

CYANOTECH CORPORATION
Compensation Committee
(As amended through August 25, 2016)

I. Organization

The Compensation Committee shall consist of two or more directors as designated by the Board of Directors (the “Board”). All members of the Compensation Committee shall satisfy the independence requirements as defined in Nasdaq Rule 5605. The Members of the Compensation Committee shall select a Chairperson annually. Members of the Compensation Committee may be removed by the Board at any time.

Meetings of the Compensation Committee shall be called by the Chairman of the Board, the Secretary of the Company, or the Chairperson of the Compensation Committee.

II. Purpose of the Compensation Committee.

The purpose of the Compensation Committee shall be to review and make recommendations to the full Board concerning the Company’s executive compensation policies and practices, bonus plans, incentive equity plans and to approve the grant of stock options and other awards to officers, employees and consultants of the Company.

III. Responsibilities and Duties

In furtherance of the Compensation Committee’s purpose, and in addition to any other responsibilities that may be assigned to it from time to time by the Board, the Compensation Committee shall have the following responsibilities and duties:

- Review and approve corporate goals and objectives relevant to the compensation of the CEO of the Company, evaluate the CEO’s performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board), determine and approve the CEO’s compensation level based on this evaluation (in making such determination, the Compensation Committee should consider the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company’s CEO in past year).
- Review and approve all compensation arrangements with executive officers of the Company, including base salary, perquisites, incentive compensation, and equity-based compensation.
- Make recommendations to the Board with respect to the establishment and terms of incentive compensation and equity-based plans and administer such plans, including, to the extent Compensation Committee deems appropriate, approving grants of awards under such plans.
- Review and approve any employment agreement or severance agreement entered

into between the Company and the CEO, or any member of the executive officer group, and consult with management with respect to any such agreement entered into between the Company and any other executive officer.

- Review and approve any change of control agreement entered into between the Company and the CEO or any other executive officer.
- Develop and review management development and succession plans for the procedures for CEO selection and performance review, as well as policies regarding succession in the event of any emergency or the retirement of the CEO.
- Establish and review periodically policies with respect to ownership of the Company's stock by members of senior management.
- Appoint and terminate the appointment of the name fiduciary or fiduciaries of any employee benefit plan covering employees of the Company subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and the terms of the applicable plan documents.
- Produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

The Compensation Committee shall report its activities to the full Board on a regular and timely basis so that the Board is kept informed of its activities.

IV. Compensation Consultants.

The Compensation Committee may obtain advice and assistance from such internal and external advisors as it seems appropriate in connection with the discharge of its duties. In the case of external advisors that the Compensation Committee seeks to engage, or any other external advisors engaged by the Company to assist in the evaluation of the CEO or executive compensation, the Compensation Committee shall have sole authority to retain and terminate such advisors, including sole authority to approve such advisor's fees and other retention terms. The Company shall provide for appropriate funding, as determined by the Compensation Committee, for the payment of compensation to such external advisors and for ordinary administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties.

V. Performance Evaluation.

The Compensation Committee shall evaluate its performance on an annual basis.

VI. Charter Review.

The Compensation Committee shall review and reassess the adequacy of this Charter on an annual basis.