Lived Assets* (SFAS No. 144). We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those items. Our cash flow estimates are based on historical results adjusted to reflect our best estimate of future market and operating conditions. The net carrying value of

assets not recoverable is reduced to fair value. Our estimates of fair value represent our best estimate based on industry trends and reference to market rates and transactions.

During 2006 we determined that our EnergySaver based Virtual Negawatt Power Plan (VNPP) asset was completely impaired and recorded an impairment charge of $1.2 million to reduce the carrying value of the asset to zero.

Goodwill

We have made acquisitions in the past that included a significant amount of goodwill and other intangible assets. In accordance with SFAS No. 142, goodwill is subject to an annual (or under certain circumstances more frequent) impairment test based on its estimated fair value. Estimated fair value is less than value based on undiscounted operating earnings because fair value estimates include a discount factor in valuing future cash flows. Many assumptions and estimates underlie the determination of an impairment loss, including economic and competitive conditions, operating costs and efficiencies. Another estimate using different, but still reasonable, assumptions could produce a significantly different result. In February 2006 we signed a non-binding letter of intent to sell our Great Lakes Controlled Energy subsidiary. To determine if our goodwill would be impaired as a result of the expected sale, we compared the carrying value of the related reporting unit to the expected sale price of the business and determined that the goodwill was impaired. As a result, we recorded an impairment loss of $243,000 as of December 31, 2005.

During the fourth quarter of 2007 we updated our projections for portions of the Energy Efficiency Services and Energy Technology businesses and estimated the fair value based on the discounted current value of the estimated future cash flows. We then compared the calculated fair values of the reporting units to their carrying values. The analysis did not identify any impairment for the Energy Efficiency Services business, but did indicate that the value of the Energy Technology s goodwill was impaired. The decline in the fair value of the Energy Technology segment was primarily the result of lower than expected sales of the eMAC line of HVAC controllers, in large part due to delays in a project to replace certain obsolete eMAC components. As a result of the decline in the fair value, we recorded an impairment loss of $4.2 million during the fourth quarter of 2007.

It is possible that upon completion of future impairment tests, as the result of changes in facts or circumstances, we may have to take additional charges in future periods to recognize a further write-down of the value of the goodwill attributed to our acquisitions to their estimated fair values.

The acquisition of AEM resulted in the creation of approximately $5.3 million of amortizable intangible assets and $10.9 million of goodwill. The intangible assets, which include AEM s customer lists, customer contracts, technology and sales pipeline, will be amortized over periods ranging from one to 15 years. We will evaluate AEM s goodwill annually for indications of impairment beginning in 2009.

Stock-Based Compensation

We have a stock incentive plan that provides for stock-based employee compensation, including the granting of stock options and shares of restricted stock, to certain key employees. The plan is more fully described in Note 25 to our consolidated financial statements. Effective January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* (SFAS 123(R)), which requires that we record stock compensation expense for equity-based awards granted, including stock options and restricted stock unit grants, over the service period of the equity-based award based on the fair value of the award at the date of grant. Prior to the adoption of SFAS 123(R), we accounted for stock compensation using the recognition and measurement principles of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Under that method, compensation expense was recorded only if the current market price of the underlying stock on the date of grant exceeded the option exercise price. Since stock options are granted at exercise prices that are greater than or

equal to the market value of the underlying common stock on the date of grant under our stock incentive plan, no compensation expense related to stock options was recorded in our consolidated statements of operations prior to January 1, 2006. We recognized $3.7 million and $4.8 million of stock compensation expense during 2007 and 2006, respectively.

Results of Operations

Revenue

We generate the majority of our revenue from the sale of our services as well as the sale of our proprietary products and the products that we purchase and resell to our clients. All of our revenue is earned in the United States.

Energy Efficiency Services Segment

Revenue from our Energy Efficiency Services business includes charges for our engineering, installation and/or project management services and the materials we purchase and resell to our customers. The substantial majority of our Energy Efficiency Services revenue is derived from fixed-price contracts, although we occasionally bill on a time-and-materials basis. Under fixed-price contracts, we bill our clients for each project once the project is completed or throughout the project as specified in the contract. Under time-and-materials arrangements, we bill our clients on an hourly basis with material costs and other reimbursable expenses passed through and recognized as revenue. Historically, our projects have typically been completed within one to three weeks, with the exception of a few multi-month projects. With the addition of AEM, the number of multi-month projects will increase, as historically, AEM s projects have typically taken four to eight months to complete.

Energy Technology Segment

Revenue from our Energy Technology business includes charges for the sale of our eMAC/uMAC line of controllers, installation of the product and for ongoing monitoring services associated with the product. In our Energy Technology segment, we often bundle contracts to provide monitoring services and web access with the sale of our eMAC hardware. As a result, these sales are considered to be contracts with multiple deliverables which, at the time the hardware is delivered and installed, includes undelivered services essential to the functionality of the product. Accordingly, we defer the revenue for the product and services and the cost of the equipment and installation and recognize them over the term of the monitoring contract. Our monitoring contracts typically vary in length from one month to five years, with the majority of the contracts having one year terms.

Financial Services Segment

Revenue from our new Financial Services segment represents small administrative fees on the creation of extended payment arrangements between our wholly owned financing subsidiary and commercial and industrial clients that participate in our extended payment program. When an extended payment agreement is recorded, we discount the receivable using a market rate of interest that would generally be available to our customer, and amortize the discount over the term of the receivable as interest income. As a result, a majority of the earnings of the Financial Services segment are recognized as interest income.

Gross Profit

Gross profit equals our revenue less costs of sales. The cost of sales for our Energy Efficiency Services business consists primarily of materials, our internal labor and the cost of subcontracted labor. The costs of sales for our Energy Technology business include charges from the contract manufacturer that manufactures the eMAC line of controllers, the costs of our internal labor and outside contractors used to install our product in our customers facilities, depreciation and charges for potential future warranty claims.

Gross profit is a key metric that we use to examine our performance. Gross profit depends in part on the volume and mix of products and services that we sell during any given period. A portion of our expenses, such as the cost of

certain salaried project management and engineering personnel, are relatively fixed. Accordingly, an increase in the volume of sales will generally result in an increase to our margins since these fixed expenses are not expected to increase proportionately with sales. Our business is also seasonal, as such, our margins will vary with seasonal changes in our revenue due to the fixed nature of some of our costs.

Table of Contents

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) include the following components:

- direct labor and commission costs related to our employee sales force;
- costs of our non-production management, supervisory and staff salaries and employee benefits, including the costs of stock-based compensation;
- costs related to insurance, travel and entertainment, office supplies and utilities;
- costs related to marketing and advertising our products;
- legal and accounting expenses;
- research and development expenses; and
- costs related to administrative functions that serve to support our existing businesses, as well as to provide the infrastructure for future growth.

Amortization of Intangibles

We incur expenses related to the amortization of identifiable assets that we have capitalized in connection with our acquisitions. In connection with our acquisition of AEM on June 11, 2008, we recorded identifiable amortizable intangible assets of $5.3 million and goodwill of $10.9 million which is not amortizable.

Other Expense

Other expense consists of interest expense, net of interest earned on our investments. Interest expense represents the interest costs and fees associated with our subordinated convertible term notes (including amortization of the related debt discount and issuance costs), our lines of credit, the mortgage on our headquarters building, notes payable and various vehicle loans. Interest income includes earnings on our invested cash balances and amortization of the discount on our long term receivables.

Results of Operations

Nine-Month Period Ended September 30, 2008 Compared to Nine-Month Period Ended September 30, 2007

Revenue

Revenue for the nine month period ended September 30, 2008 was $28,173,327, an increase of $16,080,997 or 133%, from the $12,092,330 for the same period in 2007. Our Energy Efficiency Services segment and Energy Technology segment represented 93% and 7% of our revenue during the first nine months of 2008, respectively, compared with 81% and 19%, respectively, during the nine-month period ended September 2007.

Revenue from our Energy Efficiency Services segment increased $16,322,518 or 166%, to $26,155,895 during the first nine months of 2008 from $9,833,377 during the first nine months of 2007. The acquisition of AEM in June 2008 was responsible for $13.7 million of the increase while our existing businesses were responsible for $2.6 million of the increase. The revenue increase from our business excluding AEM was due to acquisitions we made in June and

August 2007 and increased productivity of our sales staff.

The revenue from our Energy Technology segment declined $571,298, or 22%, to $1,977,193 during the first nine months of 2008 from $2,548,491 during the same period in 2007. This segment continues to experience lower sales due to a lack of available product as the result of delays in completing the upgrade of the eMAC line of HVAC controllers. We are currently conducting field tests of the new version of the eMAC and expect to begin shipping product by the end of 2008.

During the nine-month period ended September 30, 2007, we recorded intercompany sales of $289,538 that represented sales from our Energy Technology segment to the Energy Efficiency Services segment, which resold the product to its customers.

Table of Contents

Gross Profit

Our gross profit for the nine month period ended September 30, 2008 was $5,586,835, an increase of $2,622,364 or 88%, from the $2,964,471 earned in the first nine months of 2007. Our gross profit margin was 19.8% for the first nine months of 2008 compared to 24.5% for the same period in 2007. The acquisition of AEM in June 2008 contributed approximately $2.8 million toward our gross profit for the nine-month period ended September 2008. The hiring of additional personnel and purchases of new equipment earlier this year in the Energy Efficiency Services segment to support the higher revenue we are experiencing in the second half of 2008, resulted in a decline of approximately $200,000 in the gross profit of our existing businesses during the nine-month period. We expect our gross profit for 2008, before contributions from AEM, to exceed the amount earned during 2007 due to expected higher levels of revenue.

Selling, General and Administrative Expense

SG&A expense for the first nine months of 2008 increased $5,442,002, or 61%, to $14,311,751 from $8,869,749 during the first nine months of 2007. The acquisition of AEM in June 2008 and the inclusion of its SG&A expense was responsible for $3.3 million of the increase. Also contributing to the increase was a $650,000 increase in share based compensation expense, a $354,000 increase in research and development expense, and the inclusion of a full nine months of expense for the companies acquired in 2007. SG&A expense as a percentage of revenue was 50.8% for the first nine months of 2008 as compared to 73.4% for the same period in 2007.

Amortization of Intangibles

Amortization expense declined $275,694, or 17%, to $1,377,016 for the first nine months of 2008 from $1,652,710 for the first nine months of 2007. The decline is the result of certain intangible assets associated with the acquisition of Texas Energy Products, Kapadia Energy Services and Parke Industries becoming fully amortized, partially offset by additional amortization associated with the AEM acquisition in June 2008. Amortization expense for the Energy Services segment was $984,025 and $1,258,403 for the nine months ended September 30, 2008 and 2007, respectively, while amortization expense for the Energy Technology segment was $392,991 and $394,307 for the same periods.

Other Expense

Our net interest expense increased $1,438,805 to $1,800,733 during the first nine months of 2008 from $361,928 during the first nine months of 2007. Interest expense increased $1,313,406 to $1,871,001 for the nine months ended September 30, 2008, from $557,595 for the same period in 2007. The components of interest expense for the nine-month periods ended September 30, 2008 and 2007 are as follows:

	Nine Months Ended September 30	
	2008	**2007**
Lines of credit	657,399	
Convertible subordinated notes	374,311	167,657
Notes payable	48,259	12,594
Mortgage	21,474	33,818
Vehicle loans	9,036	3,385
Capital Leases	8,981	28

Total contractual interest	$ 1,119,460	$ 217,482
Amortization of deferred issuance costs and debt discount	751,541	340,113
Total Interest Expense	$ 1,871,001	$ 557,595

Contractual interest expense (the interest on outstanding loan balances) increased $901,978 to $1,119,460 during the first nine months of 2008 from $217,482 during the same period in 2007. The convertible subordinated notes were issued in late May 2007, and as a result, interest expense for the first nine months of 2007 only included

four months of interest on these notes, whereas 2008 includes nine months of interest. Also contributing to the increase in our interest expense during the first nine months of 2008 was the use of our line of credit during 2008 and interest on the debt we assumed as part of the acquisition of AEM.

Our interest income for the first nine months of 2008 declined $125,399 to $70,268 from $195,667 for the first nine months of 2007. The decline was the result of lower interest rates and lower average invested balances. Included in interest income for the first nine months of 2008 is $24,357 of amortization of the discount on our long term receivables.

Twelve-Month Period Ended December 31, 2007 Compared to the Twelve-Month Period Ended December 31, 2006

Revenue

	Twelve Months Ended December 31,		
	2006 Actual	**2007 Actual**	**2007 Pro Forma (Unaudited)**
Energy Efficiency Services	$ 3,302,014	$ 16,182,172	$ 57,082,038
Energy Technology	4,841,610	3,609,816	3,609,816
Financial Services		8,292	8,292
Intercompany Sales		(319,150)	(319,150)
Total Revenue	$ 8,143,624	$ 19,481,130	$ 60,380,996

Our revenue increased $11.3 million, or 139%, to $19.5 million during the year ended December 31, 2007, as compared to $8.1 million for the year ended December 31, 2006. Of our 2007 revenue, without adjusting for intercompany sales, 83.1% was derived from our Energy Efficiency Services business and 18.5% was derived from our Energy Technology business. During 2006 Energy Efficiency Services and Energy Technology generated 40.5% and 59.5% of our total revenue, respectively.

Revenue for our Energy Efficiency Services segment was $16.2 million during 2007, an increase of $12.9 million, or 390%, over the $3.3 million recognized in 2006. Contributing to the increase in revenue for the Energy Efficiency Services segment was inclusion of Parke and Kapadia for a full year in 2007 (both were acquired during 2006), and the acquisitions of Texas Energy and Preferred Lighting during 2007. Revenue also benefited from an increase in the number of salespeople working in the segment and increased experience of our salespeople.

Revenue for the Energy Technology segment was $3.6 million in 2007, a decline of $1.2 million, or 25.4%, from the $4.8 million recorded in 2006. The decline in revenue was the result of our decision in December 2006 to discontinue the active marketing of the EnergySaver. Our eMAC-related revenue was approximately flat in 2007 when compared to 2006. While the segment benefited from utility energy rebates for certain eMAC projects, eMAC sales declined approximately 25% due to delays in the development of a new version of the eMAC. We anticipate that the new version of the eMAC will be ready for distribution in the fourth quarter of 2008. In the meantime, availability of the product will continue to be limited. As a result, we expect the 2008 revenue for the Energy Technology segment to be lower than the level achieved in 2007.

During 2007 we recorded intercompany sales of $319,000 which represented sales from our Energy Technology segment to the Energy Efficiency Services segment, which resold the product to its customers. Our revenue during 2007 was somewhat seasonal, with approximately 66% of the total revenue earned in the second half of the year.

The addition of AEM to the pro forma 2007 results increases the revenue by $40.9 million to $60.4 million. The inclusion of AEM would also increase the percentage of our 2007 revenue derived from this segment, prior to the elimination of intercompany sales, to 94.5% of our total revenue, while reducing the portion derived from the Energy Technology segment to 6.0%.

Table of Contents

Gross Profit

	Twelve Months Ended December 31,		
	2006 Actual	2007 Actual	2007 Pro Forma (Unaudited)
Energy Efficiency Services	$ 708,322	$ 3,669,127	$ 12,488,392
Energy Technology	504,008	721,310	721,310
Financial Services		8,292	8,292
Total Gross Profit	$ 1,212,330	$ 4,398,729	$ 13,217,994

Our gross profit for 2007 was $4.4 million, an increase of $3.2 million, or 262.8%, from the gross profit of $1.2 million earned in 2006. Our gross profit margin was 22.6% in 2007, compared to 14.9% in 2006. The improvement in our gross profit was the result of increased revenue in our Energy Efficiency Services segment. We expect that certain fixed costs contained in our cost of sales will cause fluctuations in our margins on a quarterly basis due to the seasonality of our sales.

On a pro forma basis our gross profit was $13.2 and our gross margin was 21.9%.

Selling, General and Administrative Expense

	Twelve Months Ended December 31,		
	2006 Actual	2007 Actual	2007 Pro Forma (Unaudited)
Selling, general and administrative expense (excluding stock-based compensation)	$ 7,646,014	$ 9,490,315	$ 18,724,711
Stock-based compensation	4,519,686	3,582,066	3,582,066
Total selling, general and administrative expense	$ 12,165,700	$ 13,072,381	$ 22,306,777
As % of revenue	149.4%	67.1%	36.9%

Our selling, general and administrative expense increased $907,000, or 7.5%, to $13.1 million in 2007 compared to $12.2 million in 2006. All of this increase was attributable to the inclusion of a full year of expenses for Parke and Kapadia (both of which were acquired during 2006) and the additions of Texas Energy and Preferred Lighting during 2007. These increases were partially offset by a $938,000 decline in stock-based compensation expense. Our SG&A expense did not grow as fast as our revenue during 2007, and as a result, SG&A expense as a percentage of our total revenue declined to 67.4% from 149.4% in 2006.

On a pro forma basis, our SG&A expense was $22.3 million in 2007, or 36.9% of our revenue.

Amortization of Intangibles

	Twelve Months Ended December 31,		
	2006 Actual	2007 Actual	2007 Pro Forma (Unaudited)
Amortization expense	$ 1,210,006	$ 2,011,878	$ 3,769,243

Expense associated with the amortization of intangible assets increased $802,000, or 66.3%, to $2.0 million in 2007, from $1.2 million in 2006. This increase was primarily due to the increase in intangible assets added with the acquisitions of Texas Energy and Preferred Lighting during 2007.

If we had acquired AEM at the beginning of 2007, our amortization expense would have been $3.8 million, $1.8 million higher than the $2.0 million reported for the year.

Table of Contents

Impairment Loss

During the fourth quarter of 2007, we completed an impairment analysis of MPG and determined that its carrying value exceeded its fair value to the degree that the goodwill associated with this business was completely impaired. As a result we recorded an impairment charge of $4.2 million to reduce the carrying value of the asset to zero. The decline in the fair value at Maximum Performance Group was largely due to delays in an engineering project to upgrade the eMAC. Sales for this segment in 2007 have been negatively impacted by delays in completing an upgrade to the eMAC line of controllers and delayed our marketing plans for the product.

Interest Expense, Net

	Twelve Months Ended December 31,		
	2006 Actual	**2007 Actual**	**2007 Pro Forma (Unaudited)**
Interest income	$ 194,182	$ 266,863	$ 266,863
Interest expense	(3,273,370)	(952,093)	(2,410,342)
Total interest expense, net	$ (3,079,188)	$ (685,230)	$ (2,143,479)

Net interest expense declined $2.4 million during 2007 to $685,000, compared to $3.1 million for 2006. Interest expense declined $2.3 million to $1.0 million in 2007 from $3.3 million in 2006. The components of interest expense for the years ended December 31, 2006 and 2007 are as follows:

	Twelve Months Ended December 31,		
	2006 Actual	**2007 Actual**	**2007 Pro Forma (Unaudited)**
Line of credit	$ 50,344	$	$
Note payable	16,563	16,547	16,547
Mortgage	46,495	43,931	43,931
Subordinated convertible notes		293,683	293,683
Convertible term loans	249,065		
Other interest expense	1,772	5,476	1,463,725
Total contractual interest	364,239	359,637	1,817,886
Amortization of deferred issuance costs and debt discount	1,175,970	592,456	592,456
Prepayment penalty	516,071		
Value of adjustment in conversion Price	950,865		
Termination of post re-payment interest obligation	266,225		
Total Interest Expense	$ 3,273,370	$ 952,093	$ 2,410,342

Total contractual interest expense (the interest on outstanding loan balances) declined $4,000 in 2007 to $360,000, as compared to $364,000 in 2006. In June 2006 we repaid two convertible terms loans and our convertible revolving note was converted to common stock. The reduction in interest expense associated with the retirement of these notes was largely offset by new $5.0 million subordinated convertible term notes which we issued in June 2007.

Upon the repayment of the convertible term loans in June 2006, we were required to pay a prepayment penalty of $516,000 and to recognize as interest expense the remaining unamortized balance of the capitalized issuance costs and the debt discount totaling $979,000. During June 2006 we also incurred a charge of $266,000 related to the termination of our obligation to pay the term loan lender a portion of certain cash flows for a five-year period. In June 2006 the holder of a convertible revolving note elected to convert the outstanding balance on the note, which triggered certain anti-dilution provisions in the note automatically adjusting the conversion price of the note. As a result, the lender received 126,222 additional shares which were recorded as interest expense in the amount of approximately $1.0 million.

On a pro forma basis, our net interest expense in 2007 was $1.6 million higher as a result of the inclusion of $1.0 million of pro forma interest related to the borrowings we made under our line of credit to fund the acquisition of AEM and to fund our $2.0 million equity infusion into AEM for working capital requirements and to ensure AEM met its financial covenants under its line of credit. Also contributing to the increase was $506,000 of interest expense on AEM s line of credit, term note, subordinated notes and various vehicle loans and capitalized leases.

Twelve-Month Period Ended December 31, 2006 Compared to the Twelve-Month Period Ended December 31, 2005

Revenue

	Twelve Months Ended December 31,	
	2005	2006
Energy Efficiency Services	$	$ 3,302,014
Energy Technology	3,693,429	4,841,610
Total Revenue	$ 3,693,429	$ 8,143,624

Our revenue increased $4.5 million, or 120%, to $8.1 million during the year ended December 31, 2006, from $3.7 million for the year ended December 31, 2005. Revenue generated by our Energy Efficiency Services segment was responsible for $3.3 million or 74% of the increase in our revenue for 2006. The Energy Efficiency Services segment was created in 2006 through the acquisitions of Parke and Kapadia. During 2006, 59% of our revenue was generated by our Energy Technology segment and 41% was generated by our Energy Efficiency Services segment, while in 2005 100% of our revenue came from our Energy Technology segment.

The balance of the increase in revenue was generated by our Energy Technology segment due to increased eMAC sales, which was partially offset by lower EnergySaver sales. The increase in the eMAC revenue was due to the inclusion of a full year of results for MPG, which we acquired in May 2005, and higher unit sales.

Gross Profit

	Twelve Months Ended December 31,	
	2005	2006
Energy Efficiency Services	$	$ 708,322
Energy Technology	1,575	504,008
Total Gross Profit	$ 1,575	$ 1,212,330

Our gross profit increased from $1,575 to $1.2 million for the year ended December 31, 2006. Our gross profit margin increased to 14.9% in 2006 as compared to 0.04% in 2005. Included in the 2006 cost of sales was a $569,000 one-time charge to write off most of our EnergySaver inventory due to our decision to terminate the active marketing of this product. Adjusting for this charge, our gross profit in 2006 was $1.8 million, or 21.9% of sales. The increase in gross

profit in 2006 was primarily attributable to increased sales of the eMAC and the acquisition of Parke on June 29, 2006. The 2006 cost of goods sold includes $297,000 of share-based compensation expense resulting from our adoption of SFAS 123(R) on January 1, 2006. No share-based compensation was included in the 2005 cost of goods sold.

Table of Contents

Selling, General and Administrative Expense

	Twelve Months Ended December 31,	
	2005	**2006**
Selling, general and administrative expense (excluding stock-based compensation)	$ 5,363,503	$ 7,646,014
Stock-based compensation		4,519,686
Total Selling, general and administrative expense	$ 5,363,503	$ 12,165,700
As a percentage of revenue	145.2%	149.4%

Our SG&A expense increased $6.8 million, or 127%, to $12.2 million for 2006, as compared to $5.4 million for 2005. Approximately 67%, or $4.5 million, of the increase was related to our adoption of SFAS 123(R) on January 1, 2006. We did not record stock compensation expense in 2005. Other significant items contributing to the increase in SG&A expense were approximately $680,000 from the inclusion of MPG for the full year, approximately $660,000 of SG&A expense resulting from the inclusion of Parke and Kapadia for portions of 2006 and $531,000 in contractual penalties.

Amortization of Intangibles

Intangible amortization expense increased $738,000 to $1.2 million in 2006 from $472,000 in 2005. The increase in amortization expense was due to the acquisitions of Parke and Kapadia in 2006.