

**Charter of the Compensation 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 Compensation 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 review and determine the compensation of the Company’s CEO and other executive officers, evaluate and make recommendations to the Board regarding the compensation of directors, and carry out any other responsibilities delegated by the Board relating to the review and determination of executive compensation.

**2. Membership**

The Committee shall consist of at least three directors. Each member of the Committee shall satisfy independence requirements of the NASDAQ Stock Market LLC (“NASDAQ”) relating to compensation committee members and the provisions of Rule 10C-1(b)(1)(ii)(A) and (B) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). At least two Committee members shall qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Exchange Act, and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended. A member shall promptly notify the Committee and the Board if the member believes he/she no longer qualifies as an independent compensation committee member as required by NASDAQ, a non-employee Director, or an outside 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.

**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 may create one or more subcommittees and may delegate, in its discretion, all or a portion of its duties and responsibilities to such subcommittees.

The Committee shall have at least two regularly scheduled meetings per year, 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. 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. The Committee may invite such members of management to its meetings as it may deem desirable or appropriate, taking into account the need to maintain the confidentiality of the Committee's deliberations. No executive officer of the Company may be present during any deliberations of, or voting on, that executive officer's compensation.

#### **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.

(a) The Committee shall establish the Company's general compensation philosophy and, in consultation with senior management, oversee the development and implementation of compensation programs.

(b) The Committee shall, at least annually, (i) review and approve corporate goals and objectives relevant to the compensation of the Company's CEO, (ii) evaluate the performance of the CEO in light of those goals and objectives, (iii) report the results of such evaluation to the Board, and (iv) have the authority, either separately or together with the other independent directors (as directed by the Board), to determine any adjustments to the CEO's compensation based on this evaluation. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.

(c) The Committee shall, at least annually, review and approve all compensation arrangements with the CEO and the other executive officers of the Company including, without limitation: (i) the annual base salary; (ii) incentive compensation; (iii) employment agreements, severance arrangements and change-in-control agreements/provisions, as appropriate; and (iv) any special or supplemental benefits. The CEO may make recommendations to the Committee with respect to executive officer compensation.

(d) The Committee shall review and make recommendations to the Board with respect to the Company's equity-based plans and any other compensation plans and oversee the administration of these plans and discharge any responsibilities imposed on the Committee by any of these plans.

(e) The Committee shall administer any equity-based compensation and approve any grants of the Company's stock and other equity securities. The Committee may in its discretion delegate to one or more executive officers the authority to administer certain aspects of the Company's equity-based compensation plans and, within parameters specified by the Committee, make grants of equity-based compensation to eligible individuals who are not

executive officers. Any executive officer to whom the Committee grants such authority shall regularly report to the Committee grants so made and the Committee may revoke any delegation of authority at any time.

(f) In evaluating and determining the compensation of the CEO and other executive officers of the Company, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act.

(g) The Committee shall periodically review the compensation of the Company's directors and make recommendations to the Board with respect thereto.

(h) The Committee shall oversee the Company's regulatory compliance with respect to compensation matters, including the Company's policies on structuring compensation programs to preserve tax deductibility and, as and when required, establishing performance goals and certifying that performance goals have been obtained for purposes of Section 162(m) of the Internal Revenue Code.

(i) The Committee shall have risk oversight responsibility relating to risks associated with the design and operation of compensation programs, policies, and practices. At least annually, the Committee shall assess whether the design or operation of the Company's compensation programs, policies, and practices create any material risks.

(j) The Committee shall monitor compliance with legal prohibitions on loans to directors and executive officers of the Company.

(k) The Committee shall oversee the Company's submissions to stockholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, incentive and other executive compensation plans and, to the extent required under NASDAQ listing standards, amendments to those plans.

(l) To the extent the Company elects to include in the Company's proxy statement or annual report on Form 10-K a compensation discussion & analysis ("CD&A") that meets the requirements of Item 402 of Regulation S-K, the Committee shall review and discuss with management such CD&A and, based on such review and discussion, the Committee shall make a recommendation to the Board on whether the CD&A should be included in the Company's proxy statement or annual report on Form 10-K and shall, accordingly, prepare the Compensation Committee Report required by Item 407 of Regulation S-K.

(m) The Committee shall undertake and review with the Board an annual performance evaluation of the Committee, which shall measure the performance of the Committee against the requirements of this Charter and outline the goals and objectives of the Committee for the upcoming year. The Committee shall conduct such performance evaluation in such manner as the Committee deems appropriate, and may report the results of its performance evaluation through an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

(n) 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.

(o) The Committee shall report to the Board periodically on all matters for which the Committee has responsibility.

(p) 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.

## **5. Authority and Resources**

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other advisor to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any compensation consultant, legal counsel, or other advisor retained by it. The Committee may select or receive advice from a compensation consultant, legal counsel (other than in-house legal counsel), or other advisor only after considering the independence of such advisor in accordance with applicable NASDAQ listing standards (other than in-house legal counsel). Outside counsel and any other advisors retained by the Committee shall be independent as determined in the discretion of the Committee.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Section 407(e)(3)(iv) of Regulation S-K.

The Company shall pay to any compensation consultant, legal counsel, or other advisor retained by the Committee such compensation (including, without limitation, usual and customary expenses and charges) as shall be determined by the Committee.