

**LIME ENERGY CO.**  
**COMPENSATION COMMITTEE CHARTER**  
(From Section 12 of the Company's By-Laws, as Amended)

***Organization***

The compensation committee shall be composed of board members, the majority of which are independent of the management of the Corporation and are free of any relationship that would interfere with their exercise of independent judgment as a committee member. The committee may be modified from time to time by a simple majority vote of the board of directors. The chair of the committee will report on the committee's activities and recommendations to the board at each full meeting of the directors.

***Statement of Policy***

The Board of Directors of the Corporation is responsible for establishing, administering and reviewing compensation programs for the Corporation's executive and senior management. The compensation committee shall assist the Corporation's board members in fulfilling their responsibility to the shareholders, potential shareholders and investment community relating to such compensation programs and compliance with applicable laws and regulations. In so doing, the compensation committee shall be responsible for recommending compensation programs, including guidelines and policies and oversight of the administration of such programs.

***Responsibilities***

In carrying out its responsibility, the compensation committee will:

- Review and recommend to the board, or determine, the annual salary, bonus, stock options and other benefits, both direct and indirect, of the Corporation's senior executives.
- Review new executive compensation programs and review, on a periodic basis, the operation of the Corporation's executive compensation programs to determine whether they are properly coordinated; establish and review policies for the administration of executive compensation programs; and take steps to modify any executive compensation programs that yield payment and benefits that are not reasonably related to executive performance.
- Plan for executive development and succession.
- Review expense accounts of executive management.
- Review fringe benefits of executive management.
- Review and recommend to the board, or determine, the compensation of directors.