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## Conference Call Transcript

LIME - Q4 2007 Lime Energy Co. Earnings Conference Call

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## CORPORATE PARTICIPANTS

**Glen Akselrod**

*Bristol Capital Ltd. - IR Representative*

**David Asplund**

*Lime Energy Company - CEO*

**Dan Parke**

*Lime Energy Company - President and COO*

**Jeff Mistarz**

*Lime Energy Company - CFO*

## CONFERENCE CALL PARTICIPANTS

**Corey Tobin**

*William Blair - Analyst*

**Craig Irwin**

*Merriman Curhan Ford - Analyst*

**Hendai Mazarhai**

*SSI Corp - Analyst*

**Peter Costolonos**

*Analyst*

## PRESENTATION

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### Operator

Good day, ladies and gentlemen, and welcome to the 2007 Year End Lime Energy Company Earnings Conference Call. My name is Karen, and I will be your coordinator for today. At this time, all participants are in listen-only mode. We will be facilitating a question and answer session towards the end of this conference.

(OPERATOR INSTRUCTIONS)

As a reminder, this conference is being recorded for replay purposes. I would now like to turn the presentation over to your host for today's call, Mr. Glen Akselrod, Spokesperson. Please proceed.

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### Glen Akselrod - *Bristol Capital Ltd. - IR Representative*

Thank you, Karen. Good afternoon, and thank you for taking time out for our 2007 year end conference call. With me today is Dan Parke, President and Chief Operating Officer, Jeff Mistarz, Chief Financial Officer and Dave Asplund, our Chief Executive Officer.

I hope all of you have had a chance to review our earnings announcement, which was released before market open yesterday and which is available on our website, [www.lime-energy.com](http://www.lime-energy.com). In addition, the 10-K was filed yesterday and is available on the Company website and the SEC website.

Before I hand the discussion over to Dave, I want to remind everyone that our call today will include some statements that will be considered forward looking, regarding the Company's strategy, operations and financial performance. Those statements are subject to many uncertainties in the Company's operations and business environment. I refer you to the complete forward-looking statement disclosure in our earnings release, which is incorporated by reference for purpose of this call.

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I'd also like to refer you to the disclosures made in the Company's quarterly and annual filings with the SEC. Finally, before we get started, I want to mention, this call is being broadcast live over the Internet and can be accessed on our website and also through Thomson/CCBN Investor Network, which includes [www.fulldisclosure.com](http://www.fulldisclosure.com) and [www.streetevents.com](http://www.streetevents.com). There will be a replay available on either website for 90 days after the call.

With that, I'll hand the discussion over to David.

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**David Asplund - Lime Energy Company - CEO**

Thank you, Glen, and good afternoon, everyone. 2007 was really an incredible year, given it was the first full year of operation for Lime Energy as a combined company. After completing the acquisitions of Parke Industries and Kapadia Energy Services in 2006, we started 2007 with the goal of consolidating and integrating the acquisitions and building a world-class sales and marketing platform to provide energy-efficient solutions to our customer base.

Some of the highlights of 2007 included the election of Joe Desmond, who is the former Chairman of the California Energy Commission, to our Board of Directors. We raised \$8 million of new capital. \$3 million of that was from existing shareholders in a rights offering and \$5 million in a convertible note, in which our Chairman was a majority investor.

In May, we acquired Texas Energy Products in Austin, a transaction initially valued at \$500,000, which generated over \$2 million in revenue since the closing. In August, we acquired Preferred Lighting in Seattle, another transaction initially valued at \$500,000, which generated almost \$1 million since closing. We launched new sales offices in Chicago, San Francisco, Salt Lake City and Connecticut.

During the fourth quarter, we started Lime Finance to provide extended payment plans to customers. At year-end, customers adopted for over \$350,000 worth of extended payment arrangements. In addition to the many, many ongoing customer projects for energy efficiency, Lime was awarded an energy-efficient lighting system retrofit for a major California utility.

So think about that, a utility hired us to help them reduce the use of their own product, and that sort of summarizes the state of the market. We applied for NASDAQ listing, which was approved in early '08.

In addition to these highlights, we spent a significant amount of time and money on new website, consolidated and standardized sales and marketing material, consolidated and standardized energy audit software. We hired 66 new employees, including the new post of Vice President of Sales and Marketing. We implemented extensive sales and product training. We purchased and eliminated salesforce.com, purchased and implemented new accounting software for Sarbanes-Oxley.

All of this was achieved while building upon new and existing customer relationships, generating almost \$20 million in revenue, achieving profitability in our Energy Services division and heading toward overall profitability.

As our press release indicated, we finished 2007 with \$19.4 million in revenue, which was a 139% increase over 2006, with 161% increase in gross profit. As I discussed last quarter, we focus internally on adjusted EBITDA, which adjusts for interest, depreciation, amortization, non-cash share-based compensation and the impairment loss.

For 2007, our adjusted EBITDA was a loss of \$4.7 million. As I also discussed last quarter, our business is divided between our Energy Services division, which incorporates our engineering and lighting retrofit services, and our Energy Technology division, which incorporates our eMAC and uMAC line of HVAC controllers.

In looking at our financials relevant to each of these divisions, our Energy Services division generated about \$16 million, or 81% of our total revenue, with a positive adjusted EBITDA of \$1.1 million. This represents a 6.6% adjusted EBITDA margin, which we are very pleased with given the amount of money we invested to build this platform.

Given this investment, we believe we now have a scalable infrastructure which can support double last year's revenue without a significant increase in SG&A. Although we do believe it's possible to double our revenue from the levels of 2007, we also expect our quarterly reported revenue will continue to reflect a seasonal pattern in which the first quarter activity tends to be the weakest, with a slight increase over Q1 of the previous year.

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In addition, our policy of recognizing revenue on a completed contract basis on the majority of our projects, in combination with an increase in the average size of our contracts, contributes to an increase in variation in our quarter-to-quarter revenue and earnings, making it difficult to accurately predict the quarter-to-quarter activity with any degree of certainty.

Our Energy Technology division did remain a challenge in 2007. Revenue for the year was \$3.6 million, or about 19% of our total revenue in 2007, with an adjusted EBITDA loss of \$3 million. As those of you know who have been shareholders for some time, we commissioned an independent review of the market for this eMAC line of controllers back in late 2006, after we formed Lime Energy.

This review confirmed our belief that there is a significant potential market for this line of controllers. Since we also had an established base of customers in a number of pilot projects underway with large national firms, we began an engineering project in the beginning of '07 to replace components that were being discontinued by their manufacturers, add the capability to communicate via cellular modems, and add features to the controllers to enable lead certification and UL approval.

Throughout 2007, this project had delays and cost overruns, and as a result of limited availability of certain discontinued components for the existing version of the eMAC line, our sales in 2007 were negatively impacted. These events contributed to a determination that MPG's goodwill was completely impaired, resulting in a little over \$4.1 million impairment charge in 2007.

But over the last several months, we have taken significant steps toward turning this division around. We began by engaging a new development firm to take over and finish the feature upgrades. We expect this new team will be successful, based on their credentials, their references and their extensive experience and further expect to have the upgraded version commercially available by the end of the third quarter.

Meanwhile, we have secured a supply of discontinued and hard-to-find-parts to allow us to continue to service existing customers, and continue installing pilot programs until the new version is available.

We have also taken steps to significantly reduce the overhead costs of this division to better align them with the anticipated level of business this year. Having done all that, and based on pilot projects with these large, multi-site national customers, we believe that the prospects for the eMAC line of controllers will include national rollouts later this year and into 2009.

It is truly astounding how far we have come as a company over the last year. Beginning in 2006, which was essentially a bankrupt company, we have become an energy-efficiency solutions provider for some of the largest corporations in the world. This is really a true testament to the hard work and dedication of all the experienced and professional people at Lime Energy.

It's important for me to remind everyone that even though we have a limited history as a publicly traded company, we have over 75 years of collective experience in this business of energy efficiency, having retrofitted over 1 billion square feet of building space throughout the country, saving our customers over 4 billion kilowatts of electricity and an estimated \$0.5 billion in expenses.

And given the concerns now about the economy, companies are focusing more and more on operating expenses and ways to save money in the face of rising oil prices, rising electricity prices, which is exactly what we do for our clients. We help them to reduce direct operating expenses.

We improve work space and employee productivity, enhance the value of their facility, and of course, reduce greenhouse gases, which are the cause of global warming. We believe we are now extremely well positioned to leverage the investments we have made in 2007 to benefit from this growing and important need for energy efficiency throughout the country.

So that's the end of my prepared remarks. I'll now open it up to questions.

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**Glen Akselrod - Bristol Capital Ltd. - IR Representative**

Karen?

## QUESTION AND ANSWER

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**Operator**

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(OPERATOR INSTRUCTIONS)

And your first question comes from the line of [Corey Tobin]. Please proceed.

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**Corey Tobin - William Blair - Analyst**

Good afternoon. David, congratulations on a great year.

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**David Asplund - Lime Energy Company - CEO**

Thank you.

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**Corey Tobin - William Blair - Analyst**

Let me, if I could, just ask two quick questions. First, regarding the additional resources you imply that you're going to deploy for the Energy Technology division, can you give us a feeling for sort of the magnitude of the resources that'll be necessary to bring out the new line?

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**Unidentified Company Representative**

When you refer to resources, are you talking about the development work that's going on right now with the eMAC line?

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**Corey Tobin - William Blair - Analyst**

Yes, you mentioned in the press release that there would be additional resources deployed, and so that's generally the area that I was trying to get my arms around.

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**David Asplund - Lime Energy Company - CEO**

You probably mean in terms of R&D expenses. We don't break out the budget, but I can tell you that it is no more than what we've been spending in the past for a product that we didn't really get on time and to completion.

So, with the reductions -- fairly substantial reductions we've done in SG&A in that division, the additional monies that we'll spend on the completion of this shouldn't be material, I guess, is the best way of putting it.

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**Unidentified Company Representative**

The cost cuttings that we've made will exceed --

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**David Asplund - Lime Energy Company - CEO**

More than offset --

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**Unidentified Company Representative**

The cost of these outside consultants.

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**Corey Tobin - William Blair - Analyst**

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Okay, so we could actually see a net decrease.

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**Unidentified Company Representative**

Yes.

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**Corey Tobin - William Blair - Analyst**

Okay, great. And then shifting gears for a second, you mentioned the utility deal. Is it safe to say there's additional utility deals in the pipeline, and if so, any comments in terms of the nature or magnitude of what those deals could represent?

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**David Asplund - Lime Energy Company - CEO**

Well, Dan Parke, do you want to answer that?

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**Dan Parke - Lime Energy Company - President and COO**

We are working strategically with other utility companies. It's hard to say what the magnitude could be. This particular one that we're working on now is close to our home base and we expect that to just be continuously. They have to cut down 20% of their consumption over a five-year period, and we're helping them do that.

We're making a big dent on it. We helped them design some ideas, and then we're actually implementing. And it's a new market space for us, but it's proving to be good for us and good for them, so it's something that we will continue to investigate in the near future.

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**David Asplund - Lime Energy Company - CEO**

And I've tried to highlight over the last year the repeat nature of our business. And, as Dan said, this is over a five-year period. We really have -- a lot of these projects that we're doing have the potential of going on for years.

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**Dan Parke - Lime Energy Company - President and COO**

And that's our strategy. Our strategy is to go into a customer and become their partner. With what's happening right now, the climate in the industry is corporate America saying, I need to reduce my costs and I need to be environmentally friendly. I don't know what to do, I don't know who to do it with.

So our strategy right now -- and we're developing a lot of dollars on the front end that's costing us money to show them that we have the value to be their long-term partners, so we're gambling. In the case of the utility company and some of the other larger corporations that we're working with, we're putting our money where our mouth is and we're illustrating our capabilities with the idea that they'll hire us, and it's working and it's worked tremendously.

The investment that we made in 2007 to get into these large accounts, you'll start to see the benefit of that in the time to come.

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**Corey Tobin - William Blair - Analyst**

Excellent, sounds good. Thank you.

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**Operator**

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And your next question comes from the line of Craig Irwin with Merriman. Please proceed.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Evening, gentlemen.

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**David Asplund - Lime Energy Company - CEO**

Evening.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

First of all, I guess I should say congratulations on the move to NASDAQ on top of a really big year.

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**David Asplund - Lime Energy Company - CEO**

Thanks.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Appreciated the significant color about your eMAC redesign and sort of what you're going through there, but can you give us a little more color on what's going on on the customer side? What's going on as far as trials out there, and really why you believe in this product longer term? I think that might be helpful.

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**David Asplund - Lime Energy Company - CEO**

Well, we have in our pilots, to the one, we are showing improving every day the energy savings and the value of the monitoring. We're balancing that with product availability.

But, in addition, we do have a number of very large customers who say, look, we would consider rolling this out on national levels if it had UL approval, because that's one of the requirements of their insurance, for example, if you had these various monitor sensors that would help in qualifying for lead certification.

We've been putting on -- we've been trying to get the GSM cellular module put on because we had been told, and of course this is for a year and a half, that the SkyTel satellite form of communication is moving towards the buggy, but, in fact, it has remained and it's still there.

So we've been very upfront with our customers and they're our partners, and they tell us what they like and what they'd be looking for. And that is a major component as to why we have decided to really stick with it. I mean, when you look at our revenue, 3.5 million, lose three, the obvious question is why stick with it?

And the reason is because we believe, based on our existing customer base and pilots, that we get a completed product with some of these upgrades that they say that they want, no guarantee, but that it could be a big source of revenue for the Company.

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**Dan Parke - Lime Energy Company - President and COO**

Just to add to what Dave's saying is that there are products out there that in one way or another do similar things. What makes this product a little more unique and more robust, investment's been made and actually we can monitor any problems with the system.

It's hard to put a number to what that savings is to the customer because we just, given the return on investment when we present it, but there's a huge number that allows us to monitor what's wrong with the unit, which allows us to keep [up] with our philosophy is we want to be their partner and be their customer for life.

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And so, if we can look on the screen and tell them that there's a fan blown or a compressor blown, it saves them a lot of time when they go to call a contractor to fix it. So the whole strategy, and it fits well into our strategy, that we just want to own and control and help that customer reduce their operating expenses and their maintenance expenses forever.

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**David Asplund - Lime Energy Company - CEO**

And it does generate that recurring revenue, the monitorings (inaudible).

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**Craig Irwin - Merriman Curhan Ford - Analyst**

If you could just give us -- just the real detail I'm looking for is roughly how many customers are --- have trials going on right now. How many customers are sort of looking to put in trials, if you could give them the units today.

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**David Asplund - Lime Energy Company - CEO**

Well, I would say it's probably a dozen customers, and each customer will have different numbers of trials going on, because what you try to do is get a diverse number of units across the country in different environments.

So out of maybe a dozen customers, there's 100 pilots going on. Did I say a dozen customers, 100 pilots?

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**Dan Parke - Lime Energy Company - President and COO**

100 units.

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**David Asplund - Lime Energy Company - CEO**

100 units.

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**Dan Parke - Lime Energy Company - President and COO**

With that, there's actually more than that. There's actually a handful of utility companies that are very interested and have pilots in right now that are actually demoing it and excited about the results and rolling that out to their customer base, as far as with the demand side programs.

So we have a host of -- we have quite a few customers that are anxiously waiting for us to get this finished.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Great, great. I mean, if you could help me frame this out, sort of as we move beyond the redesign and UL approval and lead over the next year, roughly how big are these customers in sort of the number of units that each one of them can take? I mean, are these 20-unit customers, 200-unit customers, 2,000, potentially, unit customers? Can you talk a little bit about that?

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**David Asplund - Lime Energy Company - CEO**

I mean, the thing is, they're really big. If you sold 100% of their facilities, some of these have 2,000 branches that would have two or three per branch. So you're talking about 4,000 or 6,000 units, but that's awfully -- we don't --

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**Dan Parke - Lime Energy Company - President and COO**

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We're not looking for the guy that has 20 units, though.

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**David Asplund - Lime Energy Company - CEO**

These are all very, very large, scalable. It probably wouldn't be going in every facility, up in International Falls, Minnesota, probably wouldn't be a great application, even if they had ten facilities up there. But they are all large, scalable, and again, it's why we're sticking with it. We're not throwing in the towel.

And the fact that this company that we've hired, with their experience and expertise, background, they do not feel, as we have always felt, that these were not rocket-science upgrades, that we're not trying to send something to the moon here. So based on their input and their confidence in completing it and our customer feedback, we're sticking with it.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Got it. Got it. So it sounds like the customers really believe in the product and that's what's important. Great. The next thing I wanted to ask about was completed contract accounting, and if you could talk, Jeff, a little bit about how this impacts your revenue recognition on a quarter-to-quarter basis.

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**Jeff Mistarz - Lime Energy Company - CFO**

Sure, I think we tried to briefly explain that in the press release today. Completed contract requires that we complete all of the work associated with a contract before we recognize any revenue on it. If we have not met all of our requirements, then we will not recognize it to be revenue in the period.

If we have incurred any expenses, as part of the contract prior to recognizing the revenue, we will defer those expenses and you will see some of those on our balance sheet at year end. If we have done any billing that has not met our revenue recognition criteria, that would be deferred as well, which also will appear on our financial statements in the liability section of the balance sheet.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Great.

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**Jeff Mistarz - Lime Energy Company - CFO**

So the completed contract -- as your contracts grow and take longer to complete, will result in more variation in our revenue on a quarter-to-quarter basis, depending on what projects we complete during that period.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Okay, excellent. So, then, if I look closely at your balance sheet, am I correct if I see that looking at costs in excess of about \$1 million that you did a substantial amount of work in the fourth quarter that you didn't recognize revenue for. Is that fair?

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**Jeff Mistarz - Lime Energy Company - CFO**

Yes, that's correct. Those are expenses on projects that were in process at the end of the year and we're not able recognize revenue on.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

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Okay, excellent. Now, just looking forward, sort of as things ramp, 2008's looking like it could be a really big growth year for you guys and I'm sort of expecting that you're going to start doing some more of the larger, more profitable jobs out there. Will completion accounting be a larger mix of your overall project -- or completed contract accounting be a larger mix of your overall accounting revenue recognition?

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**Jeff Mistarz - Lime Energy Company - CFO**

Well, it already is. I mean, it can't get much larger than it is right now. It's almost 100%, so I don't expect to see a significant change in that.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Okay, okay. Excellent, excellent. And then, just if we could go back to the sales force, I mean, you hired substantially most of your sales force within the last year. Can you talk about sort of performance metrics you're looking for there and really how you see productivity improving over the next year, and really what you want to accomplish with the sales force and as everybody sort of matures with the accounts that they're serving?

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**David Asplund - Lime Energy Company - CEO**

Do you want to talk about that, Dan?

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**Dan Parke - Lime Energy Company - President and COO**

Yes. That's a good question, and thanks for it, because when you look at a 10-K or a balance sheet, it's hard to really look -- and I have told people that I think our greatest accomplishment this year is our ability to attract top talent, and that is a lot with the salespeople.

We've got a mix. We've got a mix this year of seasoned veterans. Some of them have been in the business for ten or 15 years, and they were very good in a regional basis and they like being in our national platform. We've hired some young people two or three years out of college that are very smart and analytical, and it takes about a year for them to where they're able to go out and generate revenue.

And then you've got a pretty good mix, or you've got to look at the majority of our 2007 revenue was done with the existing Parke people and the Kapadia people, which was a total of ten to 12 people.

So we've added another 15 to 20 people that's been our -- throughout the year, from July onward, where the most of them that were on our expenses but didn't generate much as far as revenue, and that's why we're expecting the growth. They have a pipeline [filled].

I will say this, that from a year ago today, we have five times the amount of activity in our pipeline than we did a year ago today. So the proposals that are going out, and I can't give you an exact what I think it's going to do to revenue, but the contract sizes are larger and the activity is incredible.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Excellent, excellent. And then last question, if I may, on the acquisition front, what's the potential for another acquisition like Texas Energy Products out there? I mean, is this something you think you could repeat in the next year?

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**Dan Parke - Lime Energy Company - President and COO**

Yes, I mean, we have our eyes -- that's the one good thing about being in the business for 25 years. You know where a lot of people are and the 2008 year we do want to get stabilized. We want to get our root structure in place, get all the new accounting systems completely debugged and new sales proposals. But yes, there are absolutely a couple small accretive ones in geographical areas that make sense, and we are in beginning conversations with a couple of them now.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

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Great, great. Well, congratulations on a solid end to 2007.

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**Dan Parke - Lime Energy Company - President and COO**

Thank you.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Thanks.

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**Operator**

And your next question comes from the line of [Hendai Mazarhai] with [SSI Corp]. Please proceed.

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**Hendai Mazarhai - SSI Corp - Analyst**

Hi, guys. Congratulations on a great year. Can you comment on your cash position and whether you think this will be able to sustain you for the rest of the year? Do you anticipate having to raise any more money, whether it's debt or equity?

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**Jeff Mistarz - Lime Energy Company - CFO**

Well, we did in March close on a line of credit, a \$3 million line of credit, which gives us some additional liquidity. Our cash requirements will increase with growth in the business, just as our working capital requirements grow. Our hope is that this year cash used to fund losses will decline, but we do expect to see an increase in cash used for working capital purposes.

We anticipate that our cash balances as of the end of the year, plus the availability of the line, will be sufficient to carry us through the year without the need to raise any additional capital.

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**Hendai Mazarhai - SSI Corp - Analyst**

Okay, great. Thank you.

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**Operator**

(OPERATOR INSTRUCTIONS)

And your next question comes from the line of [Peter Costolonos]. Please proceed.

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**Peter Costolonos Analyst**

Hi, guys. I joined the call late, I'm sorry. But there's just one question here I've got here. A year ago, you were talking about -- this relates to this production from your salesmen of \$1 million. Roughly you thought you could do \$1 million a salesman. If you had to make that all over again and really say what you think your salesmen should do, what would be the number now, if any change at all?

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**Dan Parke - Lime Energy Company - President and COO**

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I'll answer that. Peter, we kind of -- a lot of times put them together as teams, so sometimes there could be a two or three-man team working together, but we would expect now, with a year under their belts, to get at least \$1 million per person. So if it's a three-man team or a two-man team, that would be minimum for them to continue to work with us.

And some of the more seasoned guys that we brought on that really weren't with the Company last year, we would expect maybe double that.

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**Peter Costolonos Analyst**

Okay, so that's probably an answer that you wouldn't have said a year ago. I don't want to put words in your mouth, but I'm just kind of thinking - I'm trying to get a feeling for the opportunity and how it may have changed in the last 12 months. And I'm just trying to see if you have to say it now, look, I really think guys should do a lot more than I thought they could do a year ago, or I guess that's what I'm trying to get you to say.

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**Dan Parke - Lime Energy Company - President and COO**

We changed our -- we also -- since we opened these offices up across the country, it allows us to go after national accounts, so the size of the contract -- when we talked a year ago, our average sale we were looking at was to fly under the radar screen and be \$50,000 to \$200,000. Now they're multi-million-dollar accounts. But if you were to say -- it's almost like we can't use that same formula anymore because of the size of it.

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**Peter Costolonos Analyst**

Okay.

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**Dan Parke - Lime Energy Company - President and COO**

But if we have 33 people that are dedicated to sales, I would expect that that average, if you wanted to equate it to that, to be at least \$1 million per person or that team or those people will not be with us for very long.

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**Peter Costolonos Analyst**

Okay, great. Thanks.

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**Dan Parke - Lime Energy Company - President and COO**

Thanks for your question.

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**Operator**

We have a follow-up question from the line of Craig Irwin with Merriman Curhan and Ford. Please proceed.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Thank you. Just a quick follow-up question on the balance sheet. I noticed the sequential improvement in DSO, even though Lime Finance is booking contracts into it. Can you talk a little bit about DSO over the year as we sort of ramp on the revenue side? It's going to be a pretty significant ramp. Do you have any specific expectations there as far as what we should look for?

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**Jeff Mistarz - Lime Energy Company - CFO**

It's going to vary throughout the year because the business is seasonal. When you're looking at the [data] outstanding based on the balance sheet at 12/31, you're going to see a lot of receivables that were booked in December, in late November, and obviously during the first quarter, which is

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our slowest quarter during the year, you're going to see a fairly significant decline in our data outstanding, in the outstanding accounts receivable as we collect those receivables.

I don't have a particular target yet. It's going to vary based on the amount of extended term receivables we have and the mixture of those. But I think that in general you will see an improvement over what we have done in prior years.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Okay, okay. And then just sort of looking at the payables side, what's the potential there to sort of match the capital build from receivables with billed and payables? I know there's sort of a lot of value add on the service side, but do you see that as something potentially contributing to your capital structure? Or, is that something that we're going to have to fund a little bit?

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**Jeff Mistarz - Lime Energy Company - CFO**

I don't anticipate a significant change in the payables turnover.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Okay, so the ratios will remain more or less the same.

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**Jeff Mistarz - Lime Energy Company - CFO**

Yes.

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**Craig Irwin - Merriman Curhan Ford - Analyst**

Excellent, thank you very much.

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**Jeff Mistarz - Lime Energy Company - CFO**

Thank you.

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**Operator**

There are no additional questions in the queue at this time. I would like to now turn the call over to Dave Asplund for closing remarks.

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**David Asplund - Lime Energy Company - CEO**

Well, thank you. I just want to point out, the confidence our management team, our Board of Directors and all of our employees have regarding the future of Lime Energy is really at an all-time high. As was mentioned previously, last week our management team and invited guests stood at the NASDAQ podium and rang its market closing bell in celebration of our NASDAQ listing, which was in essence our collective achievement to date.

And as we did at the beginning of 2007, we have set some aggressive goals for 2008, and with hard work and collective effort, and with the continued macro energy efficiency and conservation forces supporting our business model, we believe that these goals should also be obtained by the end of this year. So thank you very much, and we appreciate your support.

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**Operator**

Apr. 01. 2008 / 4:30PM ET, LIME - Q4 2007 Lime Energy Co. Earnings Conference Call

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Good day.

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