

**Charter of the Audit Committee
of the Board of Directors of
Lime Energy Co.**

As Adopted by the Board of Directors
(September 9, 2015)

This Charter sets forth, among other things, the purpose, membership requirements, structure, duties and responsibilities of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Lime Energy Co. (the “Company”).

1. Purpose

The purpose of the Committee is to oversee the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements.

2. Membership

The Committee shall consist of at least three directors. Each member of the Committee shall satisfy the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), any related rules and regulations promulgated thereunder by the U.S. Securities and Exchange Commission (the “SEC”), and applicable rules of the NASDAQ Stock Market LLC (“NASDAQ”), or any other exchange on which the Company’s securities may be listed for trading. A member shall promptly notify the Committee and the Board if the member believes he/she no longer qualifies as an independent director.

The members of the Committee shall be appointed by and shall serve at the pleasure of the Board and for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. In addition, no member of the Committee shall have participated in the preparation of the financial statements of the Company or any of its subsidiaries at any time during the past three years.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Committee must have the following attributes of an “audit committee financial expert” as required by SEC rules:

- (a) An understanding of generally accepted accounting principles and financial statements;
- (b) The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

(c) Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

(d) An understanding of internal control over financial reporting; and

(e) An understanding of audit committee functions.

At least one member of the Committee must have financial sophistication acquired from past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background. A person who has the "audit committee financial expert" attributes outlined above will also be presumed to have financial sophistication.

3. Structure and Operations

The Board shall designate one member of the Committee as its chairperson. If a chairperson is not designated by the Board, or if the designated chairperson is not in attendance at a Committee meeting, the members of the Committee may designate a chairperson by majority vote of the full Committee. For the Committee to conduct official business at a Committee meeting, a quorum of its members shall be legally present (including via telephone or video conference). The affirmative vote of a majority of the members of the Committee participating in the meeting shall be necessary for the adoption of any resolution.

The Committee shall have a regularly scheduled meeting at least once every fiscal quarter, at such times and places as shall be determined by the Committee chairperson, and may have such additional meetings as the Committee chairperson or a majority of the Committee's members deem necessary or desirable. The Committee may request (a) any officer or employee of the Company, (b) the Company's outside counsel or (c) the Company's independent auditor to attend any meeting (or portions thereof) of the Committee, or to meet with any members of or consultants to the Committee, and to provide such information as the Committee deems necessary or desirable. The Committee shall meet separately, at least once every fiscal quarter, with management, with the Company's internal auditors (or other personnel responsible for the Company's internal audit function), and with the independent auditor.

Members of the Committee may participate in a meeting of the Committee by teleconference or similar communications means through which all participants can hear and speak to each other.

4. Duties and Responsibilities

The Committee shall have the authority and responsibilities outlined in this section and such other duties and responsibilities as the Board may from time to time delegate to the Committee.

Reports to Board; Review of Committee Performance and Charter

(a) The Committee shall report regularly to the Board and review with the Board matters related to:

- (i) the quality or integrity of the Company's financial statements and the related footnotes and disclosure contained in the Company's annual and quarterly reports;
- (ii) the quality and performance of the Company's internal controls over financial reporting;
- (iii) the performance and independence of the Company's independent auditor;
- (iv) the performance of the Company's internal audit function; and
- (v) the Company's compliance with legal and regulatory requirements.

(b) The Committee shall undertake an annual performance evaluation of its performance, which shall be measured against the requirements of this Charter. This evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate and its results shall be communicated to the Board. The report to the Board, which shall also include the goals and objectives of the Committee for the upcoming year, may take the form of an oral report by the chairperson of the Committee or any other member designated by the Committee to make such report.

(c) The Committee shall review and reassess the adequacy of this Charter at least annually and recommend to the Board for approval any changes the Committee deems appropriate.

The Company's Relationship with the Independent Auditor

(d) The Committee shall have the sole and direct responsibility and authority to (i) select and retain an independent registered public accounting firm to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements, books, records, accounts and internal controls over financial reporting; (ii) set the compensation of the Company's independent auditors; (iii) oversee the work performed by the Company's independent auditors; and (iv) terminate the Company's independent auditors, if necessary. The Committee shall also have the authority to select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company.

(e) The Committee shall be responsible for resolving disagreements between management and each such independent auditor regarding financial reporting. The Committee shall have the responsibility and authority to approve, in advance of the provision thereof, all audit services and, subject to the *de minimis* exception of Section 10A(i) of the Exchange Act and the SEC rules promulgated thereunder, all permitted non-audit services to be provided to the Company by any such independent auditor.

- (f) The Committee shall, at least annually:
 - (i) obtain a written report by the independent auditor describing, to the extent permitted under applicable auditing standards:
 - (A) the independent auditor’s internal quality control procedures;
 - (B) any material issues raised by the most recent quality control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and
 - (C) all relationships between the independent auditor and the Company; and
 - (ii) review the foregoing report and the independent auditor’s work throughout the year and evaluate the independent auditor’s qualifications, performance and independence, including a review and evaluation of the lead partner on the independent auditor’s engagement with the Company, and present its conclusions to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the independent auditor.
- (g) The Committee shall, at least annually, discuss with the independent auditor, out of the presence of management if deemed appropriate:
 - (i) The matters relating to the conduct of the audit that the independent auditor is required to discuss with the Committee pursuant to auditing standards adopted by the Public Company Accounting Oversight Board;
 - (ii) the audit process (including, without limitation, any problems or difficulties encountered in the course of the performance of the audit, any significant disagreements with management, any restrictions on the independent auditor’s activities or access to requested information imposed by management, and management’s response thereto); and
 - (iii) the Company’s internal controls and the responsibilities, budget, and staffing of the Company’s internal audit function, including any “management” or “internal control” letter issued or proposed to be issued by such auditor to the Company.
- (h) The Committee shall receive the written disclosures and letter from the independent accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communication with the Committee

concerning independence and shall discuss with the independent accountant the independent accountant's independence.

(i) The Committee shall establish policies for the Company's hiring of employees or former employees of the independent auditor.

(j) The Committee shall review and discuss as appropriate with management, the internal auditors and the independent auditor, the report of the independent auditor required by Section 10A(k) of the Exchange Act.

Financial Reporting and Disclosure Matters

(k) The Committee shall meet to review and discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the results of the independent auditor's review of the quarterly financial statements.

(l) The Committee shall review and discuss with management and the independent auditor:

- (i) prior to the annual audit, the scope, planning and staffing of the annual audit;
- (ii) significant issues regarding accounting and auditing principles and practices and financial statement presentations, including all critical accounting policies and estimates, any significant changes in the Company's selection or application of accounting principles, and any significant issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
- (iii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements (including any proforma financial statements), including analyses of the effects of alternative GAAP methods on the financial statements;
- (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
- (v) any significant changes to the Company's auditing and accounting principles and practices suggested by the independent auditor, internal audit personnel, or management;
- (vi) management's report on its evaluation of internal control prepared in accordance with rules promulgated by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act;

- (vii) all related party transactions that are relevant to an understanding of the Company's financial statements;
- (viii) any material financial or non-financial arrangements of the Company that do not appear on the financial statements of the Company; and
- (ix) approval of all related party transactions.

(m) The Committee shall review and discuss with the Company's independent auditors and management the Company's annual audited financial statements (including the related notes), the form of audit opinion to be issued by the auditors on the financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's annual report on Form 10-K before it is filed.

(n) The Committee shall review with the Chief Financial Officer, the comptroller, corporate audit staff, or such others as the Committee deems appropriate (and, to the extent required by applicable rules or at the Committee's discretion, the Company's independent auditors), the Company's internal system of audit and financial controls and the results of internal audits (and, to the extent required by applicable rules, the independent auditor's attestation).

(o) The Committee shall review and discuss with management the Company's practices regarding earnings press releases and the provision of financial information and earnings guidance to analysts and ratings agencies.

(p) The Committee shall periodically review and discuss with management the Company's guidelines and policies with respect to the process by which the Company undertakes risk assessment and risk management, including discussion of the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

(q) The Committee shall review and discuss with the CEO and CFO the procedures undertaken in connection with the CEO and CFO certifications for Form 10-Ks and Form 10-Qs, including their evaluation of the Company's disclosure controls and procedures and internal controls.

(r) The Committee shall annually obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act.

Internal Audit, Compliance Matters and Other

(s) The Committee shall review and approve the functions of the Company's internal audit department, including its purpose, organization, responsibilities, resources and performance.

(t) The Committee shall review the appointment and termination of senior internal audit personnel, and review the scope, performance and results of internal audit plans, including

all significant reports to management prepared by internal audit personnel, and management's responses.

- (u) The Committee shall establish and maintain procedures for:
 - (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding accounting or auditing matters.

(v) The Committee shall review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.

(w) The Committee shall review with the Company's general counsel any legal matters that may have a material impact on the financial statements or the compliance policies of the Company and its subsidiaries, and any material reports or inquiries received by the Company or any of its subsidiaries from regulators or governmental agencies.

(x) The Committee shall monitor compliance with the Company's Code of Business Conduct and Ethics (the "Code of Ethics"), investigate alleged breaches or violations of the Code of Ethics, enforce the provisions of the Code of Ethics, and review the Code of Ethics periodically and recommend any changes to the Board.

(y) The Committee shall exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

(z) The Committee shall evaluate, approve and oversee any and all transactions between the Company and any related person (as defined in Item 404 of Regulation S-K) and any other situation involving a potential conflict of interest with respect to the Company on an ongoing basis.

5. Authority and Resources

The Committee may, without further approval by the Board, obtain such advice and assistance (including, without limitation, the performance of special audits, reviews and other procedures) from outside accounting, legal or other advisors as the Committee determines to be necessary or advisable in connection with the discharge of its duties and responsibilities hereunder. Any accounting, legal or other advisor retained by the Committee may, but need not, be in the case of an outside accountant, the same accounting firm employed by the Company for the purpose of rendering or issuing an audit report on the Company's annual financial statements, or in the case of an outside legal or other advisor, otherwise engaged by the Company for any other purpose.

The Company shall pay to any independent auditor employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or attest services and to any outside accounting, legal or other advisor retained by the Committee pursuant to the preceding paragraph such compensation (including, without limitation, usual and customary expenses and charges) as shall be determined by the Committee. The Company shall pay ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.