

BIOLARGO, INC.  
Form PRE 14A  
March 19, 2018

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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a)**

**OF THE SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**BIOLARGO, INC.**

(Name of Registrant as Specified in its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than Registrant)

**Payment of Filing Fee (Check the appropriate box):**

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which investment applies:

(2) Aggregate number of securities to which investment applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:(set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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*Nature's Best Solution*

**BioLargo, Inc.**

14921 Chestnut St.

Westminster, California 92683

(949) 643-9540

**NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 7, 2018**

To the Stockholders of BioLargo, Inc.:

You are cordially invited to attend the 2018 Annual Meeting of Stockholders of BioLargo, Inc. The annual meeting will be held on Monday, May 7, 2018, at 10:00 a.m. local time, at our offices located at 14921 Chestnut St., Westminster, California 92683.

The expected actions to be taken at the annual meeting are described in the attached Proxy Statement and Notice of Annual Meeting of Stockholders. Included with the Proxy Statement is a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. We encourage you to read the Annual Report. It includes our audited financial statements and information about our operations, markets, products and services.

Stockholders of record as of March 16, 2018 may vote at the Annual Meeting.

We are pleased to inform you that this year we will be taking advantage of the "Notice and Access" method of providing proxy materials via the Internet. On or about March 21, 2018, we will be mailing to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and Annual

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Report for the fiscal year ended December 31, 2017 and how to vote. This notice also contains instructions on how to receive a paper or e-mail copy of the proxy materials. We believe that this method will expedite your receipt of proxy materials, help conserve natural resources and reduce our printing and mailing costs.

Your vote is important. Whether or not you plan to attend the meeting, please promptly vote and submit your proxy by signing, dating and returning the accompanying proxy card in the enclosed postage-paid envelope, or through the voting website. Returning the proxy card will ensure your representation at the meeting but does NOT deprive you of your right to attend the meeting and to vote your shares in person. The Proxy Statement explains more about the proxy voting. Please read it carefully. We look forward to seeing you at the Annual Meeting.

Sincerely

Dennis P. Calvert

President and Chief Executive Officer

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**NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS**

Date: Monday May 7, 2018

Time: 10:00 a.m. local time

BioLargo, Inc.

Place: 14921 Chestnut St.

Westminster, CA 92683

Matters to be voted on:

1. A proposal to elect the following seven individuals to our Board of Directors: Dennis P. Calvert, Kenneth R. Code, Dennis E. Marshall, Joseph L. Provenzano, Kent C. Roberts II, John S. Runyan and Jack B. Strommen.
2. Advisory approval of the Company's executive compensation.
3. A proposal to ratify the appointment of Haskell & White LLP as our independent public accounting firm for the 2018 fiscal year.
4. A proposal to increase the authorized capital stock of the Company from 200,000,000 shares of common stock to 400,000,000 shares of common stock.
5. A proposal to adopt the 2018 Equity Incentive Plan.

The annual meeting will also address such other business as may properly come before the annual meeting or any postponement or adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on March 16, 2018 are entitled to notice of and to vote at the annual meeting. A Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and how to vote will be mailed on or about March 21, 2018 to all stockholders entitled to vote at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Dennis P. Calvert

President and Chief Executive Officer

March 19, 2018

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on Monday, May 7, 2018. The Proxy Statement and the Annual Report to Stockholders are available at [www.BioLargoReport.com](http://www.BioLargoReport.com).**

**YOUR VOTE IS IMPORTANT.**

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED. FOR SPECIFIC INSTRUCTIONS ON VOTING, PLEASE REFER TO THE INSTRUCTIONS INCLUDED WITH THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR THE PROXY CARD OR VOTING INSTRUCTION CARD INCLUDED WITH THE PROXY MATERIALS.**

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Exhibit A: Form of Notice of Internet Availability of Proxy Materials

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**BIOLARGO, INC.**

**PROXY STATEMENT FOR THE**

**2018**

**ANNUAL MEETING OF STOCKHOLDERS**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

The enclosed Proxy is solicited on behalf of the Board of Directors of BioLargo, Inc. (“BioLargo” or the “Company”), for use at the Annual Meeting of Stockholders to be held on Monday, May 7, 2018, at 10:00 a.m. local time (the “Annual Meeting”), and at any postponement or adjournment thereof. The Annual Meeting will be held at the Company’s office at 14921 Chestnut St., Westminster, California 92683. The purposes of the Annual Meeting are set forth in the accompanying Notice of Annual Meeting of Stockholders.

As permitted by the rules adopted by the Securities and Exchange Commission, or SEC, we are making these proxy solicitation materials and the Annual Report for the fiscal year ended December 31, 2017, including the financial statements, available to our stockholders electronically via the Internet. A Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our Proxy Statement and Annual Report for the fiscal year ended December 31, 2017 and how to vote will be mailed on or about March 21, 2018, to all stockholders entitled to vote at the meeting. Our principal executive offices are located at 14921 Chestnut St., Westminster, California 92683. Our telephone number is (949) 643-9540. Our proxy materials are posted on the Internet at [www.BioLargoReport.com](http://www.BioLargoReport.com).

**GENERAL INFORMATION ABOUT THE MEETING**

## Who May Vote

You may vote if our records show that you own shares of BioLargo as of March 16, 2018. As of the close of business on March 16, 2018, we had a total of 105,109,370 shares of common stock issued and outstanding, which were held of record by approximately 650 stockholders, and beneficially by approximately 2,600. As of March 16, 2018, we had no shares of preferred stock outstanding. You are entitled to one vote for each share that you own.

## Voting Your Proxy

If a broker, bank or other nominee holds your shares, you will receive instructions from them that you must follow in order to have your shares voted. If a bank, broker or other nominee holds your shares and you wish to attend the meeting and vote in person, you must obtain a “legal proxy” from the record holder of the shares giving you the right to vote the shares.

If you hold your shares in your own name as a holder of record, you may instruct the proxy holders how to vote your common stock in one of the following ways:

**Vote by Internet.** You may vote via the Internet by following the instructions provided in the Notice or, if you received printed materials, on your proxy card. The website for Internet voting is [www.voteproxy.com](http://www.voteproxy.com) and is also printed on the Notice and on your proxy card. Please have your Notice or proxy card in hand. Internet voting is available 24 hours per day until 11:59 p.m., Eastern Time, on May 6, 2018. You will receive a series of instructions that will allow you to vote your shares of common stock. You will also be given the opportunity to confirm that your instructions have been properly recorded. **IF YOU VOTE VIA THE INTERNET, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

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**Vote by Mail.** If you would like to vote by mail, then please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.

Of course, you may also choose to attend the meeting and vote your shares in person. The proxy holders will vote your shares in accordance with your instructions on the proxy card. If you sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by our Board of Directors.

## **Matters to be Presented**

We are not aware of any matters to be presented other than those described in this Proxy Statement. If any matters not described in the Proxy Statement are properly presented at the meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the meeting is adjourned, the proxy holders can vote your shares on the new meeting date as well, unless you have revoked your proxy instructions.

## **Changing Your Vote**

To revoke your proxy instructions if you are a holder of record, you must (i) advise our Corporate Secretary in writing before the proxy holders vote your shares, (ii) deliver later proxy instructions, or (iii) attend the meeting and vote your shares in person. If your shares are held by a bank, broker or other nominee, you must follow the instructions provided by the bank, broker or nominee.

## **Cost of This Proxy Solicitation**

We will pay the cost of this proxy solicitation. We may, on request, reimburse brokerage firms and other nominees for their expenses in forwarding proxy materials to beneficial owners. In addition to soliciting proxies by mail, we expect that our directors, officers and employees may solicit proxies in person or by telephone or facsimile. None of these individuals will receive any additional or special compensation for doing this, although we will reimburse these individuals for their reasonable out-of-pocket expenses.

## **How Votes are Counted**

The Annual Meeting will be held if a majority of the outstanding common stock entitled to vote is represented at the meeting. If you have returned valid proxy instructions or attend the meeting in person, your common stock will be counted for the purpose of determining whether there is a quorum, even if you wish to abstain from voting on some or all matters at the meeting.

### **Abstentions and Broker Non-Votes**

Shares that are voted “WITHHELD” or “ABSTAIN” are treated as being present for purposes of determining the presence of a quorum and as entitled to vote on a particular subject matter at the Annual Meeting. If you hold your common stock through a bank, broker or other nominee, the broker may be prevented from voting shares held in your account on some proposals (a “broker non-vote”) unless you have given voting instructions to the bank, broker or nominee. Shares that are subject to a broker non-vote are counted for purposes of determining whether a quorum exists but not for purposes of determining whether a proposal has passed.

### **Our Voting Recommendations**

When proxies are properly dated, executed and returned, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the instructions of the stockholder. However, if no specific instructions are given, the shares will be voted in accordance with the following recommendations of our Board of Directors:

“FOR” the election of Dennis P. Calvert, Kenneth R. Code, Dennis E. Marshall, Joseph L. Provenzano, Kent C. Roberts II, John S. Runyan and Jack B. Strommen to the Board of Directors;

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“FOR” the advisory vote on executive compensation.

“FOR” the proposal to ratify the appointment of Haskell & White LLP as our independent public accounting firm for the 2018 fiscal year.

“FOR” the proposal to increase the authorized capital stock of the Company from 200,000,000 shares of common stock to 400,000,000 shares of common stock.

“FOR” the proposal to adopt the 2018 Equity Incentive Plan.

**Deadlines for Receipt of Stockholder Proposals**

Stockholders may present proposals for action at a future meeting only if they comply with the requirements of the proxy rules established by the SEC and our bylaws. Stockholder proposals that are intended to be included in our Proxy Statement and form of Proxy relating to the meeting for our 2019 Annual Meeting of Stockholders under rules set forth in the Securities Exchange Act of 1934, as amended, or the Securities Exchange Act, must be received by us no later than December 31, 2018 to be considered for inclusion. All proposals should be addressed to the Corporate Secretary, BioLargo, Inc., 14921 Chestnut St., Westminster, California 92683.

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**MATTER I**

**ELECTION OF DIRECTORS**

The nominees listed below have been selected by the Board. Other than Mr. Strommen, all of the nominees are currently members of the Board. If elected, each nominee will serve until the annual meeting of stockholders to be held in 2019 (or action by written consent of stockholders in lieu thereof), or until his successor has been duly elected and qualified.

**Composition of Board of Directors**

Our bylaws provide that the Board shall consist of not less than two and not more than seven directors. The Board currently consists of seven members. The Board has fixed the size of the Board to be elected in 2018 at seven members. There are no family relationships among any of our current directors, the nominees for directors and our executive officers.

In the event that a nominee is unable or declines to serve as a director at the time of the Annual Meeting, the present Board will fill any such vacancy. As of the date of this Proxy Statement, the Board is not aware of any nominee who is unable or will decline to serve as a director.

The Board does not have a Nominating/Corporate Governance Committee primarily because capital constraints, the Company's early operational state, and the size of the current Board make constituting and administering such a committee excessively burdensome and costly. With respect to the nominees for election in 2018, every director of the Company participated in the decisions relating to the nomination of directors.

**Nominees for Election as Directors**

The following is certain information as of March 16, 2018 regarding the nominees for election as directors.

<b>Name</b>	<b>Position with Company</b>	<b>Age</b>	<b>Director Since</b>
Dennis P. Calvert	President, Chief Executive Officer, Chairman, and Director	55	June 2002
Kenneth R. Code	Chief Science Officer, Director	71	April 2007
Dennis E. Marshall <sup>(2)(3)</sup>	Director	75	April 2006
Joseph L. Provenzano	Vice President of Operations, Corporate Secretary and Director	49	June 2002
Kent C. Roberts, II	Director	58	August 2011
John S. Runyan <sup>(1)(4)</sup>	Director	79	October 2011
Jack B. Strommen	Director	47	June 2017

(1)Member of Audit Committee

(2)Member of Compensation Committee

(3)Chairman of Audit Committee

(4)Chairman of Compensation Committee

### **Vote Required**

If a quorum is present, the nominees receiving the highest number of votes will be elected to the Board of Directors. Abstentions and broker non-votes will have no effect on the election of directors.



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**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE ELECTION OF DENNIS P. CALVERT, KENNETH R. CODE, DENNIS E. MARSHALL, JOSEPH L. PROVENZANO, KENT C. ROBERTS II, JOHN S. RUNYAN AND JACK B. STROMMEN TO THE BOARD OF DIRECTORS.**

**Biographical Information Regarding Directors and Nominees**

*Dennis P. Calvert* is our President, Chief Executive Officer and Chairman of the Board. He also serves in the same positions for BioLargo Life Technologies, Inc. and BioLargo Water U.S.A., Inc., both wholly owned subsidiaries, and chairman of the board of directors of our subsidiaries Odor-No-More, Inc., Clyra Medical Technologies, Inc. and BioLargo Water, Inc. (Canada). Mr. Calvert was appointed a director in June 2002 and has served as President and Chief Executive Officer since June 2002, Corporate Secretary from September 2002 until March 2003 and Chief Financial Officer from March 2003 through January 2008. Mr. Calvert holds a B.A. degree in Economics from Wake Forest University, where he was a varsity basketball player. Mr. Calvert also studied at Columbia University and Harding University. He also serves on the board of directors at The Maximum Impact Foundation, a 501(c)(3), committed to bridging the gap for lifesaving work around the globe for the good of man and in the name of Christ. He serves as a member of the Advisory Council for Wake Forest University’s Center for Innovation, Creativity and Entrepreneurship, and as a Director of Cleantech OC in and serves on their “Technology Breakthrough” committee. CleanTech OC is a trade association that seeks to promote economic growth in the Orange County clean technology industry. Most recently, he joined the Board of Directors of Tilly’s Life Center, a nonprofit charitable foundation aimed at empowering teens with a positive mindset and enabling them to effectively cope with crisis, adversity and tough decisions. He is also an Eagle Scout. He is married and has two children. He has been an active coach in youth sports organizations and ministry activity in his home community. Mr. Calvert has an extensive entrepreneurial background as an operator, investor and consultant. Prior to his work with BioLargo, he had participated in more than 300 consulting projects and more than 50 acquisitions as well as various financing transactions and companies that ranged from industrial chemicals, healthcare management, finance, telecommunications and consumer products.

*Kenneth R. Code* is our Chief Science Officer. He has been a director since April 2007. Mr. Code is our single largest stockholder. He is the founder of IOWC, which is engaged in the research and development of advanced disinfection technology, and from which the Company acquired its core iodine technology in April 2007. Mr. Code has authored several publications and holds several patents, with additional pending, concerning advanced iodine disinfection. Mr. Code graduated from the University of Calgary, Alberta, Canada.

*Dennis E. Marshall* has been a director since April 2006. Mr. Marshall has over 46 years of experience in real estate, asset management, management level finance and operations-oriented management. Since 1981, Mr. Marshall has been a real estate investment broker in Orange County, California, representing buyers and sellers in investment

acquisitions and dispositions. From March 1977 to January 1981, Mr. Marshall was a real estate syndicator at McCombs Corporation as well as the assistant to the Chairman of the Board. While at McCombs Corporation, Mr. Marshall became the Vice President of Finance, where he financially monitored numerous public real estate syndications. From June 1973 to September 1976, Mr. Marshall served as an equity controller for the Don Koll Company, an investment builder and general contractor firm, at which Mr. Marshall worked closely with institutional equity partners and lenders. Before he began his career in real estate, Mr. Marshall worked at Arthur Young & Co. (now Ernst & Young) from June 1969 to June 1973, where he served as Supervising Senior Auditor and was responsible for numerous independent audits of publicly held corporations. During this period, he obtained Certified Public Accountant certification. Mr. Marshall earned a degree in Accounting from the University of Texas, Austin in 1966 and earned a Master of Science Business Administration from the University of California, Los Angeles in 1969. Mr. Marshall serves as Chairman of the Audit Committee.

*Joseph L. Provenzano* has been a director since June 2002, assumed the role of Corporate Secretary in March 2003, was appointed Executive Vice President of Operations in January 2008, was elected President of our subsidiary, Odor-No-More, Inc., upon the commencement of its operations in January 2010. He is a co-inventor on several of the company's patents and proprietary manufacturing processes, and has developed over 30 products from our CupriDyne® technology. Mr. Provenzano began his corporate career in 1988 in the marketing field. In 2001 he began work with an investment holding company to manage their mergers and acquisitions department, participating in more than 50 corporate mergers and acquisitions.

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*Kent C. Roberts III* has been a director since August 2011. He is a partner at Acacia Investment Partners, a management consulting firm serving the asset management industry. Mr. Roberts has had a long and successful career in the asset management business as a north American practice leader or at the senior partner level. His investment experience spans 25 years where he served in senior positions in business management, trading, currency risk management, business development and marketing strategy, as well as governance and oversight roles. He has worked for both large firms as well as boutiques that bring unique investment expertise to investors around the world. Those firms include: Global Evolution USA, First Quadrant and Bankers Trust Company. He has presented at numerous industry conferences and as a guest speaker at numerous industry conferences and events. Prior to entering the financial services industry Mr. Roberts worked in the oil and gas exploration industry. Mr. Roberts received a MBA in Finance from the University of Notre Dame and a BS in Agriculture and Watershed Hydrology from the University of Arizona. Mr. Roberts holds a series 3 securities license.

*John S. Runyan* has been a director since October 2011. He has spent his career in the food industry. He began as a stock clerk at age 12, and ultimately served the Fleming Companies for 38 years, his last 10 years as a Senior Executive Officer in its corporate headquarters where he was Group President of Price Impact Retail Stores with annual sales of over \$3 billion. He retired from Fleming in 2001, and established JSR&R Company Executive Advising, with a primary emphasis in the United States and international food business. His clients have included Coca Cola, Food 4 Less Price Impact Stores, IGA, Inc., Golden State Foods, Bozzuto Companies Foodstuffs New Zealand, Metcash Australia and McLane International. In 2005, he joined Associated Grocers in Seattle Washington as President and CEO, overseeing its purchase in 2007 by Unified Grocers, at which time he became Executive Advisor to its CEO and to its President. Mr. Runyan currently serves on the board of directors of Western Association of Food Chains and Retailer Owned Food Distributors of America. Additionally, Mr. Runyan served eight years as a board member of the City of Hope's Northern California Food Industry Circle, which included two terms as President, and was recognized with the City of Hope "Spirit of Life" award. He was the first wholesale executive to be voted "Man of the Year" by Food People Publication. He is a graduate of Washburn University, which recognized his business accomplishments in 2007 as the honoree from the School of Business "Alumni Fellow Award." Mr. Runyan serves as Chairman of the Compensation Committee.

*Jack B. Strommen* is a member of the board of directors of our subsidiary, Clyra Medical Technologies, as the representative of Sanatio Capital LLC. Mr. Strommen is the CEO of PD Instore, a leader in the design, production and installation of retail environments and displays for many Fortune 500 companies including Target, Adidas, Verizon, Disney and Sony. He is also the Chairman of Our House Films, an angel investor in several private companies ranging from bio-tech to med-tech to real estate, and serves on the board of directors of several private and public companies. A relentless force of growth, Mr. Strommen has taken his company, PD Instore, to new and ever increasing levels of success. Mr. Strommen purchased the family owned, local based printing firm, from his grandfather in 1999. With Jay's vision and leadership, it went from a local company with \$25M in revenues to a global company with \$180M in global sales. Jay led the company in a private sale in 2015, remaining as CEO.

**Other Executive Officer of the Company**

The following is certain information as of March 16, 2018 regarding the executive officer of the Company not discussed above.

<b>Name</b>	<b>Position with Company</b>	<b>Age</b>	<b>Officer Since</b>
Charles K. Dargan, II	Chief Financial Officer	62	2008

*Charles K. Dargan II* is our Chief Financial Officer and has served as such since February 2008. Since January 2003, Mr. Dargan has served as founder and principal of CFO 911, an organization of senior executives that provides accounting, finance and operational expertise to both public and private companies who are at strategic inflection points of their development and helps them effectively transition from one business stage to another. From March 2000 to January 2003, Mr. Dargan was the Chief Financial Officer of Semotus Solutions, Inc., an American Stock Exchange-listed wireless mobility software company. Mr. Dargan also serves as a director of Hiplink Software, Inc. and CPSM, Inc. Further, Mr. Dargan began his finance career in investment banking with Drexel Burnham Lambert and later became Managing Director of two regional firms, including Houlihan Lokey Howard & Zukin, where he was responsible for the management of the private placement activities of the firm. Mr. Dargan received his B.A. degree in Government from Dartmouth College, his M.B.A. degree and M.S.B.A. degree in Finance from the University of Southern California. Mr. Dargan is a CPA (inactive).

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**CORPORATE GOVERNANCE**

Our corporate website, [www.biolargo.com](http://www.biolargo.com), contains the charters for our Audit and Compensation Committees and certain other corporate governance documents and policies, including our Code of Ethics. Any changes to these documents and any waivers granted with respect to our code of ethics will be posted at [www.biolargo.com](http://www.biolargo.com). In addition, we will provide a copy of any of these documents without charge to any stockholder upon written request made to Corporate Secretary, BioLargo, Inc., 14921 Chestnut St., Westminster, California 92683. The information at [www.biolargo.com](http://www.biolargo.com) is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated by reference into this or any other filing we make with the SEC.

**Director Independence**

The Board has determined that each of Messrs. Marshall, Roberts, Runyan and Strommen is independent as defined under applicable Nasdaq Stock Market, LLC (“Nasdaq”) listing standards. The Board has determined that none of Messrs. Calvert, Code or Provenzano is independent as defined under applicable Nasdaq listing standards. None of Messrs. Calvert, Code or Provenzano serves on any committees of the Board.

**Meetings of the Board**

Our board of directors held five meetings during 2017, and acted via unanimous written consent four times. Each of the incumbent directors attended all the meetings of our board of directors and committees on which the director served, except for two absences at the annual board meeting in June 2017, and one absent at a meeting in August 2017. Each of our directors is encouraged to attend our Annual Meeting of Stockholders, when these are held, and to be available to answer any questions posed by stockholders to such director.

**Communications with the Board**

The following procedures have been established by the Board in order to facilitate communications between our stockholders and the Board:

Stockholders may send correspondence, which should indicate that the sender is a Stockholder, to the Board or to any individual director, by mail to Corporate Secretary, BioLargo, Inc., 14921 Chestnut St., Westminster, California 92683.

Our Corporate Secretary will be responsible for the first review and logging of this correspondence and will forward the communication to the director or directors to whom it is addressed unless it is a type of correspondence which the Board has identified as correspondence which may be retained in our files and not sent to directors. The Board has authorized the Corporate Secretary to retain and not send to directors communications that: (a) are advertising or promotional in nature (offering goods or services), (b) solely relate to complaints by clients with respect to ordinary course of business customer service and satisfaction issues or (c) clearly are unrelated to our business, industry, management or Board or committee matters. These types of communications will be logged and filed but not circulated to directors. Except as set forth in the preceding sentence, the Corporate Secretary will not screen communications sent to directors.

The log of stockholder correspondence will be available to members of the Board for inspection. At least once each year, the Corporate Secretary will provide to the Board a summary of the communications received from stockholders, including the communications not sent to directors in accordance with the procedures set forth above.

Our stockholders may also communicate directly with the non-management directors as a group, by mail addressed to Dennis E. Marshall, c/o Corporate Secretary, BioLargo, Inc., 14921 Chestnut St., Westminster, California 92683.

Our Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding questionable accounting, internal controls, and financial improprieties or auditing matters. Any of our employees may confidentially communicate concerns about any of these matters by mail addressed to Audit Committee, c/o Corporate Secretary, BioLargo, Inc., 14921 Chestnut St., Westminster, California 92683.

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All of the reporting mechanisms are also posted on our corporate website, [www.biolargo.com](http://www.biolargo.com). Upon receipt of a complaint or concern, a determination will be made whether it pertains to accounting, internal controls or auditing matters and, if it does, it will be handled in accordance with the procedures established by the Audit Committee.

### **Committees of the Board of Directors**

Our board of directors has established an Audit Committee and a Compensation Committee.

The Audit Committee meets with management and our independent registered public accounting firm to review the adequacy of internal controls and other financial reporting matters. Dennis E. Marshall served as Chairman of the Audit Committee during 2017 and continues to serve in that capacity. John S. Runyan, a current board member, also serves on the Audit Committee. Our board of directors has determined that Mr. Marshall qualifies as an “audit committee financial expert” as defined in Item 401(h) of Regulation S-K of the Securities Exchange Act of 1934, as amended. The Audit Committee met four times in 2017.

The Compensation Committee reviews the compensation for all our officers and directors and affiliates. The Committee also administers our equity incentive option plan. Mr. Runyan served as Chairman of the Compensation Committee during 2017. Mr. Marshall also serves on the Compensation Committee. The Compensation Committee met once and acted by consent three times during 2017.

Our board of directors did not modify any action or recommendation made by the Compensation Committee with respect to executive compensation for the 2016 or 2017 fiscal years. It is the opinion of the Compensation Committee that the executive compensation policies and plans provide the necessary total remuneration program to properly align their performance and the interests of our stockholders using competitive and equitable executive compensation in a balanced and reasonable manner, for both the short and long term.

We do not have a Nominating/Corporate Governance Committee primarily because of capital constraints, our early operational state and the size of our current Board make constituting and administering such a committee excessively burdensome and costly. The traditional responsibilities of such a committee are handled by our board of directors as a whole. Candidates for director nominees are reviewed in the context of the current composition of our board of directors, our company’s operating requirements and the long-term interests of its stockholders. In conducting this assessment, our board of directors considers skills, diversity, age, and such other factors as it deems appropriate given the current needs of our board of directors and our company, to maintain a balance of knowledge, experience and capability. Our board of directors’ process for identifying and evaluating nominees for director, including nominees recommended by stockholders, involves compiling names of potentially eligible candidates, conducting background and reference checks, conducting interviews with the candidate and others (as schedules permit), meeting to consider

and approve the final candidates and, as appropriate, preparing an analysis regarding recommended candidates.

Our board of directors follows the written code of ethics that applies to its principal executive officers, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

### **Board Leadership Structure**

Mr. Calvert serves as both principal executive officer and Chairman of the Board. The Company does not have a lead independent director. Messrs. Marshall, Roberts and Runyan serve as independent directors who provide active and effective oversight of our strategic decisions. As of the date of this filing, the Company has determined that the leadership structure of the Board has permitted the Board to fulfill its duties effectively and efficiently and is appropriate given the size and scope of the Company and its financial condition.



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**The Board's Role in Risk Oversight**

As a smaller company, our executive management team, consisting of Messrs. Calvert and Code, are also members of our Board. Our board of directors, including our executive management members and independent directors, is responsible for overseeing our executive management team in the execution of its responsibilities and for assessing our company's approach to risk management. Our board of directors exercises these responsibilities on an ongoing basis as part of its meetings and through its committees. Each member of the management team has direct access to the other Board members, and our committees of our board of directors, to ensure that all risk issues are frequently and openly communicated. Our board of directors closely monitors the information it receives from management and provides oversight and guidance to our executive management team regarding the assessment and management of risk. For example, our board of directors regularly reviews our company's critical strategic, operational, legal and financial risks with management to set the tone and direction for ensuring appropriate risk taking within the business.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, certain officers and persons holding 10% or more of the Company's Common stock to file reports regarding their ownership and regarding their acquisitions and dispositions of our Common stock with the SEC. Such persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, based solely upon review of Forms 3, 4, and 5 (and amendments thereto) and written representations provided to us by executive officers, directors and stockholders beneficially owning 10% or greater of the outstanding shares, we believe that such persons filed pursuant to the requirements of the SEC on a timely basis during the year ended December 31, 2017.

Table of Contents**EXECUTIVE COMPENSATION**

The following table sets forth all compensation earned for services rendered to our company in all capacities for the fiscal years ended December 31, 2017 and 2016, by our principal executive officer and our three most highly compensated executive officers other than our principal executive officer, collectively referred to as the “Named Executive Officers.”

**Summary Compensation Table**

<b>Name and Principal Positions</b>	<b>Year</b>	<b>Salary</b>	<b>Stock Awards</b>	<b>Option Awards (1)</b>	<b>All other Compensation</b>	<b>Total</b>
Dennis P. Calvert, Chairman, Chief Executive Officer and President	2017	\$ 288,603 (2)	\$ —(3)	\$ 195,894(4)	\$ 49,600 (5)	\$534,097
	2016	288,603 (2)	\$ —	\$ —	\$ 25,666 (5)	\$314,269
Kenneth R. Code, Chief Science Officer	2017	\$ 288,603 (6)	\$ —	\$ —	\$ 72,600 (5)	\$361,203
	2016	288,603 (6)	\$ —	\$ —	\$ 12,600 (5)	\$301,203
Charles K. Dargan Chief Financial Officer	2017	\$ —	\$ —	\$ 236,250(7)	\$ —	\$236,250
	2016	—	\$ —	\$ 106,950(7)	\$ —	\$106,950
Joseph Provenzano, Corporate Secretary; President Odor-No-More, Inc	2017	\$ 169,772 (8)	\$ —	\$ 47,000 (9)	\$ 12,900 (10)	\$229,672
	2016	169,772 (8)	\$ —	\$ —	\$ 14,513 (5)	\$184,285

(1) Our company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award, which is the vesting period. Share-based compensation expense is based on the grant date fair value estimated using the Black-Scholes method. The amounts in the “Stock and Option Awards” column reflect the aggregate grant date fair value of awards of stock or options, computed in accordance with SEC rules. These amounts do not represent the actual amounts paid to or realized by any of the recipients during fiscal 2016 and 2017.

(2) In 2016 and 2017 the employment agreement for Mr. Calvert provided for a base salary of \$288,603 and other compensation for health insurance and an automobile allowance. On December 29, 2017, Mr. Calvert agreed to accept 71,273 shares of our common stock, at a conversion price of \$0.39 per share, in lieu of \$27,796 of accrued and unpaid salary. The common stock issued is restricted from sale until the earlier of the termination of the executive's employment, or the filing of a report of a "change in control" on Form 8-K. (See "Employment Agreements—*Dennis P. Calvert*" and "Outstanding Equity Awards at Fiscal Year-End" below for more details).

(3) On May 2, 2017, Mr. Calvert was issued 1,500,000 shares of common stock, subject to a "lock-up agreement" whereby the shares remain unvested until the occurrence of certain events. As no such events occurred during 2017, and thus no shares vested, the value of the award in 2017 was recorded as zero. (See "Employment Agreements—*Dennis P. Calvert*" and "Outstanding Equity Awards at Fiscal Year-End" below for more details.)

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- On May 2, 2017, pursuant to his employment agreement, we granted to our president, Dennis P. Calvert, an option to purchase 3,731,322 shares of the Company's common stock. The option is a non-qualified stock option, exercisable at \$0.45 per share, the closing price of our common stock on the grant date, exercisable for ten years from the date of grant, and vesting in equal increments on the anniversary of the option agreement for five years.
- (4) Any portion of the option which has not yet vested shall immediately vest in the event of, and prior to, a change of control, as defined in the employment agreement. The option cliff vests in 4 equal amounts on each anniversary of the option agreement. The option agreement contains the other terms standard in option agreements issued by the Company, including provisions for a cashless exercise. The fair value of this option totaled \$1,679,095 and will be amortized monthly through May 2, 2022. During the year ended December 31, 2017, we recorded \$195,894, respectively, of selling, general and administrative expense related to the option.

- Consists of health insurance premium and automobile allowance per Employment Agreements. In 2016, Mr. Calvert received a \$20,000 bonus payment. As of December 31, 2016, there was an accrued bonus due to Mr. Calvert totaling \$40,000, and to Mr. Code totaling \$60,000, of which each amounts were paid in January 2017. In 2016, Mr. Provenzano received a \$5,000 bonus payment.
- (5)

- In 2016 and 2017 the employment agreement for Mr. Code provided for a base salary of \$288,603 and other compensation of \$12,600. On December 29, 2017, Mr. Code agreed to accept 77,432 shares of our common stock, at a conversion price of \$0.39 per share, in lieu of \$30,198 of accrued and unpaid salary. The common stock issued
- (6) is restricted from sale until the earlier of the termination of the executive's employment, or the filing of a report of a "change in control" on Form 8-K. See "Employment Agreements—Kenneth R. Code" and "Outstanding Equity Awards at Fiscal Year-End" below for more details.

- On February 10, 2017, our Chief Financial Officer, Charles K. Dargan, II, agreed to extend his engagement agreement dated February 1, 2008 (the "Engagement Agreement," which had been previously extended multiple times). The extension provides for an additional term to expire September 30, 2017 (the "Extended Term"), and is retroactively effective to the termination of the prior extension on October 1, 2016. This extension again
- (7) compensates Mr. Dargan through the issuance of an option to purchase 300,000 shares of the Company's common stock. The strike price of the option is \$0.69 per share, which is equal to the closing price of the Company's common stock on February 10, 2017, expires February 10, 2027, and vests over the term of the engagement with 125,000 shares having vested as of February 10, 2017, and the remaining shares to vest 25,000 shares monthly beginning March 1, 2017, and each month thereafter, so long as his agreement is in full force and effect. The fair value of the option totaled \$207,000.

On December 31, 2017, we and Mr. Dargan again agreed to extend his Engagement Agreement. As consideration for a one-year extension, on that date we issued Mr. Dargan an option to purchase 300,000 shares of the Company's common stock at \$0.39 per share, which expires December 31, 2027, and vests over the term of the engagement with 75,000 shares having vested as of December 31, 2017, and the remaining shares to vest 25,000 shares monthly beginning January 31, 2018, and each month thereafter, so long as his agreement is in full force and effect. The fair value of the option totaled \$117,000, with \$29,250 of that vesting during 2017.

(8)

In 2016 and 2017, the employment agreement for Mr. Provenzano provided for a base salary of \$169,772, and \$169,772, respectively, and other compensation for health insurance and automobile allowance. See “Employment Agreements – Joseph Provenzano” and “Outstanding Equity Awards at Fiscal Year-End” below for more details.

On October 23, 2017, we issued to Mr. Provenzano an option to purchase 100,000 shares of our common stock at (9) \$0.47 per share, which expires October 23, 2027, and vests monthly in 10,000 share increments beginning November 23, 2017.

(10) Includes a \$7,500 cash bonus and \$5,400 in automobile expense.

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**Employment Agreements**

**Dennis P. Calvert**

On May 2, 2017, we entered into a new employment agreement with our president and chief executive officer Dennis P. Calvert (the “Calvert Employment Agreement”), replacing in its entirety the previous employment agreement with Mr. Calvert dated April 30, 2007.

The Calvert Employment Agreement provides that Mr. Calvert will continue to serve as the president and chief executive officer of the Company and receive base compensation equal to his current rate of pay of \$288,603 annually. In addition to this base compensation, the agreement provides that he is eligible to participate in incentive plans, stock option plans, and similar arrangements as determined by the Company’s Board of Directors, health insurance premium payments for himself and his immediate family, a car allowance of \$800 per month, paid vacation of four weeks per year, and bonuses in such amount as the Compensation Committee may determine from time to time.

The Calvert Employment Agreement provides that Mr. Calvert will be granted an option (the “Option”) to purchase 3,731,322 shares of the Company’s common stock. The Option shall be a non-qualified stock option, exercisable at \$0.45 per share, which represents the market price of the Company’s common stock as of the date of the agreement, exercisable for ten years from the date of grant and vesting in equal increments over five years. Notwithstanding the foregoing, any portion of the Option which has not yet vested shall be immediately vested in the event of, and prior to, a change of control, as defined in the Calvert Employment Agreement. The agreement also provides for a grant of 1,500,000 shares of common stock, subject to the execution of a “lock-up agreement” whereby the shares remain unvested unless and until the earlier of (i) a sale of the Company, (ii) the successful commercialization of the Company’s products or technologies as demonstrated by its receipt of at least \$3,000,000 in cash, or the recognition of \$3,000,000 in revenue, over a 12-month period from the sale of products and/or the license of technology, and (iii) the Company’s breach of the employment agreement resulting in his termination. The Option contains the other terms standard in option agreements issued by the Company, including provisions for a cashless exercise.

The Calvert Employment Agreement has a term of five years, unless earlier terminated in accordance with its terms. The Calvert Employment Agreement provides that Mr. Calvert’s employment may be terminated by the Company due to his death or disability, for cause, or upon a merger, acquisition, bankruptcy or dissolution of the Company. “Disability” as used in the Calvert Employment Agreement means physical or mental incapacity or illness rendering Mr. Calvert unable to perform his duties on a long-term basis (i) as evidenced by his failure or inability to perform his duties for a total of 120 days in any 360-day period, or (ii) as determined by an independent and licensed physician whom Company selects, or (iii) as determined without recourse by the Company’s disability insurance carrier. “Cause” means that Mr. Calvert has (i) engaged in willful misconduct in connection with the Company’s business; or (ii) been convicted of, or plead guilty or *nolo contendere* in connection with, fraud or any crime that constitutes a felony or that

involves moral turpitude or theft. If Mr. Calvert's employment is terminated due to merger or acquisition, then he will be eligible to receive the greater of (i) one year's compensation plus an additional one-half year for each year of service since the effective date of the employment agreement or (ii) one year's compensation plus an additional one half year for each year remaining in the term of the agreement. Otherwise, he is only entitled to receive compensation due through the date of termination.

The Calvert Employment Agreement requires Mr. Calvert to keep certain information confidential, not to solicit customers or employees of the Company or interfere with any business relationship of the Company, and to assign all inventions made or created during the term of the Calvert Employment Agreement as "work made for hire".

**Kenneth R. Code**

We entered into an employment agreement dated as of April 29, 2007 with Mr. Code, our Chief Science Officer (the "Code Employment Agreement"), which we amended on December 28, 2012 such that his salary will remain at \$288,603, the level paid in April 2012, with no further automatic increases. The Code Employment Agreement can automatically renew for one-year periods on April 29th of each year but may be terminated "without cause" at any time upon 120 days' notice, and upon such termination, Mr. Code would not receive the severance originally provided for. All other terms in the 2007 agreement remain the same in the Code Employment Agreement.

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In addition, Mr. Code will be eligible to participate in incentive plans, stock option plans, and similar arrangements as determined by our board of directors. When such benefits are made available to our senior employees, Mr. Code is also eligible to receive health insurance premium payments for himself and his immediate family, a car allowance of \$800 per month, paid vacation of four weeks per year plus an additional two weeks per year for each full year of service during the term of the agreement up to a maximum of 10 weeks per year, life insurance equal to three times his base salary and disability insurance.

The Code Employment Agreement further requires Mr. Code to keep certain information confidential, not to solicit customers or employees of our company or interfere with any business relationship of our company, and to assign all inventions made or created during the term of the Code Employment Agreement as “work made for hire”.

**Charles K. Dargan II**

Charles K. Dargan, II has served as our Chief Financial Officer since February 2008 pursuant to an engagement agreement with his company, CFO 911, that has been renewed each year. For the renewal effective February 1, 2015, Mr. Dargan was compensated through the issuance of an option to purchase an additional 300,000 shares of our common stock, at an exercise price of \$0.57 per share, to expire September 30, 2025, and vest over the term of the engagement with 120,000 shares vested as of September 30, 2015, and the remaining shares to vest 15,000 monthly, provided that the Engagement Extension Agreement with Mr. Dargan has not been terminated prior to each vesting date. Mr. Dargan receives no cash compensation from our company and continues to serve as our Chief Financial Officer.

On February 10, 2017, we and Mr. Dargan further extended his engagement agreement. The extension provides for an additional term to expire September 30, 2017 (the “Extended Term”), and is retroactively effective to the termination of the prior extension on October 1, 2016. This more recent extension again compensates Mr. Dargan through the issuance of an option to purchase 300,000 shares of the Company’s common stock. The strike price of the option is \$0.69 per share, which is equal to the closing price of the Company’s common stock on February 10, 2017, expires February 10, 2027, and vests over the term of the engagement with 125,000 shares having vested as of February 10, 2017, and the remaining shares to vest 25,000 shares monthly beginning March 1, 2017, and each month thereafter, so long as his agreement is in full force and effect.

On December 31, 2017, we and Mr. Dargan further extended his engagement agreement. The extension provides for an additional term to expire September 30, 2018 (the “Extended Term”), and is retroactively effective to the termination of the prior extension on October 1, 2017. This more recent extension again compensates Mr. Dargan through the issuance of an option to purchase 300,000 shares of the Company’s common stock. The strike price of the option is \$0.39 per share, which is equal to the closing price of the Company’s common stock on December 29, 2017, expires December 31, 2027, and vests over the term of the engagement with 75,000 shares having vested as of December 31, 2017, and the remaining shares to vest 25,000 shares monthly beginning January 31, 2018, and each month thereafter,



so long as his agreement is in full force and effect.

**Joseph Provenzano**

Mr. Provenzano has served as Vice President of Operations since January 1, 2008, in addition to continuing to serving as our Corporate Secretary.

Mr. Provenzano's employment agreement provided a base compensation in 2017 of \$169,772 annually. Mr. Provenzano is also entitled to reimbursement for authorized expenses he incurs in the course of his employment. In addition, Mr. Provenzano is eligible to receive discretionary bonuses, participate in benefits made generally available to our employees, and receive grants under our equity incentive plans.

Mr. Provenzano's employment agreement automatically renews each year unless we give at least 90 days' notice of non-renewal, and contains additional provisions typical of an agreement of this nature.

Table of Contents**Director Compensation**

Each director who is not an officer or employee of our company receives an annual retainer of \$60,000, paid in cash or shares of our common stock, or options to purchase our common stock (pursuant to a plan put in place by our board of directors), in our sole discretion. Historically, all but one director has received the entirety of his fees in the form of options to purchase stock, rather than cash. In addition, Mr. Marshall and Mr. Runyan each receive an additional \$15,000 for their services as the chairman of the Audit Committee and chairman of the Compensation Committee, respectively. The following table sets forth information for the fiscal year ended December 31, 2017 regarding compensation of our non-employee directors. Our employee directors do not receive any additional compensation for serving as a director.

**Director Compensation for Fiscal Year 2017**

Name	Fees		Non-Equity Incentive Plan Compensation	All Other Compensation	Total
	Earned or Fees Paid in Cash	Option Awards (1)			
Dennis E. Marshall	\$75,000(2)	3,900 (7)	—	—	\$78,900
Jack B. Strommen	\$31,834(4)	3,900 (7)	—	—	\$35,384
Gary A. Cox	\$20,667(3)	—	—	—	\$20,667
Kent C. Roberts III	\$60,000(5)	3,900 (7)	—	—	\$63,900
John S. Runyan	\$75,000(6)	3,900 (7)	—	—	\$78,900

Our company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award, which is the vesting period. Share-based compensation expense is based on the grant (1) date fair value estimated using the Black-Scholes method. The amounts in the “Stock and Option Awards” column reflect the aggregate grant date fair value of awards of stock or options, computed in accordance with SEC rules. These amounts do not represent the actual amounts paid to or realized by any of the recipients during fiscal 2017.

In 2017, Mr. Marshall earned director fees of \$75,000, which included compensation for serving as Chairman of the Audit Committee of our board of directors. None of these fees was paid in cash. During 2017, Mr. Marshall received options in lieu of cash consisting of (i) on March 31, 2017, an issuance of an option to purchase 37,500 (2) shares of our common stock at \$0.50 per share, (ii) on June 30, 2017, an issuance of an option to purchase 43,605 shares of our common stock at \$0.43 per share, (iii) on September 30, 2017, an issuance of an option to purchase 36,765 shares of our common stock at \$0.51 per share, and (iv) on December 31, 2017, an issuance of an option to purchase 48,077 shares of our common stock at \$0.39 per share.

In 2017 Mr. Cox earned director fees of \$30,000. During 2017, Mr. Cox received cash payments totaling \$9,333 and received options in lieu of cash consisting of (i) on March 31, 2017, an issuance of an option to purchase (3) 25,000 shares of our common stock at \$0.50 per share, (ii) on June 30, 2017, an issuance of an option to purchase 18,992 shares of our common stock at \$0.43 per share. As of June 20, 2017, Mr. Cox is no longer a director, as he was not included on the slate of directors elected at the 2017 annual stockholder meeting held on that date.

Mr. Strommen became a director on June 20, 2017, by virtue of his election by the stockholders at the annual stockholders' meeting. In 2017 Mr. Strommen earned director fees of \$31,834. During 2017, Mr. Strommen received options in lieu of cash consisting of (i) on June 30, 2017, an issuance of an option to purchase 4,264 (4) shares of our common stock at \$0.43 per share, (iii) on September 30, 2017, an option to purchase 29,412 shares of our common stock at \$0.51 per share, and (iv) on December 31, 2017, an option to purchase 38,462 shares of our common stock at \$0.39 per share.

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(5) In 2015, Mr. Roberts earned director fees of \$60,000. None of these fees was paid in cash. During 2017, Mr. Roberts received options in lieu of cash consisting of (i) on March 31, 2017, an issuance of an option to purchase 30,000 shares of our common stock at \$0.50 per share, (ii) on June 30, 2017, an issuance of an option to purchase 34,884 shares of our common stock at \$0.43 per share, (iii) on September 30, 2017, an issuance of an option to purchase 29,412 shares of our common stock at \$0.51 per share, and (iv) on December 31, 2017, an issuance of an option to purchase 38,462 shares of our common stock at \$0.39 per share.

(6) In 2017, Mr. Runyan earned director fees of \$75,000. None of these fees was paid in cash. During 2017, Mr. Runyan received options in lieu of cash consisting of (i) on March 31, 2017, an issuance of an option to purchase 37,500 shares of our common stock at \$0.50 per share, (ii) on June 30, 2017, an issuance of an option to purchase 43,605 shares of our common stock at \$0.43 per share, (iii) on September 30, 2017, an issuance of an option to purchase 36,765 shares of our common stock at \$0.51 per share, and (iv) on December 31, 2017, an issuance of an option to purchase 48,077 shares of our common stock at \$0.39 per share.

(7) Pursuant to the terms of the 2007 Equity Plan, our independent board members are automatically awarded an option to purchase 10,000 shares (or a pro-rata portion upon becoming an independent board member) of our common stock effective the date of the annual stockholder's meeting (or effective date of an annual stockholder's consent). On June 24, 2017, each of Mr. Marshall, Mr. Strommen, Mr. Roberts and Mr. Runyan was automatically granted an option to purchase 10,000 shares of our common stock at an exercise price of \$0.39 per share, resulting in a fair value of \$3,900 per each issuance.

**Equity Compensation Plans**

On August 7, 2007, our Board adopted the BioLargo, Inc. 2007 Equity Incentive Plan ("2018 Plan") as a means of providing our directors, key employees and consultants additional incentive to provide services. Both stock options and stock grants may be made under this plan. The Compensation Committee administers this plan. The plan allows grants of common shares or options to purchase common shares. As plan administrator, the Compensation Committee has sole discretion to set the price of the options. The Compensation Committee may at any time amend or terminate the plan. The plan automatically terminates 10 years from the date of adoption by the Company's stockholders, which occurred on September 7, 2007. Thus, this plan expired on September 7, 2017.

Under this plan, as amended in 2011, 12,000,000 shares of our common stock are reserved for issuance under awards. Any shares that are represented by awards under the 2018 Plan that are forfeited, expire, or are canceled or settled in cash without delivery of shares, or that are forfeited back to us or reacquired by us after delivery for any reason, or that are tendered to us or withheld to pay the exercise price or related tax withholding obligations in connection with any award under the 2018 Plan, will again be available for awards under the 2018 Plan. Only shares actually issued under the 2018 Plan will reduce the share reserve. If we acquire another entity through a merger or similar transaction and issue replacement awards under the 2018 Plan to employees, officers and directors of the acquired entity, those awards, to the extent permitted under applicable laws and securities exchange rules, will not reduce the number of

shares reserved for the 2018 Plan.

The 2018 Plan imposes additional maximum limitations, which limitations will be adjusted to take into account stock splits, reverse stock splits and other similar occurrences. The maximum number of shares that may be issued in connection with incentive stock options granted to any one person in any calendar year intended to qualify under Internal Revenue Code Section 422 is 160,000 shares. The maximum number of shares that may be subject to stock options or stock appreciation rights granted to any one person in any calendar year is 200,000 shares, except that this limit is 400,000 shares if the grant is made in the year of the recipient's initial employment. The maximum number of shares that may be subject to restricted stock or restricted stock units granted to any one person in any calendar year is 200,000 shares. The maximum number shares that may be subject to awards granted to any one Participant in any calendar year of (i) performance shares, and/or performance units (the value of which is based on the Fair Market Value of a Shares), is 200,000 Shares; and (ii) of performance units (the value of which is not based on the Fair Market Value of a Share) that could result a payment of more than \$500,000.

In addition to the 2018 Plan, our board has approved a plan to allow employees, consultants and vendors by which outstanding amounts owed may be converted to common stock, or options to purchase common stock. The conversion and exercise price as based on the closing price of the common stock on the date of agreement. If an option is issued, the number of shares purchasable by the option is calculated by dividing the amount owed by the exercise price, times one and one-half.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information regarding unexercised stock options and equity incentive plan awards for each of the Named Executive Officers outstanding as of December 31, 2017. All stock or options that were granted to the Named Executive Officers during the fiscal year ended December 31, 2017 have fully vested, except as indicated.

Name	Equity		Incentive			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Plan Awards: Number of Securities Underlying Unexercised	Option Exercise Price	Share Price Grant Date	Option Expiration
Dennis P. Calvert	3,731,322		--	\$ 0.45	\$0.45	May 2, 2027
	60,000		--	\$ 0.55	\$0.37	April 27, 2019
	691,974		--	\$ 0.55	\$0.37	April 27, 2019
	200,000		--	\$ 0.575	\$0.50	February 1, 2020
Charles K. Dargan II	50,000		--	\$ 1.89	\$1.89	February 1, 2018
	10,000		--	\$ 1.65	\$1.65	April 29, 2018
	10,000		--	\$ 1.55	\$1.55	May 31, 2018
	10,000		--	\$ 1.10	\$1.10	June 30, 2018
	10,000		--	\$ 0.99	\$0.99	July 31, 2018
	10,000		--	\$ 0.90	\$0.90	August 31, 2018
	10,000		--	\$ 0.89	\$0.89	September 30, 2018
	10,000		--	\$ 0.35	\$0.35	October 31, 2018
	10,000		--	\$ 0.70	\$0.70	November 30, 2018
	10,000		--	\$ 0.41	\$0.41	December 31, 2018
	10,000		--	\$ 0.38	\$0.38	January 31, 2019
	50,000		--	\$ 0.28	\$0.28	February 23, 2019
	10,000		--	\$ 0.30	\$0.30	April 29, 2019
36,000		--	\$ 0.50	\$0.30	April 29, 2019	
10,000		--	\$ 0.45	\$0.45	May 31, 2019	

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10,000	--	\$ 0.45	\$0.45	June 30, 2019
10,000	--	\$ 0.50	\$0.50	July 31, 2019
10,000	--	\$ 0.43	\$0.43	August 31, 2019
10,000	--	\$ 0.40	\$0.40	September 30, 2019
10,000	--	\$ 0.45	\$0.45	October 31, 2019
10,000	--	\$ 0.57	\$0.57	November 30, 2019
10,000	--	\$ 0.70	\$0.70	December 31, 2019
10,000	--	\$ 0.50	\$0.50	January 31, 2020
10,000	--	\$ 0.45	\$0.45	February 28, 2020
60,000	--	\$ 0.575	\$0.50	February 1, 2020
10,000	--	\$ 0.50	\$0.50	March 31, 2020
10,000	--	\$ 0.39	\$0.39	April 29, 2020
10,000	--	\$ 0.31	\$0.31	May 31, 2020
10,000	--	\$ 0.25	\$0.25	June 30, 2020
10,000	--	\$ 0.24	\$0.24	July 31, 2020
10,000	--	\$ 0.23	\$0.23	August 30, 2020
200,000	--	\$ 0.30	\$0.30	August 4, 2020
10,000	--	\$ 0.35	\$0.35	September 30, 2020
10,000	--	\$ 0.42	\$0.42	October 31, 2020
10,000	--	\$ 0.40	\$0.40	November 30, 2020
10,000	--	\$ 0.50	\$0.50	December 31, 2020
10,000	--	\$ 0.42	\$0.42	January 31, 2021
120,000	--	\$ 0.41	\$0.41	February 28, 2021
300,000	--	\$ 0.35	\$0.35	April 10, 2022
410,000	--	\$ 0.30	\$0.30	December 28, 2022
300,000	--	\$ 0.30	\$0.30	July 17, 2023
300,000	--	\$ 0.30	\$0.30	June 23, 2024
300,000	--	\$ 0.57	\$0.57	September 30, 2025
300,000	--	\$ 0.69	\$0.69	February 10, 2027
300,000	--	\$ 0.39	\$0.39	December 31, 2027
Kenneth R. Code	200,000	--	\$ 1.03	\$0.94 July 17, 2023
	200,000	--	\$ 0.575	\$0.50 February 1, 2020
Joseph Provenzano	30,000	--	\$0.50	\$0.37 April 27, 2019
	200,000	--	\$0.575	\$0.50 February 1, 2020
	296,203	--	\$0.30	\$0.30 August 4, 2020
	200,000	--	\$0.41	\$0.41 March 21 2021
	100,000	--	\$0.45	\$0.45 October 23 2027

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of shares of our Common stock as of March 16, 2018, including rights to acquire beneficial ownership of shares of our Common stock within 60 days of March 16, 2018, by (a) all stockholders known to the Company to be beneficial owners of more than 5% of the outstanding Common stock; (b) each director, (c) each Named Executive Officer, and (d) all directors and executive officers of the Company as a group:

<b>Name and Address of Beneficial Owner (1)</b>	<b>Amount of Beneficial Ownership (2)</b>	<b>Percent of Class (2)</b>	
<b>Directors and Officers (3)</b>			
Kenneth R. Code (4)	22,670,735	18.7	%
Dennis P. Calvert (5)	9,295,775	7.7	%
Jack B. Strommen (6)	3,884,543	3.2	%
Charles K. Dargan II (7)	3,011,244	2.5	%
Joseph L. Provenzano (8)	2,372,529	2.0	%
Dennis E. Marshall (9)	2,096,946	1.7	%
Kent C. Roberts III (10)	1,700,172	1.4	%
John S. Runyan (11)	1,392,835	1.1	%
	46,377,251		
All directors and officers as a group (8 persons)(12)		38.3	%

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Except as noted in any footnotes below, each person has sole voting power and sole dispositive power as to all of (1) the shares shown as beneficially owned by them. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.



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(2) Our company has only one class of stock outstanding. The sum of 105,109,370 shares of common stock outstanding on March 16, 2018, and 16,823,384 shares of common stock subject to options currently exercisable or exercisable within 60 days by the directors and officers, are deemed outstanding for determining the number of shares beneficially owned by the directors and officers, and the directors and officers as a group, and for computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person.

(3) The address for all directors and the Named Executive Officers is: c/o BioLargo, Inc., 14921 Chestnut St., Westminster, CA 92683, except for: Kent C. Roberts III's address is 1146 Oxford Road, San Marino, CA 91108; Charles K. Dargan II's address is 8055 W. Manchester Ave., Ste. 405, Playa Del Rey, CA 90293; and John S. Runyan's address is 30001 Hillside Terrace, San Juan Capistrano, CA 92675.

(4) Includes 22,139,012 shares owned indirectly by Mr. Code issued on April 29, 2007 to IOWC Technologies, Inc. in connection with the acquisition by our company of certain intellectual property and other assets on that date. Includes 460,000 shares issuable to Mr. Code upon exercise of options.

(5) Includes 1,528,695 shares, and an option to purchase 691,974 shares, of common stock held by New Millennium Capital Partners, LLC, which is wholly owned and controlled by Mr. Calvert. Includes 7,733,259 shares issuable to Mr. Calvert upon exercise of the options issued in connection with his employment agreement. Includes 460,000 shares issuable to Mr. Calvert upon exercise of other options granted from time to time by our company.

(6) Includes 82,138 shares issuable to Mr. Strommen upon exercise of options; includes 3,257,143 shares issuable to Mr. Strommen upon the exercise of warrants and upon conversion of notes issued through the Company's 2015 Unit Offering.

(7) Includes 2,296,000 shares issuable to Mr. Dargan upon exercise of options.

(8) Includes 826,203 shares issuable to Mr. Provenzano upon exercise of options.

(9) Includes 1,817,444 shares issuable to Mr. Marshall upon exercise of options.

(10) Includes 807,189 shares issuable to Mr. Roberts upon exercise of options.

(11) Includes 784,059 shares issuable to Mr. Runyan upon exercise of options.

(12) Includes 16,823,384 shares issuable to all directors and officers as a group, upon exercise of options.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Our company has adopted a policy that all transactions between our company and its executive officers, directors and other affiliates must be approved by a majority of the members of our board of directors and by a majority of the disinterested members of our board of directors, and must be on terms no less favorable to our company than could be obtained from unaffiliated third parties.

From time to time, our company is unable to pay in full amounts due to its officers for salary and business expenses, and those amounts are recorded as liabilities in our financial statements. These amounts are then paid in the future as our company's cash position allows, or through the issuance of our common stock, or an option to purchase common stock, pursuant to a plan adopted by our board for the payment of outstanding payables.

On March 31, 2017, we issued options to purchase an aggregate 130,000 shares of our common stock at an exercise price of \$0.50 per share to four members of our board of directors, in lieu of \$65,000 in fees, as follows: 37,500 to Mr. Marshall in exchange for \$18,750 in fees due; 25,000 to Mr. Cox in exchange for \$12,500 in fees due; 30,000 to Mr. Roberts in exchange for \$15,000 in fees due; 37,500 to Mr. Runyan in exchange for \$18,750 in fees due. The options expire 10 years from the date of grant.

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On June 30, 2017, we issued options to purchase 145,350 shares of our common stock at an exercise price of \$0.43 per share to four members of our board of directors, in lieu of \$62,500 in fees, as follows: 43,605 to Mr. Marshall in exchange for \$18,750 in fees due; 18,992 to Mr. Cox in exchange for \$8,167 in fees due; 34,884 to Mr. Roberts in exchange for \$15,000 in fees due; 43,605 to Mr. Runyan in exchange for \$18,750 in fees due; and 4,264 to Mr. Strommen in exchange for \$1,833 in fees due. The options expire 10 years from the date of grant.

On September 30, 2017, we issued options to purchase 132,354 shares of our common stock at an exercise price of \$0.51 per share to four members of our board of directors, in lieu of \$62,500 in fees, as follows: 36,765 to Mr. Marshall in exchange for \$18,750 in fees due; 29,412 to Mr. Roberts in exchange for \$15,000 in fees due; 36,765 to Mr. Runyan in exchange for \$18,750 in fees due; and 29,412 to Mr. Strommen in exchange for \$15,000 in fees due. The options expire 10 years from the date of grant.

On December 31, 2017, we issued options to purchase 173,078 shares of our common stock at an exercise price of \$0.39 per share to four members of our board of directors, in lieu of \$62,500 in fees, as follows: 48,077 to Mr. Marshall in exchange for \$18,750 in fees due; 38,462 to Mr. Strommen in exchange for \$15,000 in fees due; 38,462 to Mr. Roberts in exchange for \$15,000 in fees due; and 48,077 to Mr. Runyan in exchange for \$18,750 in fees due. The options expire 10 years from the date of grant.

On December 31, 2017, we issued an aggregate 148,705 shares of our common stock to two executive officers in exchange for a reduction of \$57,994 of salary owed to the officers.

Mr. Strommen was first elected to our board of directors on June 20, 2017. Prior to joining our board, Mr. Strommen invested in the Company's 2015 Unit Offering, receiving a promissory note and stock purchase warrant. Pursuant to the terms of the notes issued to investors in the 2015 Unit Offering, the Company has elected to pay interest due by issuing common stock. On June 26, 2017, and September 20, 2017, Mr. Strommen was issued 71,423 and 61,792 shares of our common stock, respectively, in payment of interest. All other investors in the 2015 Unit Offering were also issued shares on those days. Prior to those dates, and prior to joining the board, Mr. Strommen had been issued 339,868 shares of our common stock in payment of interest.

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**REPORT OF COMPENSATION COMMITTEE**

*The following Report of the Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of our other filings under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except to the extent that we specifically incorporate this report. The Compensation Committee has furnished this report on executive compensation for the 2017 fiscal year.*

**Compensation Program and Philosophy**

The Compensation Committee administers the Company's executive compensation program. The Compensation Committee has the authority to review and determine the salaries and bonuses of the executive officers of the Company, including the Chief Executive Officer and the other Named Executive Officers, and to establish the general compensation policies for such individuals. The Compensation Committee also has the sole and exclusive authority to make discretionary option grants to all of the Company's employees under the Company's equity incentive plans.

The Compensation Committee operates under a written charter. The duties and responsibilities of a member of the Compensation Committee are in addition to his or her duties as a member of the Board. The charter reflects these various responsibilities, and the Committee is charged with periodically reviewing the charter. The Committee's membership is determined by the Board and is composed entirely of independent directors. In addition, the Committee has the authority to engage the services of outside advisors, experts and others, including independent compensation consultants who do not advise the Company, to assist the Committee. Mr. Marshall served as Chairman of the Compensation Committee until October 2016, at which time Mr. John Runyan was appointed chairman. He continues to serve in that capacity, and Mr. Marshall remains on the committee. The Compensation Committee met once and acted via unanimous written consent three times during the year ended December 31, 2017.

The Compensation Committee believes that the compensation programs for the Company's executive officers should reflect the Company's performance, support the short- and long-term strategic goals and values of the Company, reward individual contribution to the Company's success and align the interests of the Company's executive officers with the interests of the Company's stockholders. The Company is engaged in a very competitive industry, and the Company's success depends upon its ability to attract and retain qualified executives through the competitive compensation packages it offers to such individuals. To that end, it is the view of the Board that the total compensation program for executive officers should consist of all or most of the following components:

• base salary

**Bonus**

**equity-based compensation**

The Committee does not rely solely on predetermined formulas or a limited set of criteria when it evaluates the performance of the Company's chief executive officer and the Company's other executive officers. Typically, our Chief Executive Officer makes compensation recommendations to the Committee with respect to the compensation of our officers, and the Committee may accept or adjust such recommendations in its discretion. In 2017, the Committee considered management's continuing achievement of its short- and long-term goals versus its strategic imperatives and re-evaluated the executive officer compensation.

**Chief Executive Officer Compensation**

On May 2, 2017, we entered into a new employment agreement with our president and chief executive officer Dennis P. Calvert (the "Calvert Employment Agreement"), replacing in its entirety the previous employment agreement with Mr. Calvert dated April 30, 2007.

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The Calvert Employment Agreement provides that Mr. Calvert will continue to serve as the president and chief executive officer of the Company and receive base compensation equal to his current rate of pay of \$288,603 annually. In addition to this base compensation, the agreement provides that he is eligible to participate in incentive plans, stock option plans, and similar arrangements as determined by the Company's Board of Directors, health insurance premium payments for himself and his immediate family, a car allowance of \$800 per month, paid vacation of four weeks per year, and bonuses in such amount as the Compensation Committee may determine from time to time.

The Calvert Employment Agreement provides that Mr. Calvert will be granted an option (the "Option") to purchase 3,731,322 shares of the Company's common stock. The Option shall be a non-qualified stock option, exercisable at \$0.45 per share, which represents the market price of the Company's common stock as of the date of the agreement, exercisable for ten years from the date of grant and vesting in equal increments over five years. Notwithstanding the foregoing, any portion of the Option which has not yet vested shall be immediately vested in the event of, and prior to, a change of control, as defined in the Calvert Employment Agreement. The agreement also provides for a grant of 1,500,000 shares of common stock, subject to the execution of a "lock-up agreement" whereby the shares remain unvested unless and until the earlier of (i) a sale of the Company, (ii) the successful commercialization of the Company's products or technologies as demonstrated by its receipt of at least \$3,000,000 in cash, or the recognition of \$3,000,000 in revenue, over a 12-month period from the sale of products and/or the license of technology, and (iii) the Company's breach of the employment agreement resulting in his termination. The Option contains the other terms standard in option agreements issued by the Company, including provisions for a cashless exercise.

The Calvert Employment Agreement has a term of five years, unless earlier terminated in accordance with its terms. The Calvert Employment Agreement provides that Mr. Calvert's employment may be terminated by the Company due to his death or disability, for cause, or upon a merger, acquisition, bankruptcy or dissolution of the Company. "Disability" as used in the Calvert Employment Agreement means physical or mental incapacity or illness rendering Mr. Calvert unable to perform his duties on a long-term basis (i) as evidenced by his failure or inability to perform his duties for a total of 120 days in any 360-day period, or (ii) as determined by an independent and licensed physician whom Company selects, or (iii) as determined without recourse by the Company's disability insurance carrier. "Cause" means that Mr. Calvert has (i) engaged in willful misconduct in connection with the Company's business; or (ii) been convicted of, or plead guilty or *nolo contendere* in connection with, fraud or any crime that constitutes a felony or that involves moral turpitude or theft. If Mr. Calvert's employment is terminated due to merger or acquisition, then he will be eligible to receive the greater of (i) one year's compensation plus an additional one-half year for each year of service since the effective date of the employment agreement or (ii) one year's compensation plus an additional one half year for each year remaining in the term of the agreement. Otherwise, he is only entitled to receive compensation due through the date of termination.

The Calvert Employment Agreement requires Mr. Calvert to keep certain information confidential, not to solicit customers or employees of the Company or interfere with any business relationship of the Company, and to assign all inventions made or created during the term of the Calvert Employment Agreement as "work made for hire".

### **Chief Science Officer Compensation**

On April 29, 2007, the Company entered an employment agreement with Mr. Code, pursuant to which, since that time and throughout 2016, Mr. Code has served as the Company's Chief Science Officer. On December 28, 2012, we and Mr. Code amended his employment agreement such that his salary will remain at \$288,603, the level paid in April 2012, with no further automatic increases, his agreement would automatically renew for one year periods on April 29<sup>th</sup> of each year, but may be terminated "without cause" at any time upon 120 days' notice, and upon such termination he would not receive the severance originally provided for. All other terms in the 2007 agreement remain the same. Other provisions of Mr. Code's employment agreement are discussed elsewhere in this Proxy Statement.

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**Other Executive Compensation**

Charles K. Dargan, II has served as our Chief Financial Officer since February 2008 pursuant to an engagement agreement with his company, CFO 911, that has been renewed each year. For the renewal effective February 1, 2015, Mr. Dargan was compensated through the issuance of an option to purchase an additional 300,000 shares of our common stock, at an exercise price of \$0.57 per share, to expire September 30, 2025, and vest over the term of the engagement with 120,000 shares vested as of September 30, 2015, and the remaining shares to vest 15,000 monthly, provided that the Engagement Extension Agreement with Mr. Dargan has not been terminated prior to each vesting date. Mr. Dargan receives no cash compensation from our company and continues to serve as our Chief Financial Officer.

On February 10, 2017, we and Mr. Dargan further extended his engagement agreement. The extension provides for an additional term to expire September 30, 2017 (the “Extended Term”), and is retroactively effective to the termination of the prior extension on October 1, 2016. This more recent extension again compensates Mr. Dargan through the issuance of an option to purchase 300,000 shares of the Company’s common stock. The strike price of the option is \$0.69 per share, which is equal to the closing price of the Company’s common stock on February 10, 2017, expires February 10, 2027, and vests over the term of the engagement with 125,000 shares having vested as of February 10, 2017, and the remaining shares to vest 25,000 shares monthly beginning March 1, 2017, and each month thereafter, so long as his agreement is in full force and effect.

On December 31, 2017, we and Mr. Dargan further extended his engagement agreement. The extension provides for an additional term to expire September 30, 2018 (the “Extended Term”), and is retroactively effective to the termination of the prior extension on October 1, 2017. This more recent extension again compensates Mr. Dargan through the issuance of an option to purchase 300,000 shares of the Company’s common stock. The strike price of the option is \$0.39 per share, which is equal to the closing price of the Company’s common stock on December 29, 2017, expires December 31, 2027, and vests over the term of the engagement with 75,000 shares having vested as of December 31, 2017, and the remaining shares to vest 25,000 shares monthly beginning January 31, 2018, and each month thereafter, so long as his agreement is in full force and effect.

**Deductibility of Executive Compensation**

Section 162(m) of the Internal Revenue Code disallows a tax deduction to publicly-held companies for compensation paid to certain of their executive officers, to the extent that compensation exceeds \$1 million per covered officer in any fiscal year. The limitation applies only to compensation which is not considered to be performance based. Non-performance based compensation paid to the Company’s executive officers for the 2016 fiscal year did not exceed the \$1 million limit per officer, and the Compensation Committee does not anticipate that the non-performance based



compensation to be paid to the Company's executive officers for the 2017 fiscal year will exceed that limit. Because it is unlikely that the cash non-performance based compensation payable to any of the Company's executive officers in the foreseeable future will approach the \$1 million limit, the Compensation Committee has decided at this time not to take any action to limit or restructure the elements of cash compensation payable to the Company's executive officers. The Compensation Committee will reconsider this decision should the individual cash non-performance based compensation of any executive officer ever approach the \$1 million level.

Submitted by the Compensation

Committee:

/s/ John S. Runyan, Chair

/s/ Dennis E. Marshall

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**MATTER II**

**ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION**

Pursuant to Section 14A of the Securities Exchange Act of 1934, we are requesting your advisory approval of the compensation of our named executive officers as disclosed in the “Executive Compensation” discussion and analysis, the compensation tables, and the narrative discussion set forth in this Proxy Statement. This non-binding advisory vote is commonly referred to as a “say on pay” vote. The next non-binding advisory vote on executive compensation will occur at our 2019 Annual Meeting of Stockholders. While this vote is advisory, and not binding on our company, it will provide information to our Compensation Committee and management regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee will consider when evaluating compensation for the remainder of 2018 and determining executive compensation for future years.

As described more fully in the Compensation Discussion and Analysis portion of this proxy, our executive compensation program has been designed to attract, motivate and retain individuals with the skills needed to formulate, implement and execute strategy to further the creation of stockholder value. In 2012, we amended the compensation arrangements with our two most highly compensated officers to freeze their salaries to April 2012 levels, remove potentially lucrative severance packages, and allow for their termination upon 120 days’ notice. In May 2017, we entered into a new employment agreement with our chief executive officer, Mr. Calvert, at the same salary level, and granting him stock awards (subject to a lock-up agreement) and options (vesting over five years). (See Executive Compensation – Employment Agreements – Dennis P. Calvert, above.)

We encourage you to carefully review the “Executive Compensation” discussion beginning on page 9 of this Proxy Statement for additional details on our executive compensation, including our compensation philosophy and objectives, as well as the processes our Compensation Committee used to determine the structure and amounts of the compensation of our named executive officers.

We are asking you to indicate your support for the compensation of our named executive officers as described in this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we are asking you to vote “FOR” the approval, on an advisory basis, of the following resolution at the Annual Meeting:

**“RESOLVED**, that the compensation paid to BioLargo, Inc.’s named executive officers, as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules, including the “Executive Compensation” discussion and analysis, the compensation tables and the narrative discussion set forth in the Proxy Statement, is hereby approved.”

While the results of this advisory approval are not binding, the Compensation Committee will consider the outcome of the vote in deciding whether to take any action as a result of the vote and when making future compensation decisions for named executive officers.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.**

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**MATTER III**

**RATIFICATION OF SELECTION OF**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Haskell & White LLP audited our financial statements for the years ended December 31, 2016 and 2017. Our Audit Committee has again selected Haskell & White LLP as our independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2018. Haskell & White LLP has represented to us that it is independent with respect to the Company within the meaning of the published rules and regulations of the SEC.

Although ratification by stockholders is not required by law, the Board of Directors has determined that it is desirable to request ratification of this selection by the stockholders. Notwithstanding its selection, the Audit Committee of the Board of Directors, in its discretion, may appoint a new independent registered public accounting firm at any time during the year if the Board of Directors believes that such a change would be in the best interest of BioLargo and its stockholders. If the stockholders do not ratify the appointment of Haskell & White LLP, the Audit Committee of the Board of Directors may reconsider its selection.

The Board of Directors expects that representatives of Haskell & White LLP will be present at the Annual Meeting to respond to appropriate questions and to make a statement if they so desire.

**Vote Required**

If a quorum is present, the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting will be required to ratify the appointment of Haskell & White LLP as our independent registered public accounting firm. Abstentions will have the effect of a vote “against” the ratification of Haskell & White LLP as our independent registered public accounting firm. Broker non-votes will have no effect on the outcome of the vote.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE RATIFICATION OF HASKELL & WHITE LLP AS OUR INDEPENDENT PUBLIC ACCOUNTING**

**FIRM FOR THE 2018 FISCAL YEAR.****Principal Accountant Fees and Services**

The following table summarizes the fees billed by Haskell & White, LLP, our principal accountant engaged to audit our financial statements for the years ended December 31, 2016 and 2017, for professional services rendered to the Company and its subsidiaries during the years ended 2016 and 2017.

<b>Type of Fee</b>	<b>Amount Billed</b>	
	<b>Fiscal Year</b>	<b>Fiscal Year</b>
	<b>2016</b>	<b>2017</b>
Audit Fees(1)	\$75,000	\$82,000
Audit-Related(2)	3,575	14,800
Tax Fees	—	—
All Other Fees	—	—
<b>Total</b>	<b>\$78,575</b>	<b>\$96,800</b>

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This category consists of fees for the audit of our annual financial statements included in our annual report on Form 10-K and review of the financial statements included in the Company's quarterly reports on Form 10-Q. This (1) category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements, statutory audits required by non-U.S. jurisdictions and the preparation of an annual "management letter" on internal control matters.

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Represents services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements for those fiscal years, aggregate fees charged for assurance and related services (2) that are reasonably related to the performance of the audit and are not reported as audit fees. These services include consultations regarding Sarbanes-Oxley Act requirements, various SEC filings such as registration statements and consents, and the implementation of new accounting requirements.

**REPORT OF AUDIT COMMITTEE**

*The following report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of our other filings under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate this report by reference therein, and shall not be deemed to be soliciting material or otherwise deemed filed under either such Act.*

The Audit Committee is currently comprised of two independent directors, both of whom are independent under the rules of the SEC and Nasdaq. Mr. Marshall serves as Chairman of the Audit Committee. Mr. Runyan also serves on the Audit Committee. The Board has determined that Mr. Marshall qualifies as an “audit committee financial expert” as defined in Item 401(h) of Regulation S-K of the Securities Exchange Act of 1934, as amended. The duties and responsibilities of a member of the Audit Committee are in addition to his or her duties as a member of the Board. The Audit Committee operates under a written charter, a copy of which is available on our corporate website, [www.biolargo.com](http://www.biolargo.com). The Audit Committee met four times during 2017.

The Audit Committee’s primary duties and responsibilities are to:

engage the Company’s independent registered public accounting firm,

monitor the independent registered public accounting firm’s independence, qualifications and performance,

pre-approve all audit and non-audit services,

monitor the integrity of the Company’s financial reporting process and internal control systems,

provide an open avenue of communication among the independent registered public accounting firm, financial and senior management of the Company and the Board, and

monitor the Company's compliance with legal and regulatory requirements, contingent liabilities, risk assessment and risk management.

Management is responsible for the Company's internal controls and the financial reporting process. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In carrying out these responsibilities, the Audit Committee monitored the Company's operational effectiveness regarding the progress and completion of the implementation of the Company's internal controls.

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In overseeing the preparation of the Company's financial statements, the Audit Committee met with the Company's Chief Financial Officer and management, and held meetings with the Company's independent registered public accounting firm, both in the presence of management and privately, to review and discuss all financial statements prior to their issuance, the overall scope and plans for the preparation of the financial statements and respective audit, and the evaluation of the Company's internal controls and significant accounting issues. Management advised the Audit Committee that all financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee discussed the statements with both management and the Company's independent registered public accounting firm. In accordance with Section 204 of the Sarbanes-Oxley Act of 2002 and the Public Company Accounting Oversight Board ("PCAOB") Audit Standard No. 16 (Communications with Audit Committees), the Audit Committee has discussed with the Company's independent registered public accounting firm all matters required to be discussed under the Sarbanes-Oxley Act and the foregoing standards. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

With respect to the Company's independent registered public accounting firm, the Audit Committee, among other things, discussed with Haskell & White LLP matters relating to their independence, including the written disclosures made to the Audit Committee as required by the PCAOB Rule 3526, Communications with Audit Committees Concerning Independence. The Audit Committee also reviewed and approved the audit fees of Haskell & White LLP.

On the basis of these reviews and discussions, the Audit Committee (i) appointed Haskell & White LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017 and (ii) recommended to the Board that the Board approve the inclusion of the Company's audited financial statements in the Form 10-K for the year ended December 31, 2017 for filing with the SEC.

Submitted by the Audit

Committee:

/s/ Dennis E. Marshall, Chair

/s/ John S. Runyan



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**MATTER IV**

**PROPOSAL TO INCREASE OUR AUTHORIZED CAPITAL  
FROM 200,000,000 TO 400,000,000 SHARES OF COMMON STOCK**

**General**

The Board has approved an amendment to our certificate of incorporation to increase the authorized number of shares of common stock from 200,000,000 to 400,000,000, and directed that this amendment be considered by the stockholders at the annual stockholders' meeting. A form of the amendment is attached as Appendix A. The certificate of incorporation currently authorizes the Company to issue 200,000,000 shares of common stock, \$0.00067 par value per share. It also authorizes the Company to issue 50,000,000 shares of preferred stock. The proposed amendment does not change the number of authorized preferred shares.

As of March 13, 2018, there were 105,109,370 shares of common stock and no shares of preferred stock issued and outstanding. Taking into account the shares reserved for issuance in connection with our past financing activities and our agreement with Lincoln Park Capital, the Company has less than 3,000,000 shares remaining for future financing activities or to provide the Company with adequate flexibility to issue common stock for proper corporate purposes that may be identified in the future, and does not have enough shares for the 2018 Equity Incentive Plan the board has adopted and is asking the stockholders to approve in Matter V below.

**Reasons for and Effects of the Proposal**

The Board believes that it is desirable to increase the number of authorized shares of common stock in order to (i) enable the reservation of shares under the 2018 Equity Incentive Plan, and (ii) ensure that there is a sufficient number available to provide the Company with adequate flexibility to issue common stock for proper corporate purposes that may be identified in the future.

**Existing Share Issuance Obligations**

The Company has reserved for issuance, and is obligated to issue additional shares of its common stock, among other transactions, as follows:

approximately 18,000,000 shares for convertible debt obligations;

approximately 22,000,000 shares subject to stock purchase warrants;

approximately 10,000,000 shares subject to options issued pursuant to the Company's 2007 Equity Incentive Plan;

approximately 17,500,000 shares subject to options issued outside of the Company's 2007 Equity Incentive Plan;

approximately 18,000,000 pursuant to our Purchase Agreement with Lincoln Park;

approximately 5,000,000 pursuant to the Company's current private securities offering.

As a result of the foregoing obligations alone, without the increase in authorized stock, the Company would have less than four million shares available, and thus not have a sufficient number of shares of stock to implement the 2018 Equity Incentive Plan.

As disclosed in the Annual Report on Form 10-K, the Company has been, and anticipate it will continue to be, limited in terms of its capital resources. Its total cash and cash equivalents were approximately \$990,000 at December 31, 2017. Revenues from product sales are not sufficient to fund Company operations. The Company's cash position is insufficient to maintain the current level of operations and research and development activities. Therefore, the Company we will be required to raise substantial additional capital to continue operations and fund its business plans. Although the Company has in place an agreement with Lincoln Park (see Note 4, of the Notes to the Consolidated Financial Statements), it must continue to raise money through private securities offerings. Without an increase in the authorized capital stock, it will be unable to do so. While there can be assurance that the Company will be able to complete the private offering because of the many risks involved in such an offering and risks related to the Company's business, the Company believes that having enough shares authorized to meet its share issuance obligations will likely be looked upon favorably by investors.

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***Future Issuances***

The additional shares could be used, among other things, for stock dividends, for acquisitions of other companies, for public or private financings to raise additional capital and for stock-based employee benefit plans. There are currently no commitments or agreements for the issuance of additional shares of common stock, other than with respect to shares issuable in the acquisition, conversion of the notes and its equity incentive plans.

If the proposed amendment is adopted, the newly authorized shares would be unreserved (other than the shares to be issued in connection with the acquisition, propose private placement of notes and warrants, conversion of the notes and equity incentive plans) and available for issuance by the Company without further stockholder action, except as provided by Delaware law or the rules of any stock exchange or automated quotation system on which the Company's common stock may then be listed or quoted. All of the additional shares resulting from the proposed increase in the Company's authorized common stock would be of the same class if and when they are issued, and holders would have the same rights and privileges as holders of shares of common stock presently issued and outstanding, including the same dividend, voting and liquidation rights.

The holders of the Company's common stock do not have preemptive rights to subscribe to additional securities that may be issued by the Company, which means that current stockholders do not have a prior right to purchase any additional shares in connection with a new issuance of capital stock of the Company in order to maintain their proportionate ownership of the Company's common stock. Accordingly, if the Board of the Company elects to issue additional shares of common stock, such issuance could have a dilutive effect on the earnings per share, voting power, and equity ownership of current stockholders. In addition, each share of common stock is entitled to one vote in the election of directors and other matters. The holders of the Company's common stock are not entitled to cumulative voting.

The proposed increase in the authorized number of shares of common stock could have an anti-takeover effect. The availability for issuance of additional shares of common stock could discourage, or make more difficult, efforts to obtain control of the Company because such shares could be issued to dilute the voting power of a person seeking control. For example, it may be possible for the Board to delay or impede a merger, tender offer, or proxy contest that it determines is not in the best interests of the Company and its stockholders by causing such additional authorized shares to be issued to holders who might side with the board in opposing such a takeover or change in control. By potentially discouraging unsolicited takeover attempts, the proposed amendment may limit the opportunity for the Company's stockholders to dispose of their shares at the higher price generally available in takeover attempts or under a merger proposal and may also have the effect of permitting the Company's current management, including the current Board, to retain its position and resist changes that stockholders may wish to make if they are dissatisfied with the conduct of the Company's business.

***Dilutive Effect of Increase in Authorized Capital Stock***

By itself, an increase in the Company's authorized capital stock will not have any dilutive effect on the Company's stockholders. However, if this proposal and the proposal to adopt the 2018 Equity Incentive Plan is approved by the stockholders, and the Company intends to continue to raise capital by selling its securities, including its common stock and those convertible into common stock, and continue to offer incentives to its employees and others providing goods and services to the Company, including through the issuance of its common stock and options pursuant to the 2018 Equity Incentive Plan. Therefore, an indirect result of the approval of this proposal will be dilution of the percentage of the Company owned by the existing stockholders.

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**Recommendation of the Board**

The Board unanimously recommends a vote **FOR** the proposed increase in the authorized capital stock of the Company.

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**MATTER V**

**PROPOSAL TO ADOPT THE 2018 EQUITY INCENTIVE PLAN**

On March 15, 2018, the Board of Directors adopted the BioLargo, Inc. 2018 Equity Incentive Plan (the “2018 Plan”). At the Annual Meeting, our stockholders are being asked to approve the 2018 Plan. The following is only a summary of the 2018 Plan and is qualified in its entirety by reference to the full text of the 2018 Plan, a copy of which is attached as Appendix B to this proxy statement.

**Purpose**

The Board believes that the Company’s ability to award incentive compensation based on equity in the Company is critical to its ability to attract, motivate and retain key personnel. The creativity and entrepreneurial drive of such employees and other personnel who provide services to the Company will be critical to our success. By giving our employees, consultants and directors an opportunity to share in the growth of our equity, we will align their interests with those of our stockholders. Our employees, consultants and directors will understand that their stake in the Company will have value only if, working together, we create value for our stockholders. Awards under the 2018 Plan will generally vest over a period of time giving the recipient an additional incentive to provide services over a number of years and build on past performance.

Approval of this proposal would provide 40,000,000 shares to be used for grants under the 2018 Plan, subject to annual increases.

**Number of Shares**

Forty million shares of our common stock are reserved for grant or issuance under the 2018 Plan. Each January 1, through January 1, 2028, the number of shares available for grant and issuance will be increased by the lesser of 2,000,000 and such number of shares set by the Board. Any shares that are represented by awards under the 2018 Plan that are forfeited, expire, or are canceled or settled in cash without delivery of shares, or that are forfeited back to us or reacquired by us after delivery for any reason, or that are tendered to us or withheld to pay the exercise price or related tax withholding obligations in connection with any award under the 2018 Plan, will again be available for awards under the 2018 Plan. Only shares actually issued under the 2018 Plan will reduce the share reserve.

The 2018 Plan imposes the following additional maximum limitations, which limitations will be adjusted to take into account stock splits, reverse stock splits and other similar occurrences following the date the 2018 Plan is approved by the stockholders:

The maximum value of shares that may be issued in connection with incentive stock options granted to any one person in any calendar year intended to qualify under Internal Revenue Code Section 422 is \$100,000.

### **Administration**

The 2018 Plan will be administered by the Compensation Committee, or the Board acting as the committee, which will have full power to administer the 2018 Plan, except for awards made to non-employee directors. The decisions of the Compensation Committee will be final and binding upon all participants.

### **Eligibility**

The selection of the participants in the 2018 Plan will generally be determined by the Compensation Committee. Employees and those about to become employees, including those who are officers or directors of the Company or its subsidiaries and affiliates, are eligible to be selected to receive awards under the 2018 Plan. In addition, non-employee service providers, including non-employee directors, and employees of unaffiliated entities that provide bona fide services to the Company not in connection with the offer and sale of securities in a capital-raising transaction are eligible to be selected to receive awards under the 2018 Plan.

### **Types of Awards**

The 2018 Plan allows for the grant of stock options, restricted stock awards, stock bonus awards, stock appreciation rights, restricted stock units and performance awards in any combination, separately or in tandem. Subject to the terms of the 2018 Plan, the Compensation Committee will determine the terms and conditions of awards, including the times when awards vest or become payable and the effect of certain events such as termination of employment.

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*Stock Options.* The Compensation Committee may grant either incentive stock options qualified with respect to Internal Revenue Code Section 422, or options not qualified under any section of the Internal Revenue Code (“non-qualified options”). All stock options granted under the 2018 Plan must have an exercise price that is at least equal to the fair market value of our underlying common stock on the grant date. No stock option granted under the 2018 Plan may have a term longer than ten years. The exercise price of stock options may be paid in cash, by tendering shares of common stock, by a cashless exercise, or by any other means the Compensation Committee approves. Our stock options may contain a replenishment provision under which we issue a new option to an option holder (called a “replenishment option”), in order to maintain his or her equity stake in the company, if the option holder surrenders previously-owned shares to us in payment of the exercise price of an outstanding stock option. The automatic replenishment option grant generally covers only the number of shares surrendered, and expires at the same time as the option that was exercised would have expired.

Under the 2018 Plan, the Board may issue awards to non-employee directors, or may adopt a policy through which they will be granted awards annually. Awards to non-employee directors may vest at the discretion of the board, and must be issued at an exercise price at least equal to the fair market value of our common stock on the date of grant, as that term is defined in the 2018 Plan. Each non-employee director may elect to receive his annual retainer payments and/or meeting fees in the form of cash or awards or a combination thereof, as determined by the Compensation Committee.

*Restricted Stock and Restricted Stock Unit Awards.* The Compensation Committee may grant shares of restricted common stock with or without payment of consideration by the recipient, or may grant restricted stock units. The Compensation Committee will determine whether restricted stock units will be paid in cash, our common stock or a combination thereof, and may be less than the fair market value of the award. All or part of any restricted stock or restricted stock unit award may be subject to conditions and restrictions, which the Compensation Committee will specify. These awards may be contingent on the attainment of performance goals. The Compensation Committee may specify that the restriction period or vesting will lapse in the event of the recipient’s termination of employment as a result of death, disability or retirement.

*Stock Bonus Awards.* The Compensation Committee may grant a Stock Bonus Award for Services to be rendered or for past Services already rendered to BioLargo. All Stock Bonus Awards will be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award. The Compensation Committee may place restrictions on Stock Bonus Awards, including for years of service to the Company or based on performance goals. Stock Bonus Awards may be utilized for the conversion of amounts owed to eligible recipients, at up to a factor of two times the quotient of the fair market value of the shares on the date of grant and the amount of payables converted.

*Stock Appreciation Rights.* The Compensation Committee may grant stock appreciation rights (“SARs”) which provide the recipient the right to receive a payment (in cash, shares or a combination of both) equal to the difference between the fair market value of a specific number of shares on the grant date and the fair market value of such shares on the date of exercise. Stock appreciation rights must expire no later than ten years after their grant date. SARs may be



exercised only for a period of three months after termination of service to the Company, but in any event no later than the expiration of the SAR.

*Performance Awards.* The Compensation Committee may grant an award of a cash bonus, performance shares or performance units denominated in shares to eligible recipients, setting forth the amount of any cash bonus, the number of shares subject to the award, the performance factors and performance period, the consideration to be distributed upon settlement, and the effect of the recipient's termination. Performance units will consist of a unit valued by reference to a designated amount of property other than shares, which value may be paid to the recipient by delivery of such property as the Compensation Committee will determine, including, without limitation, cash, Shares, other property or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee. The 2018 Plan defines multiple performance factors to be considered by the Compensation Committee in any performance based awards under the 2018 Plan. Any outstanding vesting will cease on the date that the recipient service to the Company terminates.

### **Payment for Share Purchases**

Payment from a recipient for shares purchased pursuant to the 2018 Plan may be made in cash or by check or, where expressly approved by the Compensation Committee and permitted by law, and to the extent not otherwise set forth in the applicable award agreement, by cancellation of indebtedness of the Company to the recipient, by surrender of shares of BioLargo common stock, by waiver of compensation due or accrued to the recipient for services rendered or to be rendered to the Company, by consideration received by BioLargo pursuant to a broker-assisted or other form of cashless exercise program implemented by BioLargo in connection with this Plan, by any combination of the foregoing, or by any other method of payment as is permitted by applicable law.

### **Transferability of Awards**

Awards granted under the 2018 Plan are not transferable, other than by will or pursuant to state intestate laws, unless the Compensation Committee otherwise approves a transfer.

### **Corporate Transactions resulting in a Change of Control**

In the event of certain corporate transactions that result in a change in control of the Company's voting shares, any or all of the outstanding awards under the 2018 Plan may be assumed or replaced by the successor corporation, which assumption will be binding on all participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders, or refuse to do so. In such case, outstanding awards will have their vesting accelerate immediately before the Corporate Transaction. BioLargo may also choose to assume awards in connection with an acquisition, or otherwise, for eligible participants.

### **Foreign Participation**

In order to comply with the laws and practices in foreign countries in which the Company or its subsidiaries operate, the Compensation Committee has the power to determine what subsidiaries will be covered by the 2018 Plan. At present, the Company has only one foreign subsidiary – BioLargo Water, Inc., in the province of Alberta. The Compensation Committee has the power to provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom regarding awards granted to participants employed in foreign countries.

### **Awards**

All awards which may be granted under the 2018 Plan are discretionary, and no awards have been granted to date under the 2018 Plan. The Compensation Committee has not considered specific awards to be made under the 2018 Plan; therefore, the number of shares that will be covered by any awards or the individuals to whom awards will be made cannot be determined at this time.

### **Amendments**

The Board or Compensation Committee may alter, amend, suspend or discontinue the 2018 Plan at any time, but no such action may be taken without stockholder approval if such approval is required by law or listing requirements, or if such action increases the number of shares that may be issued under the 2018 Plan or the annual award limits, or eliminates the prohibition on stock option repricing. The Compensation Committee may alter or amend awards under the 2018 Plan, but no such action may be taken without the consent of the participant if it would materially adversely affect an outstanding award, and no such action may be taken without prior stockholder approval if it would result in repricing a stock option to a lower exercise price other than to reflect a capital adjustment of our stock, such as a stock

split. The Company has never repriced options in the past.

### **Term of Plan**

If our stockholders approve this proposal, the 2018 Plan will become effective as of May 7, 2018, and will remain in effect until May 7, 2028, unless it is terminated earlier by the Board or the Compensation Committee.

### **Salary and AP Conversion**

In the Compensation Committee's discretion, an eligible person may elect to receive an option or shares as payment of amounts owed by BioLargo for past services rendered, for goods, or pursuant to a contract. The Compensation Committee has the discretion to adopt a plan to offer such conversions, at a factor of up to two times of the quotient of the dollar amount converted and the fair market value on the date the award agreement is delivered to the Company.

### **Plan Benefits**

Because the value of benefits under the 2018 Plan will depend on the Compensation Committee's actions and because the value of option and other stock awards will depend on the fair market value of common stock at various future dates, it is not possible to determine all benefits that will be received by employees, officers, and directors if the 2018 Plan is approved by the stockholders.

## **Federal Income Tax Consequences**

The following summary is intended only as a general guide to the United States federal income tax consequences under current law of incentive stock options and non-qualified stock options, which are authorized for grant under the 2018 Plan. It does not attempt to describe all possible federal or other tax consequences of participation in the 2018 Plan or tax consequences based on particular circumstances. The tax consequences may vary if options are granted outside the United States.

*Incentive Stock Options.* An option holder recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Internal Revenue Code Section 422. Option holders who dispose of the shares acquired under an incentive stock option after two years following the date the option was granted and after one year following the exercise of the option will normally recognize a capital gain or loss upon a sale of the shares equal to the difference, if any, between the sale price and the purchase price of the shares. If an option holder satisfies such holding periods upon a sale of the shares, the Company will not be entitled to any deduction for federal income tax purposes. If an option holder disposes of shares within two years after the date of grant or within one year after the date of exercise (a “disqualifying disposition”), the difference between the fair market value of the shares on the exercise date and the option exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. Any ordinary income recognized by the option holder upon the disqualifying disposition of the shares generally will result in a deduction by the Company for federal income tax purposes.

*Non-Qualified Stock Options.* Options not designated or qualifying as incentive stock options will be non-qualified stock options having no special tax status. An optionee generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a non-qualified stock option, the optionee normally recognizes ordinary income in the amount of the difference between the option exercise price and the fair market value of the shares on the exercise date. If the optionee is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a non-qualified stock option, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as a capital gain or loss. No tax deduction is available to the Company with respect to the grant of a non-qualified stock option or the sale of the stock acquired pursuant to such grant. The Company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a non-qualified stock option.

*Other Considerations.* The Internal Revenue Code allows publicly-held corporations to deduct compensation in excess of \$1 million paid to the corporation’s chief executive officer and its four other most highly compensated executive officers in office at the end of the tax year if the compensation is payable solely based on the attainment of one or more performance goals and certain statutory requirements are satisfied. We intend for compensation arising from grants of awards under the 2018 Plan which are based on performance goals, including stock options and stock

appreciation rights granted at fair market value, to be deductible by us as performance-based compensation not subject to the \$1 million limitation on deductibility.

### **Recommendation of the Board**

The Board unanimously recommends that stockholders vote **FOR** the proposal to adopt the 2018 Plan.

### **ANNUAL REPORT ON FORM 10-K**

We filed with the SEC our original Annual Report for our year ended December 31, 2017 on Form 10-K on March 16, 2018. A copy of the 10-K has been mailed to all stockholders along with this proxy statement, or stockholders have been give notice of Internet availability. Stockholders may obtain additional copies of the 10-K, without charge, by writing to our Corporate Secretary, at our principal executive offices at 14921 Chestnut St., Westminster, CA 92683.

We incorporate by this reference herein the Company's Financial Statements and the notes thereto, and the discussions under the captions "Description of Business," "Description of Properties," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Changes in and Disagreements with Accountants on Accounting and Financial Disclosure" contained in the 10-K.

### **OTHER MATTERS**

Management does not know of any matters to be presented at the Meeting other than those set forth herein and in the Notice accompanying this proxy statement. If a stockholder vote is necessary to transact any other business at the Meeting, the proxyholders intend to vote their proxies in accordance with their best judgment related to such business.

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**APPENDIX A**

**STATE OF DELAWARE**

**CERTIFICATE OF AMENDMENT**

**OF**

**CERTIFICATE OF INCORPORATION**

**OF**

**BIOLARGO, INC.**

BioLargo, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, hereby certifies as follows:

**FIRST:** That at a meeting of the Board of Directors of BioLargo, Inc., resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

**RESOLVED**, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "FOURTH" so that, as amended, said Article shall be and read as follows:

"FOURTH: The total number of shares of capital stock which the Corporation is authorized to issue is 450,000,000 shares, all with a par value of \$0.00067 per share, 400,000,000 shares of which shall be common stock (the "Common Stock") and 50,000,000 shares of which shall be preferred stock (the "Preferred Stock")."

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

**THIRD:** That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**IN WITNESS WHEREOF**, said corporation has caused this certificate to be signed this \_\_\_<sup>th</sup> Day of \_\_\_\_\_ 2018.

Signed: \_\_\_\_\_

Dennis Calvert President

BioLargo, Inc.

## APPENDIX B

### BIOLARGO, INC.

#### 2018 EQUITY INCENTIVE PLAN

**1. PURPOSE.** The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of BioLargo and Parents, Subsidiaries and Affiliates that exist now or in the future by offering them an opportunity to participate in BioLargo's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in **Section 28**.

#### **2. SHARES SUBJECT TO THIS PLAN.**

**2.1. Number of Shares Available.** Subject to **Sections 2.6** and **21** and other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan as of the date of adoption of this Plan by the Board is Forty Million (40,000,000) Shares.

**2.2. Lapsed, Returned Awards.** Shares subject to Awards, and Shares issued under this Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent that such Shares: (a) are subject to issuance upon exercise of an Option or SAR granted under this Plan but that cease to be subject to the Option or SAR for any reason other than exercise of the Option or SAR; (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by BioLargo at the original issue price; (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued; or (d) are surrendered pursuant to an Exchange Program. To the extent that an Award under this Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under this Plan. Shares used to pay the exercise price of an Award or withheld to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under this Plan. For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of this **Section 2.2** will not include Shares subject to Awards that initially became available because of the substitution clause in **Section 21.2** hereof.

**2.3. Minimum Share Reserve.** At all times, BioLargo will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all outstanding Awards granted under this Plan.



**2.4. Automatic Share Reserve Increase.** The number of Shares available for grant and issuance under this Plan will be increased on January 1, of each of the first ten (10) calendar years during the term of this Plan, by the lesser of (a) 2,000,000 Shares, or (b) such number of Shares determined by the Board.

**2.5. Limitations.** No more than thirty million (30,000,000) Shares will be issued pursuant to the exercise of ISOs.

**2.6. Adjustment of Shares.** If the number of outstanding Shares is changed by a stock dividend, extraordinary dividends or distributions (whether in cash, shares or other property, other than a regular cash dividend) recapitalization, stock split, reverse stock split, subdivision, combination, consolidation, reclassification, spin-off or similar change in the capital structure of BioLargo, without consideration, then (a) the number and class of Shares reserved for issuance and future grant under this Plan set forth in **Section 2.1**, (b) the Exercise Prices of and number and class of Shares subject to outstanding Options and SARs, (c) the number and class of Shares subject to other outstanding Awards, (d) the maximum number and class of Shares that may be issued as ISOs set forth in **Section 2.5**, (e) the maximum number and class of Shares that may be issued to an individual or to a new Employee in any one calendar year set forth in **Section 3** and (f) the number and class of Shares that may be granted as Awards to Non-Employee Directors as set forth in **Section 12** will be proportionately adjusted, subject to any required action by the Board or the stockholders of BioLargo and in compliance with applicable securities laws; provided that fractions of a Share will not be issued.

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If, by reason of an adjustment pursuant to this **Section 2.6**, a Participant's Award Agreement or other agreement related to any Award or the Shares subject to such Award covers additional or different shares of stock or securities, then such additional or different shares, and the Award Agreement or such other agreement in respect thereof, will be subject to all of the terms, conditions and restrictions that were applicable to the Award or the Shares subject to such Award before such adjustment.

**3. ELIGIBILITY.** ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants, Directors and Non-Employee Directors; provided that such Consultants, Directors and Non-Employee Directors render *bona fide* services not in connection with the offer and sale of securities in a capital-raising transaction. No Participant will be eligible to receive an Award or Awards for more than Three Million (3,000,000) Shares in any calendar year under this Plan except that new Employees of BioLargo or of a Parent or Subsidiary of BioLargo are eligible to be granted up to a maximum of an Award or Awards for Six Million (6,000,000) Shares in the calendar year in which they commence their employment.

**4. ADMINISTRATION.**

**4.1. Committee Composition; Authority.** This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan; *provided, however*, that the Board will establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;

(c) select persons to receive Awards;

(d) determine the form and terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the Exercise Price, the time or times when Awards may vest and be exercised (which may be based on performance criteria) or settled, any vesting acceleration or waiver of forfeiture restrictions, the method to satisfy tax withholding obligations or any other tax liability legally due and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;

(g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of or as alternatives to other Awards under this Plan or any other incentive or compensation plan of BioLargo or any Parent, Subsidiary or Affiliate;

(h) grant waivers of Plan or Award conditions;

(i) determine the vesting, exercisability and payment of Awards;

(j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(k) determine whether an Award has been vested and/or earned;

(l) determine the terms and conditions of, and institute, any Exchange Program;

(m) reduce or waive any criteria with respect to Performance Factors;

(n) adjust Performance Factors to take into account changes in law and accounting or tax rules as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships, provided that such adjustments are consistent with the regulations promulgated under Section 162(m) of the Code with respect to persons whose compensation is subject to Section 162(m) of the Code;

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(o) adopt rules and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of this Plan to accommodate requirements of local law and procedures outside of the United States;

(p) exercise negative discretion on Performance Awards, reducing or eliminating the amount to be paid to Participants;

(q) make all other determinations necessary or advisable for the administration of this Plan; and

(r) delegate any of the foregoing to one or more executive officers pursuant to a specific delegation as permitted by applicable law, including Section 157(c) of the Delaware General Corporation Law.

**4.2. Committee Interpretation and Discretion.** Any determination made by the Committee with respect to any Award will be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of this Plan or the Award, at any later time, and such determination will be final and binding on BioLargo and all persons having an interest in any Award under this Plan. Any dispute regarding the interpretation of this Plan or any Award Agreement will be submitted by the Participant or BioLargo to the Committee for review. The resolution of such a dispute by the Committee will be final and binding on BioLargo and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution will be final and binding on BioLargo and the Participant.

**4.3. Section 162(m) of the Code and Section 16 of the Exchange Act.** When necessary or desirable for an Award to qualify as “performance-based compensation” under Section 162(m) of the Code, the Committee administering this Plan in accordance with the requirements of Rule 16b-3 and Section 162(m) of the Code will consist of at least two (2) individuals, each of whom qualifies as (a) a Non-Employee Director under Rule 16b-3 and (b) an “outside director” pursuant to Code Section 162(m) and the regulations issued thereunder. At least two (2) (or a majority if more than two (2) then serve on the Committee) of such “outside directors” will approve the grant of such Award and timely determine (as applicable) the Performance Period and any and all Performance Factors upon which vesting or settlement of any portion of such Award is to be subject. When required by Section 162(m) of the Code, before settlement of any such Award at least two (2) (or a majority if more than two (2) then serve on the Committee) of such “outside directors” then serving on the Committee will determine and certify in writing the extent to which such Performance Factors have been timely achieved and the extent to which the Shares subject to such Award have thereby been earned. Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by two or more “non-employee directors” (as defined in the regulations promulgated under Section 16 of the Exchange Act). With respect to Participants whose compensation is subject to Section 162(m) of the Code, and provided that such adjustments are consistent with the regulations promulgated under Section 162(m) of the Code, the Committee may adjust the performance goals to account for changes in law and accounting and to make such adjustments as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships, including, without limitation, (a) restructurings, discontinued

operations, extraordinary items and other unusual or non-recurring charges, (b) an event either not directly related to the operations of BioLargo or not within the reasonable control of BioLargo's management or (c) a change in accounting standards required by generally accepted accounting principles.

**4.4. Documentation.** The Award Agreement for a given Award, this Plan and any and all other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that satisfies applicable legal requirements.

**4.5. Foreign Award Recipients.** Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws and practices in other countries in which BioLargo, its Subsidiaries and its Affiliates operate or have Employees or other individuals eligible for Awards, the Committee, in its sole discretion, will have the power and authority to: (a) determine which Subsidiaries and Affiliates will be covered by this Plan; (b) determine which individuals outside the United States are eligible to participate in this Plan, which may include individuals who provide services to BioLargo, Subsidiary or Affiliate under an agreement with a foreign nation or agency; (c) modify the terms and conditions of any Award granted to individuals outside the United States or foreign nationals to comply with applicable foreign laws, policies, customs and practices; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent that the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications will be attached to this Plan as appendices); *provided, however*, that no such subplans and/or modifications will increase the share limitations contained in **Section 2.1** hereof; and (e) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemption or approval. Notwithstanding the foregoing, the Committee may not take any action hereunder, and no Award will be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code or any other applicable United States governing statute or law.

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**5. OPTIONS.** An Option is the right but not the obligation to purchase a Share, subject to certain conditions, if applicable. The Committee may grant Options to eligible Employees, Consultants and Directors and will determine whether such Options will be Incentive Stock Options within the meaning of the Code (“**ISOs**”) or Nonqualified Stock Options (“**NSOs**”), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may vest and be exercised and all other terms and conditions of the Option, subject to the following terms of this section.

**5.1. Option Grant.** Each Option granted under this Plan will identify the Option as an ISO or an NSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant’s individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (a) determine the nature, length and starting date of any Performance Period for each Option and (b) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

**5.2. Date of Grant.** The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option or a specified future date. The Award Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

**5.3. Exercise Period.** Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreements governing such Options; *provided, however*, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and *provided further* that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of BioLargo or of any Parent or Subsidiary (“**Ten Percent Stockholder**”) will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

**5.4. Exercise Price.** The Exercise Price of an Option will be determined by the Committee when the Option is granted, provided that: (a) the Exercise Price of an Option will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant, and (b) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with **Section 11** and the Award Agreement and in accordance with procedures established by BioLargo.

**5.5. Method of Exercise.** Any Option granted hereunder will be vested and exercisable according to the terms of this Plan and at such times and under such conditions as determined by the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when

BioLargo receives: (a) notice of exercise (in such form as the Committee may specify from time to time) from the person entitled to exercise the Option (and/or via electronic execution through the authorized third party administrator) and either (b) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes), or (c) instructions to conduct a cashless exercise through which a portion of the Shares are issued, calculated based on the Fair Market Value of the Shares on the exercise date. Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and this Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of BioLargo or of a duly authorized transfer agent of BioLargo), no right to vote or receive dividends or any other right as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. BioLargo will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is before the date the Shares are issued, except as provided in **Section 2.6** of this Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of this Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

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**5.6. Termination of Service.** If the Participant's Service terminates for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the date the Participant's Service terminates no later than three (3) months after the date the Participant's Service terminates (or such shorter time period not less than thirty (30) days or longer time period as may be determined by the Committee, with any exercise beyond three (3) months after the date the Participant's Service terminates deemed to be the exercise of an NSO), but in any event no later than the expiration date of the Options.

(a) **Death.** If the Participant's Service terminates because of the Participant's death (or the Participant dies within three (3) months after the Participant's Service terminates other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date the Participant's Service terminates and must be exercised by the Participant's legal representative, or authorized assignee, no later than eighteen (18) months after the date the Participant's Service terminates (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee), but in any event no later than the expiration date of the Options.

(b) **Disability.** If the Participant's Service terminates because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date the Participant's Service terminates and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the date the Participant's Service terminates (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee, with any exercise beyond (a) three (3) months after the date the Participant's Service terminates when the termination of Service is for a Disability that is not a "permanent and total disability" as defined in Section 22(e)(3) of the Code or (b) twelve (12) months after the date the Participant's Service terminates when the termination of Service is for a Disability that is a "permanent and total disability" as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NSO), but in any event no later than the expiration date of the Options.

(c) **Cause.** If the Participant's Service terminates for Cause, then the Participant's Options will expire on the Participant's date of termination of Service or at such later time and on such conditions as are determined by the Committee, but in any event no later than the expiration date of the Options. Unless otherwise provided in an employment agreement or Award Agreement, Cause will have the meaning set forth in this Plan.

**5.7. Limitations on Exercise.** The Committee may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

**5.8. Limitations on ISOs.** With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar



year (under all plans of BioLargo and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as NSOs. For purposes of this **Section 5.8**, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to all Options granted after the effective date of such amendment.

**5.9. Modification, Extension or Renewal.** The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to **Section 18** of this Plan, by written notice to affected Participants, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants; *provided, however*, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

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**5.10. No Disqualification.** Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

**5.11. Salary and AP Conversion.** Notwithstanding the foregoing, in the Committee's discretion, a Participant may elect to receive an Option as payment of amounts owed by BioLargo for past services rendered, for goods, or pursuant to a contract. The Committee may from time to time adopt a plan to offer such conversions, at a factor of up to two times of the quotient of the dollar amount converted and the Fair Market Value on the date the Participant delivers an Award Agreement to BioLargo.

**6. RESTRICTED STOCK AWARDS.** A Restricted Stock Award is an offer by BioLargo to sell to an eligible Employee, Consultant or Director Shares that are subject to restrictions ("**Restricted Stock**"). The Committee will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to this Plan.

**6.1. Restricted Stock Purchase Agreement.** All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering to BioLargo an Award Agreement with full payment of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

**6.2. Purchase Price.** The Purchase Price for a Restricted Stock Award will be determined by the Committee and may be less than Fair Market Value on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with **Section 11** of this Plan and the Award Agreement and in accordance with procedures established by BioLargo.

**6.3. Terms of Restricted Stock Awards.** Restricted Stock Awards will be subject to such restrictions as the Committee may impose or are required by law. These restrictions may be based on completion of a specified number of years of service with BioLargo or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in the Participant's Award Agreement. Before the grant of a Restricted Stock Award, the Committee will: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

**6.4. Termination of Service.** Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date that the Participant's Service terminates (unless determined otherwise by the Committee).

**7. STOCK BONUS AWARDS.** A Stock Bonus Award is an award to an eligible Employee, Consultant or Director of Shares for Services to be rendered or for past Services already rendered to BioLargo or any Parent, Subsidiary or Affiliate. All Stock Bonus Awards will be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

**7.1. Terms of Stock Bonus Awards.** The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based on completion of a specified number of years of service with BioLargo or upon satisfaction of performance goals based on Performance Factors during any Performance Period as set out in advance in the Participant's Stock Bonus Agreement. Before the grant of any Stock Bonus Award the Committee will: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

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**7.2. Form of Payment to Participant.** Payment may be made in the form of cash, whole Shares or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined in the sole discretion of the Committee.

**7.3. Termination of Service.** Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date that the Participant's Service terminates (unless determined otherwise by the Committee).

**7.4. Salary and AP Conversion.** Notwithstanding the foregoing, in the Committee's discretion, a Participant may elect to receive Shares as payment of amounts owed by BioLargo for past services rendered, for goods, or pursuant to a contract. The Committee may from time to time adopt a plan to offer such conversions, at a factor of up to two times of the quotient of the dollar amount converted and the Fair Market Value on the date the Participant delivers an Award Agreement to BioLargo.

**8. STOCK APPRECIATION RIGHTS.** A Stock Appreciation Right ("SAR") is an award to an eligible Employee, Consultant or Director that may be settled in cash or Shares (which may consist of Restricted Stock), having a value equal to (a) the difference between the Fair Market Value on the date of exercise over the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject to any maximum number of Shares that may be issuable as specified in an Award Agreement). All SARs will be made pursuant to an Award Agreement.

**8.1. Terms of SARs.** The Committee will determine the terms of each SAR, including, without limitation: (a) the number of Shares subject to the SAR; (b) the Exercise Price and the time or times during which the SAR may be settled; (c) the consideration to be distributed upon settlement of the SAR; and (d) the effect of the Participant's termination of Service on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted and may not be less than Fair Market Value of the Shares on the date of grant. A SAR may be awarded upon satisfaction of Performance Factors, if any, during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each SAR and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

**8.2. Exercise Period and Expiration Date.** A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The SAR Agreement will set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee also may provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Except as may be set forth in the Participant's Award

Agreement, vesting ceases on the date that the Participant's Service terminates (unless determined otherwise by the Committee). Notwithstanding the foregoing, the rules of **Section 5.6** also will apply to SARs.

**8.3. Form of Settlement.** Upon exercise of a SAR, a Participant will be entitled to receive payment from BioLargo in an amount determined by multiplying (a) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price times (b) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from BioLargo for the SAR exercise may be in cash, in Shares of equivalent value or in some combination thereof. The portion of a SAR being settled may be paid currently or on a deferred basis with such interest or Dividend Equivalent Right, if any, as the Committee determines, provided that the terms of the SAR and any deferral satisfy the requirements of Section 409A of the Code.

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**8.4. Termination of Service.** Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date that the Participant's Service terminates (unless determined otherwise by the Committee).

**9. RESTRICTED STOCK UNITS.** A Restricted Stock Unit ("RSU") is an award to an eligible Employee, Consultant or Director covering a number of Shares that may be settled in cash or by issuance of those Shares (which may consist of Restricted Stock). All RSUs will be made pursuant to an Award Agreement.

**9.1. Terms of RSUs.** The Committee will determine the terms of an RSU, including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times during which the RSU may be settled; (c) the consideration to be distributed upon settlement; and (d) the effect of the Participant's termination of Service on each RSU; provided that no RSU will have a term longer than ten (10) years. An RSU may be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for the RSU; (y) select from among the Performance Factors to be used to measure the performance, if any; and (z) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

**9.2. Form and Timing of Settlement.** Payment of earned RSUs will be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares or a combination of both. The Committee also may permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned, provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

**9.3. Termination of Service.** Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date that the Participant's Service terminates (unless determined otherwise by the Committee).

**10. PERFORMANCE AWARDS.** A Performance Award is an award to an eligible Employee, Consultant or Director of a cash bonus or an award of Performance Shares or Performance Units denominated in Shares that may be settled in cash or by issuance of those Shares (which may consist of Restricted Stock). Grants of Performance Awards will be made pursuant to an Award Agreement.

**10.1. Types of Performance Awards.** Performance Awards will include Performance Shares, Performance Units and cash-based Awards as set forth in **Sections 10.1(a), 10.1(b) and 10.1(c)** below.

(a) Performance Shares. The Committee may grant Awards of Performance Shares, designate the Participants to whom Performance Shares are to be awarded and determine the number of Performance Shares and the terms and conditions of each such Award. Performance Shares will consist of a unit valued by reference to a designated number of Shares, the value of which may be paid to the Participant by delivery of Shares or, if set forth in the instrument evidencing the Award, of such property as the Committee will determine, including, without limitation, cash, Shares, other property or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee. The amount to be paid under an Award of Performance Shares may be adjusted on the basis of such further consideration as the Committee will determine in its sole discretion.

(b) Performance Units. The Committee may grant Awards of Performance Units, designate the Participants to whom Performance Units are to be awarded and determine the number of Performance Units and the terms and conditions of each such Award. Performance Units will consist of a unit valued by reference to a designated amount of property other than Shares, which value may be paid to the Participant by delivery of such property as the Committee will determine, including, without limitation, cash, Shares, other property or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee.

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(c) Cash Performance Awards. The Committee also may grant cash-based Performance Awards to Participants under the terms of this Plan. Such awards will be based on the attainment of performance goals using the Performance Factors within this Plan that are established by the Committee for the relevant performance period.

**10.2. Terms of Performance Awards**. The Committee will determine, and each Award Agreement will set forth, the terms of each Performance Award, including, without limitation: (a) the amount of any cash bonus; (b) the number of Shares deemed subject to an award of Performance Shares; (c) the Performance Factors and Performance Period that will determine the time and extent to which each award of Performance Shares will be settled; (d) the consideration to be distributed upon settlement; and (e) the effect of the Participant's termination of Service on each Performance Award. In establishing Performance Factors and the Performance Period the Committee will: (x) determine the nature, length and starting date of any Performance Period; (y) select from among the Performance Factors to be used; and (z) determine the number of Shares deemed subject to the award of Performance Shares. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant. Before settlement, the Committee will determine the extent to which Performance Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and different performance goals and other criteria. No Participant will be eligible to receive more than Five Million Dollars (\$5,000,000) in Performance Awards in any calendar year under this Plan.

**10.3. Termination of Service**. Except as may be set forth in the Participant's Award Agreement, vesting ceases on the date that the Participant's Service terminates (unless determined otherwise by the Committee).

**11. PAYMENT FOR SHARE PURCHASES**. Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by check or, where expressly approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

(a) by cancellation of indebtedness of BioLargo to the Participant;

(b) by surrender of shares of BioLargo held by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Award will be exercised or settled;

(c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to BioLargo or a Parent or Subsidiary;



(d) by consideration received by BioLargo pursuant to a broker-assisted or other form of cashless exercise program implemented by BioLargo in connection with this Plan;

(e) by any combination of the foregoing; or

(f) by any other method of payment as is permitted by applicable law.

**12. GRANTS TO NON-EMPLOYEE DIRECTORS.** Non-Employee Directors are eligible to receive any type of Award offered under this Plan except ISOs. Awards pursuant to this **Section 12** may be automatically made pursuant to policy adopted by the Board or made from time to time as determined in the discretion of the Board. The aggregate number of Shares subject to Awards granted to a Non-Employee Director pursuant to this **Section 12** in any calendar year will not exceed such number of Shares with an aggregate grant date value of Three Hundred Thousand Dollars (\$200,000); *provided, however,* that with respect to a Non-Employee Director's first year of Service, Awards granted pursuant to this **Section 12** will not exceed such number of Shares with an aggregate grant date value of Six Hundred Thousand Dollars (\$400,000).

**12.1. Eligibility.** Awards pursuant to this **Section 12** will be granted only to Non-Employee Directors. A Non-Employee Director who is elected or re-elected as a member of the Board will be eligible to receive an Award under this **Section 12**.

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**12.2. Vesting, Exercisability and Settlement.** Except as set forth in **Section 21**, Awards will vest, become exercisable and be settled as determined by the Board. With respect to Options and SARs, the exercise price granted to Non-Employee Directors will not be less than the Fair Market Value of the Shares at the time that such Option or SAR is granted.

**12.3. Election to receive Awards in Lieu of Cash.** A Non-Employee Director may elect to receive his or her annual retainer payments and/or meeting fees from BioLargo in the form of cash or Awards or a combination thereof, as determined by the Committee. Such Awards will be issued under this Plan. An election under this **Section 12.3** will be filed with BioLargo on the form prescribed by BioLargo.

**13. WITHHOLDING TAXES.**

**13.1. Withholding Generally.** Whenever Shares are to be issued in satisfaction of Awards granted under this Plan or a tax event occurs, BioLargo may require the Participant to remit to BioLargo, or to the Parent, Subsidiary or Affiliate, as applicable, employing the Participant, an amount sufficient to satisfy applicable U.S. federal, state, local and international tax or any other tax or social insurance liability (the “**Tax-Related Items**”) legally due from the Participant before the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable withholding obligations for Tax-Related Items. Unless otherwise determined by the Committee, the Fair Market Value of the Shares will be determined as of the date that the taxes are required to be withheld, and such Shares will be valued based on the value of the actual trade or, if there is none, the Fair Market Value of the Shares as of the previous trading day.

**13.2. Stock Withholding.** The Committee or its delegate(s), as permitted by applicable law, in its sole discretion and pursuant to such procedures as it may specify from time to time and to limitations of local law, may require or permit a Participant to satisfy such Tax Related Items legally due from the Participant, in whole or in part by (without limitation) (a) paying cash, (b) having BioLargo withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the Tax-Related Items to be withheld, (c) delivering to BioLargo already-owned shares having a Fair Market Value equal to the Tax-Related Items to be withheld or (d) withholding from the proceeds of the sale of otherwise deliverable Shares acquired pursuant to an Award either through a voluntary sale or through a mandatory sale arranged by BioLargo. BioLargo may withhold or account for these Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory tax rate for the applicable tax jurisdiction, to the extent consistent with applicable laws.

**14. TRANSFERABILITY.**

**14.1. Transfer Generally.** Unless determined otherwise by the Committee or pursuant to **Section 14.2**, an Award may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including, without limitation, by instrument to an *inter vivos* or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift or by domestic relations order to a Permitted Transferee, such Award will contain such additional terms and conditions as the Committee deems appropriate. All Awards will be exercisable: (a) during the Participant's lifetime only by (i) the Participant or (ii) the Participant's guardian or legal representative; (b) after the Participant's death, by the legal representative of the Participant's heirs or legatees; and (c) in the case of all awards except ISOs, by a Permitted Transferee.

**14.2. Award Transfer Program.** Notwithstanding any contrary provision of this Plan, the Committee will have all discretion and authority to determine and implement the terms and conditions of any Award Transfer Program instituted pursuant to this **Section 14.2** and will have the authority to amend the terms of any Award participating, or otherwise eligible to participate in, the Award Transfer Program, including (but not limited to) the authority to (a) amend (including to extend) the expiration date, post-termination exercise period and/or forfeiture conditions of any such Award, (b) amend or remove any provisions of the Award relating to the Award holder's continued Service to BioLargo or any Parent, Subsidiary or Affiliate, (c) amend the permissible payment methods with respect to the exercise or purchase of any such Award, (d) amend the adjustments to be implemented in the event of changes in the capitalization and other similar events with respect to such Award and (e) make such other changes to the terms of such Award as the Committee deems necessary or appropriate in its sole discretion.

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**15. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.**

**15.1. Voting and Dividends.** No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any Dividend Equivalent Rights permitted by an applicable Award Agreement. Any Dividend Equivalent Rights will be subject to the same vesting or performance conditions as the underlying Award. In addition, the Committee may provide that any Dividend Equivalent Rights permitted by an applicable Award Agreement will be deemed to have been reinvested in additional Shares or otherwise reinvested. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; *provided, however*, that, if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of BioLargo will be subject to the same restrictions as the Restricted Stock; *provided further* that the Participant will have no right to such stock dividends or stock distributions with respect to Unvested Shares, and such dividends or stock distributions will be accrued and paid only at such time, if any, as such Unvested Shares become vested Shares. The Committee, in its discretion, may provide in the Award Agreement evidencing any Award that the Participant will be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Shares underlying an Award during the period beginning on the date the Award is granted and ending, with respect to each Share subject to the Award, on the earlier of the date on which the Award is exercised or settled or the date on which it is forfeited, provided that no Dividend Equivalent Right will be paid with respect to the Unvested Shares, and such dividends or stock distributions will be accrued and paid only at such time, if any, as such Unvested Shares become vested Shares. Such Dividend Equivalent Rights, if any, will be credited to the Participant in the form of additional whole Shares as of the date of payment of such cash dividends on Shares.

**15.2. Restrictions on Shares.** At the discretion of the Committee, BioLargo may reserve to itself and/or its assignee(s) a right to repurchase (a “**Right of Repurchase**”) a portion of any or all Unvested Shares held by a Participant following such Participant’s termination of Service at any time within ninety (90) days (or such longer or shorter time determined by the Committee) after the later of the date the Participant’s Service terminates and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant’s Purchase Price or Exercise Price, as the case may be.

**16. CERTIFICATES.** All Shares or other securities, whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. federal, state or foreign securities law, or rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system on which the Shares may be listed or quoted and non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

**17. ESCROW; PLEDGE OF SHARES.** To enforce any restrictions on a Participant’s Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with BioLargo or an agent designated by

BioLargo to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with BioLargo all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to BioLargo under the promissory note; *provided, however*, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation, and in any event BioLargo will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a *pro rata* basis as the promissory note is paid.

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**18. REPRICING; EXCHANGE AND BUYOUT OF AWARDS.** Without prior stockholder approval the Committee may (a) reprice Options or SARs (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARs, the consent of the affected Participants is not required provided written notice is provided to them, notwithstanding any adverse tax consequences to them arising from the repricing), and (b) with the consent of the respective Participants (unless not required pursuant to **Section 5.9** of this Plan), pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, outstanding Awards.

**19. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE.** An Award will not be effective unless such Award is in compliance with all applicable U.S. and foreign federal and state securities, exchange control or other laws, rules and regulations of any governmental body and the requirements of any stock exchange or automated quotation system on which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, BioLargo will have no obligation to issue or deliver certificates for Shares under this Plan before (a) obtaining any approvals from governmental agencies that BioLargo determines are necessary or advisable and/or (b) completion of any registration or other qualification of such Shares under any state or federal or foreign law or ruling of any governmental body that BioLargo determines to be necessary or advisable. BioLargo will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any foreign or state securities laws, exchange control laws, stock exchange or automated quotation system, and BioLargo will have no liability for any inability or failure to do so.

**20. NO OBLIGATION TO EMPLOY.** Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, BioLargo or any Parent, Subsidiary or Affiliate or limit in any way the right of BioLargo or any Parent, Subsidiary or Affiliate to terminate the Participant's employment or other relationship at any time.

**21. CORPORATE TRANSACTIONS.**

**21.1. Assumption or Replacement of Awards by Successor.** In the event of a Corporate Transaction, any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement will be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation also may issue, in place of outstanding Shares of BioLargo held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event that such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, then, notwithstanding any other provision in this Plan to the contrary, such Awards will have their vesting accelerate as to all shares subject to such Award (and any applicable right of repurchase fully lapse) immediately before the Corporate Transaction. In addition, in the event that such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in

its sole discretion, and such Award will terminate upon the expiration of such period. Awards need not be treated similarly in a Corporate Transaction.

**21.2. Assumption of Awards by BioLargo.** BioLargo, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (a) granting an Award under this Plan in substitution of such other company's award or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event that BioLargo assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event that BioLargo elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards will not reduce the number of Shares authorized for grant under this Plan or authorized for grant to a Participant in a calendar year.

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**21.3. Non-Employee Directors' Awards.** Notwithstanding any provision to the contrary herein, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors will accelerate and such Awards will become exercisable (as applicable) in full before the consummation of such event at such times and on such conditions as the Committee determines.

**22. ADOPTION AND STOCKHOLDER APPROVAL.** This Plan will be submitted for the approval of BioLargo's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

**23. TERM OF PLAN/GOVERNING LAW.** Unless earlier terminated as provided herein, this Plan will become effective on the Effective Date and will terminate ten (10) years from the date this Plan is adopted by the Board. This Plan and all Awards granted hereunder will be governed by and construed in accordance with the laws of the State of Delaware (excluding its conflict of laws rules).

**24. AMENDMENT OR TERMINATION OF PLAN.** The Board may at any time terminate or amend this Plan in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; *provided, however*, that the Board will not, without the approval of the stockholders of BioLargo, amend this Plan in any manner that requires such stockholder approval; *provided further* that a Participant's Award will be governed by the version of this Plan then in effect at the time such Award was granted. No termination or amendment of this Plan will affect any then-outstanding Award unless expressly provided by the Committee. In any event, no termination or amendment of this Plan or any outstanding Award may adversely affect any then outstanding Award without the consent of the Participant, unless such termination or amendment is necessary to comply with applicable law, regulation or rule.

**25. NONEXCLUSIVITY OF THIS PLAN.** Neither the adoption of this Plan by the Board, nor the submission of this Plan to the stockholders of BioLargo for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

**26. INSIDER TRADING POLICY.** Each Participant who receives an Award will comply with any policy adopted by BioLargo from time to time covering transactions in BioLargo's securities by Employees, officers and/or directors of BioLargo, as well as with any applicable insider trading or market abuse laws to which the Participant may be subject.



**27. ALL AWARDS SUBJECT TO COMPANY CLAWBACK OR RECOUPMENT POLICY.** All Awards, subject to applicable law, will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of a Participant's employment or other service with BioLargo that is applicable to executive officers, employees, directors or other service providers of BioLargo and, in addition to other remedies available under such policy and applicable law, may require the cancellation of outstanding Awards and the recoupment of any gains realized with respect to Awards.

**28. DEFINITIONS.** As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

**28.1. "Affiliate"** means (i) any entity that, directly or indirectly, is controlled by, controls or is under common control with BioLargo and (ii) any entity in which BioLargo has a significant equity interest, in either case as determined by the Committee, whether now or hereafter existing.

**28.2. "Award"** means any award under this Plan, including any Option, Restricted Stock, Stock Bonus, Stock Appreciation Right, Restricted Stock Unit or award of Performance Shares.

**28.3. "Award Agreement"** means, with respect to each Award, the written or electronic agreement between BioLargo and the Participant setting forth the terms and conditions of the Award and country-specific appendix thereto for grants to non-U.S. Participants, which will be in substantially a form (which need not be the same for each Participant) that the Committee (or in the case of Award agreements that are not used for Insiders, the Committee's delegate(s)) has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

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**28.4. “Award Transfer Program”** means any program instituted by the Committee which would permit Participants the opportunity to transfer any outstanding Awards to a financial institution or other person or entity approved by the Committee.

**28.5. “BioLargo”** means BioLargo, Inc., a Delaware corporation, or any successor corporation.

**28.6. “Board”** means the Board of Directors of BioLargo.

**28.7. “Cause”** means a determination by BioLargo that the Participant has committed an act or acts constituting any of the following: (i) dishonesty, fraud, misconduct or negligence in connection with BioLargo duties, (ii) unauthorized disclosure or use of BioLargo’s confidential or proprietary information, (iii) misappropriation of a business opportunity of BioLargo, (iv) materially aiding a BioLargo competitor, (v) a felony conviction or (vi) failure or refusal to attend to the duties or obligations of the Participant’s position or to comply with BioLargo’s rules, policies or procedures. The determination as to whether a Participant is being terminated for Cause will be made in good faith by BioLargo and will be final and binding on the Participant. The foregoing definition does not in any way limit BioLargo’s ability to terminate a Participant’s employment or consulting relationship at any time as provided in **Section 20** above, and the term **“BioLargo”** will be interpreted to include any Subsidiary or Parent, as appropriate. Notwithstanding the foregoing, the foregoing definition of **“Cause”** may, in part or in whole, be modified or replaced in each individual employment agreement, Award Agreement or other applicable agreement with any Participant, provided that such document supersedes the definition provided in this **Section 28.7**.

**28.8. “Code”** means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

**28.9. “Committee”** means the Compensation Committee of the Board or those persons to whom administration of this Plan, or part of this Plan, has been delegated as permitted by law.

**28.10. “Common Stock”** means the common stock of BioLargo.

**28.11. “Consultant”** means any natural person, including an advisor or independent contractor, engaged by BioLargo or a Parent, Subsidiary or Affiliate to render services to such entity.

**28.12. “Corporate Transaction”** means the occurrence of any of the following events: (a) any “Person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of BioLargo representing more than fifty percent (50%) of the total voting power represented by BioLargo’s then-outstanding voting securities; *provided, however*, that for purposes of this subclause (a) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of BioLargo will not be considered a Corporate Transaction; (b) the consummation of the sale or disposition by BioLargo of all or substantially all of BioLargo’s assets; (c) the consummation of a merger or consolidation of BioLargo with any other corporation, other than a merger or consolidation that would result in the voting securities of BioLargo outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of BioLargo or such surviving entity or its parent outstanding immediately after such merger or consolidation; (d) any other transaction that qualifies as a “corporate transaction” under Section 424(a) of the Code wherein the stockholders of BioLargo give up all of their equity interest in BioLargo (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of capital stock of BioLargo) or (e) a change in the effective control of BioLargo that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election. For purposes of the preceding subclause (e), if any Person is considered to be in effective control of BioLargo, the acquisition of additional control of BioLargo by the same Person will not be considered a Corporate Transaction. For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock or similar business transaction with BioLargo. Notwithstanding the foregoing, to the extent that any amount constituting deferred compensation (as defined in Section 409A of the Code) would become payable under this Plan by reason of a Corporate Transaction, such amount will become payable only if the event constituting a Corporate Transaction would also qualify as a change in ownership or effective control of BioLargo or a change in the ownership of a substantial portion of the assets of BioLargo, each as defined within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and IRS guidance that has been promulgated or may be promulgated thereunder from time to time.

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**28.13. “Director”** means a member of the Board.

**28.14. “Disability”** means, in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code and, in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

**28.15. “Dividend Equivalent Right”** means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by this Plan, to receive a credit for the account of such Participant in an amount equal to the cash, stock or other property dividends in amounts equivalent to cash, stock or other property dividends for each Share represented by an Award held by such Participant.

**28.16. “Effective Date”** means the day immediately before the date of the underwritten initial public offering of BioLargo’s Common Stock pursuant to a registration statement that is declared effective by the SEC.

**28.17. “Employee”** means any person, including Officers and Directors, providing services as an employee to BioLargo or any Parent, Subsidiary or Affiliate. Neither service as a Director nor payment of a director’s fee by BioLargo will be sufficient to constitute “employment” by BioLargo.

**28.18. “Exchange Act”** means the United States Securities Exchange Act of 1934, as amended.

**28.19. “Exchange Program”** means a program pursuant to which (a) outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof) or (b) the exercise price of an outstanding Award is increased or reduced.

**28.20. “Exercise Price”** means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and, with respect to a SAR, the price at which the SAR is granted to the holder thereof.

**28.21. “Fair Market Value”** means, as of any date, the value of a share of BioLargo’s Common Stock determined as follows:

(a) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(b) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, but traded on the OTCQB or OTCQX, its closing price on the date of determination on the OTCQB or OTCQX, as applicable, as reported by the *OTC Markets* or such other source as the Committee deems reliable;

(c) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, its closing price on the date of determination the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

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(d) in the case of an Option or SAR grant made on the Effective Date, the price per share at which Shares are initially offered for sale to the public by BioLargo's underwriters in the initial public offering of BioLargo's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act; or

(e) if none of the foregoing is applicable, by the Board or the Committee in good faith.

**28.22. "Insider"** means an officer or director of BioLargo or any other person whose transactions in BioLargo's Common Stock are subject to Section 16 of the Exchange Act.

**28.23. "IRS"** means the United States Internal Revenue Service.

**28.24. "Non-Employee Director"** means a Director who is not an Employee of BioLargo or any Parent, Subsidiary or Affiliate.

**28.25. "Option"** means an award of an option to purchase Shares pursuant to **Section 5**.

**28.26. "Parent"** means any corporation (other than BioLargo) in an unbroken chain of corporations ending with BioLargo if each of such corporations other than BioLargo owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

**28.27. "Participant"** means a person who holds an Award under this Plan, including corporate entities.

**28.28. "Performance Award"** means cash or Shares granted pursuant to **Section 10** or **Section 12** of this Plan.

**28.29. "Performance Factors"** means any of the factors selected by the Committee and specified in an Award Agreement, from among the following objective measures, either individually, alternatively or in any combination, applied to BioLargo as a whole or any business unit or Subsidiary, either individually, alternatively or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Committee with respect to applicable Awards have been satisfied:

(a) Profit Before Tax;

(b) Billings;

(c) Revenue;

(d) Net revenue;

(e) Earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings, stock-based compensation expenses, depreciation and amortization);

(f) Operating income;

(g) Operating margin;

(h) Operating profit;

(i) Controllable operating profit or net operating profit;

(j) Net Profit;

(k) Gross margin;

(l) Operating expenses or operating expenses as a percentage of revenue;

(m) Net income;

(n) Earnings per share;

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(o) Total stockholder return;

(p) Market share;

(q) Return on assets or net assets;

(r) BioLargo's stock price;

(s) Growth in stockholder value relative to a pre-determined index;

(t) Return on equity;

(u) Return on invested capital;

(v) Cash Flow (including free cash flow or operating cash flows);

(w) Cash conversion cycle;

(x) Economic value added;

(y) Individual confidential business objectives;

(z) Contract awards or backlog;

(aa) Overhead or other expense reduction;

(bb) Credit rating;

(cc) Strategic plan development and implementation;

(dd) Succession plan development and implementation;

(ee) Improvement in workforce diversity;

(ff) Customer indicators and/or satisfaction;

(gg) New product invention or innovation;

(hh) Attainment of research and development milestones;

(ii) Improvements in productivity;

(jj) Bookings;

(kk) Attainment of objective operating goals and employee metrics;

(ll) Sales;

(mm) Expenses;

(nn) Balance of cash, cash equivalents and marketable securities;

(oo) Completion of an identified special project;

(pp) Completion of a joint venture or other corporate transaction;

(qq) Employee satisfaction and/or retention;

(rr) Traffic to BioLargo's website and/or mobile application;

(ss) Measures of agent efficiency and/or productivity;

(tt) Brokerage transaction costs;

(uu) Customer satisfaction;

(vv) Research and development expenses;

(ww) Working capital targets and changes in working capital; and

(xx) Any other metric that is capable of measurement as determined by the Committee.

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The Committee may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the Performance Factors to preserve the Committee's original intent regarding the Performance Factors at the time of the initial Award grant. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

**28.30. "Performance Period"** means one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Factors will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award.

**28.31. "Performance Share"** means an Award granted pursuant to **Section 10** or **Section 12** of this Plan, the payment of which is contingent upon achieving certain performance goals established by the Committee.

**28.32. "Performance Unit"** means a right granted to a Participant, pursuant to **Section 10** or **Section 12**, to receive Shares, the payment of which is contingent upon achieving certain performance goals established by the Committee.

**28.33. "Permitted Transferee"** means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law (including adoptive relationships) of the Employee, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than fifty percent (50%) of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets and any other entity in which these persons (or the Employee) own more than fifty percent (50%) of the voting interests.

**28.34. "Plan"** means this BioLargo, Inc. 2018 Equity Incentive Plan.

**28.35. "Purchase Price"** means the price to be paid for Shares acquired under this Plan, other than Shares acquired upon exercise of an Option or SAR.

**28.36. "Restricted Stock Award"** means an award of Shares pursuant to **Section 6** or **Section 12** of this Plan or issued pursuant to the early exercise of an Option.

**28.37. "Restricted Stock Unit"** means an Award granted pursuant to **Section 9** or **Section 12** of this Plan.

**28.38. “SEC”** means the United States Securities and Exchange Commission.

**28.39. “Securities Act”** means the United States Securities Act of 1933, as amended.

**28.40. “Service”** means service, as an Employee, Consultant, Director or Non-Employee Director, to BioLargo or a Parent, Subsidiary or Affiliate, subject to such further limitations as may be set forth in this Plan or the applicable Award Agreement. An Employee will not be deemed to have ceased to provide Service in the case of (a) sick leave, (b) military leave or (c) any other leave of absence approved by BioLargo; *provided* that such leave is for a period of not more than ninety (90) days unless reemployment upon the expiration of such leave is guaranteed by contract or statute. Notwithstanding anything to the contrary, an Employee will not be deemed to have ceased to provide Service if a formal policy adopted from time to time by BioLargo and issued and promulgated to employees in writing provides otherwise. In the case of any Employee on an approved leave of absence or a reduction in hours worked (for illustrative purposes only, a change in schedule from that of full-time to part-time), the Committee may make such provisions respecting suspension or modification of vesting of the Award while on leave from the employ of BioLargo or a Parent, Subsidiary or Affiliate or during such change in working hours as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. In the event of military or other protected leave, if required by applicable laws, vesting will continue for the longest period that vesting continues under any other statutory or BioLargo-approved leave of absence and, upon a Participant’s returning from military leave, he or she will be given vesting credit with respect to Awards to the same extent as would have applied had the Participant continued to provide Service to BioLargo throughout the leave on the same terms as he or she was providing Service immediately before such leave. An Employee will have terminated employment as of the date he or she ceases to provide Service (regardless of whether the termination is in breach of local employment laws or is later found to be invalid) and employment will not be extended by any notice period or garden leave mandated by local law; *provided, however*, that a change in status from an Employee to a Consultant or a Non-Employee Director (or *vice versa*) will not terminate a Participant’s Service, unless determined by the Committee, in its discretion. The Committee will have sole discretion to determine whether a Participant has ceased to provide Service and the effective date on which the Participant ceased to provide Service.

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**28.41. “Shares”** means shares of BioLargo’s Common Stock and the common stock of any successor entity.

**28.42. “Stock Appreciation Right”** means an Award granted pursuant to **Section 8** or **Section 12** of this Plan.

**28.43. “Stock Bonus”** means an Award granted pursuant to **Section 7** or **Section 12** of this Plan.

**28.44. “Subsidiary”** means any corporation (other than BioLargo) in an unbroken chain of corporations beginning with BioLargo if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

**28.45. “Treasury Regulations”** means regulations promulgated by the United States Treasury Department.

**28.46. “Unvested Shares”** means Shares that have not yet vested or are subject to a right of repurchase in favor of BioLargo (or any successor thereto).

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**BIOLARGO, INC.**

**2018 EQUITY INCENTIVE PLAN**

**NOTICE OF RESTRICTED STOCK UNIT AWARD**

Unless otherwise defined herein, the terms defined in the BioLargo, Inc. (“**BioLargo**”) 2018 Equity Incentive Plan (the “**Plan**”) will have the same meanings in this Notice of Restricted Stock Unit Award and the electronic representation of this Notice of Restricted Stock Unit Award established and maintained by BioLargo or a third party designated by BioLargo (this “**Notice**”).

**Name:**

**Address:**

You (the “**Participant**”) have been granted an award of Restricted Stock Units (“**RSUs**”) to acquire Shares of BioLargo’s Common Stock under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Restricted Stock Unit Award Agreement (the “**Agreement**”), including any applicable country-specific provisions in any appendix attached hereto (the “**Appendix**”), which constitutes part of the Agreement.

**Grant Number:**

**Number of RSUs:**

**Date of Grant:**

**Vesting Commencement Date:**

**Expiration Date:** The earlier to occur of: (a) the date on which settlement of all RSUs granted hereunder occurs and (b) the tenth (10<sup>th</sup>) anniversary of the Date of Grant. This RSU expires earlier if Participant’s Service terminates earlier, as described in the Agreement.

**Vesting Schedule:** [Insert applicable vesting schedule]

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship or Service with BioLargo or a Parent or Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time (*i.e.*, is "at-will"), except where otherwise prohibited by applicable law and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is subject to Participant's continuing Service as an Employee, Director or Consultant. Participant acknowledges that the Vesting Schedule may change prospectively in the event that Participant's service status changes between full- and part-time status and/or in the event that Participant is on a leave of absence, in accordance with BioLargo's policies relating to work schedules and vesting or as determined by the Committee. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting the RSUs, Participant consents to electronic delivery as set forth in the Agreement.



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**PARTICIPANT**      **BIOLARGO,  
INC.**

Signature:            By:

Print Name:         Its:

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**BIOLARGO, INC.**

**2018 EQUITY INCENTIVE PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

Unless otherwise defined in this Restricted Stock Unit Award Agreement (this “**Agreement**”), any capitalized terms used herein will have the meaning ascribed to them in the BioLargo, Inc. 2018 Equity Incentive Plan (the “**Plan**”).

Participant has been granted Restricted Stock Units (“**RSUs**”) to acquire Shares of Common Stock of BioLargo, Inc. (“**BioLargo**”), subject to the terms and conditions of the Plan, the Notice of Restricted Stock Unit Award (the “**Notice**”) and this Agreement, including any applicable country-specific provisions in any appendix attached hereto (the “**Appendix**”), which constitutes part of this Agreement.

**1. Settlement.** Settlement of RSUs will be made within thirty (30) days following the applicable date of vesting under the Vesting Schedule set forth in the Notice. Settlement of RSUs will be in Shares. No fractional RSUs or rights for fractional Shares will be created pursuant to this Agreement.

**2. No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant will have no ownership of the Shares allocated to the RSUs and will have no rights to dividends or to vote such Shares.

**3. Dividend Equivalents.** Dividends, if any (whether in cash or Shares), will not be credited to Participant.

**4. Non-Transferability of RSUs.** The RSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

**5. Termination; Leave of Absence; Change in Status.** If Participant’s Service terminates for any reason, all unvested RSUs will be forfeited to BioLargo immediately, and all rights of Participant to such RSUs automatically terminate without payment of any consideration to Participant. Participant’s Service will be considered terminated as of the date Participant is no longer providing services (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any) and will not, subject to the laws applicable to Participant’s Award, be

extended by any notice period mandated under local laws (e.g., Service would not include a period of “garden leave” or similar period). Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event that Participant’s service status changes between full- and part-time status and/or in the event that Participant is on an approved leave of absence in accordance BioLargo’s policies relating to work schedules and vesting of awards or as determined by the Committee. Participant acknowledges that the vesting of the Shares pursuant to the Notice and this Agreement is subject to Participant’s continued Service. In case of any dispute as to whether termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be providing services while on an approved leave of absence).

## **6. Withholding Taxes.**

(a) **Responsibility for Taxes.** Participant acknowledges that, regardless of any action taken by BioLargo or, if different, a Parent, Subsidiary or Affiliate employing or retaining Participant (the “**Employer**”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant’s participation in the Plan and legally applicable to Participant (“**Tax-Related Items**”), is and remains Participant’s responsibility and may exceed the amount actually withheld by BioLargo or the Employer. Participant further acknowledges that BioLargo and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs and the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant’s liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that BioLargo and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. *PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION BEFORE DISPOSING OF THE SHARES.*

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(b) Withholding. Before any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to BioLargo and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes BioLargo and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant's wages or other cash compensation paid to Participant by BioLargo and/or the Employer; or
- (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by BioLargo (on Participant's behalf pursuant to this authorization); or
- (iii) withholding in Shares to be issued upon settlement of the RSUs, provided that BioLargo only withholds the number of Shares necessary to satisfy no more than the maximum applicable statutory withholding amounts; or
- (iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or
- (v) any other arrangement approved by the Committee and permitted by applicable law;

all under such rules as may be established by the Committee and in compliance with BioLargo's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; *provided, however*, that, if Participant is a Section 16 officer of BioLargo under the Exchange Act, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) will establish the method of withholding from alternatives (i)-(v) above, and the Committee will establish the method before the Tax-Related Items withholding event.

Depending on the withholding method, BioLargo may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date when taxes otherwise would have been withheld in cash, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to BioLargo or the Employer any amount of Tax-Related Items that BioLargo or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. BioLargo may refuse to issue or deliver the Shares or the proceeds of the

sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

**7. Nature of Grant.** By accepting the RSUs, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by BioLargo, it is discretionary in nature, and it may be modified, amended, suspended or terminated by BioLargo at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSU or other grants, if any, will be at BioLargo's sole discretion;

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(d) the RSU grant and Participant's participation in the Plan will not create a right to employment or be interpreted as forming an employment or services contract with BioLargo, the Employer or any Parent or Subsidiary or Affiliate;

(e) Participant is voluntarily participating in the Plan;

(f) the RSUs and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(g) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from Participant's termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the RSUs to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against BioLargo, or any Parent or Subsidiary or Affiliate or the Employer, waives his or her ability, if any, to bring any such claim, and releases BioLargo, any Parent or Subsidiary or Affiliate and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) unless otherwise provided in the Plan or by BioLargo in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and

(k) the following provisions apply only if Participant is providing services outside the United States:

- (i) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose;

- (ii) Participant acknowledges and agrees that neither BioLargo, the Employer nor any Parent or Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

**8. No Advice Regarding Grant.** BioLargo is not providing any tax, legal or financial advice, nor is BioLargo making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

**9. Data Privacy.** Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Employer, BioLargo and any Parent, Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that BioLargo and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in BioLargo, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

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Participant understands that Data will be transferred to the stock plan service provider as may be designated by BioLargo from time to time or its affiliates or such other stock plan service provider as may be selected by BioLargo in the future, which is assisting BioLargo with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes BioLargo, the stock plan service provider as may be designated by BioLargo from time to time, and its affiliates, and any other possible recipients that may assist BioLargo (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that BioLargo would not be able to grant Participant RSUs or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

**10. Language.** If Participant has received this Agreement or any other document related to the RSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.

**11. Appendix.** Notwithstanding any provisions in this Agreement, the RSU grant will be subject to any special terms and conditions set forth in any Appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent BioLargo determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

**12. Imposition of Other Requirements.** BioLargo reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent BioLargo determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.



**13. Acknowledgement.** BioLargo and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement and by the provisions of the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions and (c) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

**14. Entire Agreement; Enforcement of Rights.** This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement will not be construed as a waiver of any rights of such party.

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**15. Compliance with Laws and Regulations.** The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by BioLargo and Participant with all applicable state, federal and local laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which BioLargo's Common Stock may be listed or quoted at the time of such issuance or transfer. Participant understands that BioLargo is under no obligation to register or qualify the Common Stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that BioLargo will have unilateral authority to amend the Plan and this RSU Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this RSU Agreement will be endorsed with appropriate legends, if any, determined by BioLargo.

**16. Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision will be excluded from this Agreement, (b) the balance of this Agreement will be interpreted as if such provision were so excluded, and (c) the balance of this Agreement will be enforceable in accordance with its terms.

**17. Governing Law and Venue.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court, Central District of California (Southern Division) or the Superior Court of the State of California, Orange County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection that such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

**18. No Rights as Employee, Director or Consultant.** Nothing in this Agreement will affect in any manner whatsoever the right or power of BioLargo, or a Parent or Subsidiary or Affiliate, to terminate Participant's Service, for any reason, with or without Cause.

**19. Consent to Electronic Delivery of All Plan Documents and Disclosures.** By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and BioLargo agree that the RSUs are granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel before executing this Agreement and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any

questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify BioLargo upon any change in Participant's residence address indicated on the Notice. By acceptance of the RSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by BioLargo or a third party designated by BioLargo and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of BioLargo and all other documents that BioLargo is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to BioLargo intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via email or such other delivery determined at BioLargo's discretion. Participant acknowledges that Participant may receive from BioLargo a paper copy of any documents delivered electronically at no cost if Participant contacts BioLargo by telephone, through a postal service or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide upon request to BioLargo or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying BioLargo of such revised or revoked consent by telephone, postal service or electronic mail to Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery if local laws prohibit such consent.

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**20. Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell the Shares or rights to Shares under the Plan during such times as Participant is considered to have "inside information" regarding BioLargo (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable BioLargo insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions, and Participant is advised to speak to Participant's personal advisor on this matter.

**21. Code Section 409A.** For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("**Section 409A**"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment will not be made or commence until the earlier of (i) the expiration of the six-month period measured from Participant's separation from service from BioLargo or (ii) the date of Participant's death following such a separation from service; *provided, however*, that such deferral will only be effected to the extent required to avoid adverse tax treatment to Participant, including, without limitation, the additional tax for which Participant otherwise would be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it also may qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

**22. Award Subject to BioLargo Clawback or Recoupment.** To the extent permitted by applicable law, the RSUs will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy and applicable law, BioLargo may require the cancellation of Participant's RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's RSUs.

**BY ACCEPTING THIS AWARD OF RSUS, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**

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**APPENDIX**

**None**

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**BIOLARGO, INC.**

**2018 EQUITY INCENTIVE PLAN**

**NOTICE OF STOCK OPTION GRANT**

Unless otherwise defined herein, the terms defined in the BioLargo, Inc. (“**BioLargo**”) 2018 Equity Incentive Plan (the “**Plan**”) will have the same meanings in this Notice of Stock Option Grant and the electronic representation of this Notice of Stock Option Grant established and maintained by BioLargo or a third party designated by BioLargo (this “**Notice**”).

**Name:**

**Address:**

You (the “**Participant**”) have been granted an option to purchase shares of Common Stock of BioLargo under the Plan subject to the terms and conditions of the Plan, this Notice and the Stock Option Award Agreement (the “**Option Agreement**”), including any applicable country-specific provisions in any appendix attached hereto (the “**Appendix**”), which constitutes part of the Option Agreement.

**Grant Number:**

**Date of Grant:**

**Vesting Commencement Date:**

**Exercise Price per Share:**

**Total Number of Shares:**

**Type of Option:** \_\_\_\_\_ Non-Qualified Stock Option

\_\_\_\_\_ Incentive Stock Option

**Expiration Date:** \_\_\_\_\_, 20\_\_; This Option expires earlier if Participant’s Service terminates earlier, as described in the Option Agreement.

**Vesting Schedule:** [Insert applicable vesting schedule]

By accepting (whether in writing, electronically or otherwise) the Option, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship or Service with BioLargo or a Parent or Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time (*i.e.*, is "at-will"), except where otherwise prohibited by applicable law and that nothing in this Notice, the Option Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the Options pursuant to this Notice is subject to Participant's continuing Service as an Employee, Director or Consultant. Participant acknowledges that the Vesting Schedule may change prospectively in the event that Participant's service status changes between full- and part-time status and/or in the event that Participant is on a leave of absence, in accordance with BioLargo's policies relating to work schedules and vesting or as determined by the Committee. Furthermore, the period during which Participant may exercise the Option after a termination of Service will commence on the Termination Date (as defined in the Option Agreement). Participant also understands that this Notice is subject to the terms and conditions of both the Option Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Option Agreement and the Plan. By accepting the Option, Participant consents to electronic delivery as set forth in the Option Agreement.

**PARTICIPANT**      **BIOLARGO,  
INC.**

Signature:            By:

Print Name:          Its:

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**BIOLARGO, INC.**

**2018 EQUITY INCENTIVE PLAN**

**STOCK OPTION AWARD AGREEMENT**

Unless otherwise defined in this Stock Option Award Agreement (this “**Option Agreement**”), any capitalized terms used herein will have the meaning ascribed to them in the BioLargo, Inc. 2018 Equity Incentive Plan (the “**Plan**”).

Participant has been granted an option to purchase Shares (the “**Option**”) of BioLargo, Inc. (“**BioLargo**”), subject to the terms and conditions of the Plan, the Notice of Stock Option Grant (the “**Notice**”) and this Option Agreement, including any applicable country-specific provisions in any appendix attached hereto (the “**Appendix**”), which constitutes part of this Option Agreement.

**1. Vesting Rights.** Subject to the applicable provisions of the Plan and this Option Agreement, this Option may be exercised, in whole or in part, in accordance with the Vesting Schedule set forth in the Notice. Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event that Participant’s service status changes between full- and part-time status and/or in the event that Participant is on an approved leave of absence in accordance with BioLargo policies relating to work schedules and vesting of awards or as determined by the Committee. Participant acknowledges that the vesting of the Options pursuant to the Notice and this Option Agreement is subject to Participant’s continuing Service.

**2. Grant of Option.** Participant has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share in U.S. Dollars set forth in the Notice (the “**Exercise Price**”). In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan will prevail. If designated in the Notice as an Incentive Stock Option (“**ISO**”), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an ISO, to the extent that it exceeds the U.S. \$100,000 rule of Code Section 422(d) it will be treated as a Nonqualified Stock Option (“**NSO**”).

**3. Termination Period.**

(a) **General Rule.** If Participant’s Service terminates for any reason except death or Disability, and other than for Cause (as defined in the Plan), then this Option will expire at the close of business at BioLargo headquarters on the date three (3) months after Participant’s Termination Date (as defined below) (or such shorter time period not less than thirty (30) days or longer time period as may be determined by the Committee, with any exercise beyond three (3)



months after the date Participant's Service terminates deemed to be the exercise of an NSO). If Participant's Service is terminated for Cause, this Option will expire upon the date of such termination. BioLargo determines when Participant's Service terminates for all purposes under this Option Agreement.

(b) Death; Disability. If Participant dies before Participant's Service terminates (or Participant dies within three (3) months of Participant's termination of Service other than for Cause, then this Option will expire at the close of business at BioLargo headquarters on the date eighteen (18) months after the date of death (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee, subject to the expiration details in **Section 7**). If Participant's Service terminates because of Participant's Disability, then this Option will expire at the close of business at BioLargo headquarters on the date twelve (12) months after Participant's Termination Date (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee, subject to the expiration details in **Section 7**).

(c) No Notice. Participant is responsible for keeping track of these exercise periods following Participant's termination of Service for any reason. BioLargo will not provide further notice of such periods. In no event will this Option be exercised later than the Expiration Date set forth in the Notice.

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(d) **Termination.** For purposes of this Option, Participant's Service will be considered terminated as of the date Participant is no longer providing Services to BioLargo, its Parent or one of its Subsidiaries or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) (the "**Termination Date**"). The Committee will have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of Participant's Option (including whether Participant may still be considered to be providing services while on an approved leave of absence). Unless otherwise provided in this Option Agreement or determined by BioLargo, Participant's right to vest in this Option under the Plan, if any, will terminate as of the Termination Date and will not be extended by any notice period (*e.g.*, Participant's period of services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). Following the Termination Date, Participant may exercise the Option only as set forth in the Notice and this Section, provided that the period (if any) during which Participant may exercise the Option after the Termination Date, if any, will commence on the date Participant ceases to provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant's employment agreement, if any. If Participant does not exercise this Option within the termination period set forth in the Notice or the termination periods set forth above, the Option will terminate in its entirety. In no event may any Option be exercised after the Expiration Date of the Option as set forth in the Notice.

**4. Exercise of Option.**

(a) **Right to Exercise.** This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Option Agreement. In the event of Participant's death, Disability, termination for Cause or other cessation of Service, the exercisability of the Option is governed by the applicable provisions of the Plan, the Notice and this Option Agreement. This Option may not be exercised for a fraction of a Share.

(b) **Method of Exercise.** This Option is exercisable by delivery of an exercise notice in a form specified by BioLargo (the "**Exercise Notice**"), which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "**Exercised Shares**") and such other representations and agreements as may be required by BioLargo pursuant to the provisions of the Plan. The Exercise Notice will be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of BioLargo or other person designated by BioLargo. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable Tax-Related Items (as defined in **Section 8** below). This Option will be deemed to be exercised upon receipt by BioLargo of such fully executed Exercise Notice accompanied by such aggregate Exercise Price, if any, and payment of any Tax-Related Items. No Shares will be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service on which the Shares are then listed. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

(c) Exercise by Another. If another person wants to exercise this Option after it has been transferred to him or her in compliance with this Option Agreement, then that person must prove to BioLargo's satisfaction that he or she is entitled to exercise this Option. That person also must complete the proper Exercise Notice form (as described above) and pay the Exercise Price (as described below) and any applicable Tax-Related Items (as described below).

**5. Method of Payment.** Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant:

(a) Participant's personal check (or readily available funds), wire transfer or a cashier's check;

(b) certificates for shares of BioLargo stock that Participant owns, along with any forms needed to effect a transfer of those shares to BioLargo; the value of the shares, determined as of the effective date of the Option exercise, will be applied to the Option Exercise Price. Instead of surrendering shares of BioLargo stock, Participant may attest to the ownership of those shares on a form provided by BioLargo and have the same number of shares subtracted from the Option shares issued to Participant. However, Participant may not surrender, or attest to the ownership of, shares of BioLargo stock in payment of the Exercise Price of Participant's Option if Participant's action would cause BioLargo to recognize compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes;

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(c) cashless exercise through irrevocable directions to a securities broker approved by BioLargo to sell all or part of the Shares covered by this Option and to deliver to BioLargo from the sale proceeds an amount sufficient to pay the Exercise Price and any applicable Tax-Related Items. The balance of the sale proceeds, if any, will be delivered to Participant. The directions must be given by signing a special notice of exercise form provided by BioLargo; or

(d) cashless exercise, where the number of shares to be issued to Participant after exercise of the Option is calculated by (i) subtracting the Option Exercise Price from the Fair Market Value as of the date the Exercise Notice is received by BioLargo, (ii) multiplying that number times the number of shares requested to be exercised, and (iii) dividing that number by the Fair Market Value as of the date the Exercise Notice is received by BioLargo; or

(e) other method authorized by BioLargo.

**6. Non-Transferability of Option.** This Option may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant or unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Option Agreement will be binding upon the executors, administrators, heirs, successors and assigns of Participant.

**7. Term of Option.** This Option will in any event expire on the expiration date set forth in the Notice, which date is ten (10) years after the Date of Grant (five (5) years after the Date of Grant if this Option is designated as an ISO in the Notice of Stock Option Grant and **Section 5.3** of the Plan applies).

**8. Tax Consequences.**

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by BioLargo or, if different, a Parent, Subsidiary or Affiliate employing or retaining Participant (the “**Employer**”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant’s participation in the Plan and legally applicable to Participant (“**Tax-Related Items**”) is and remains Participant’s responsibility and may exceed the amount actually withheld by BioLargo or the Employer. Participant further acknowledges that BioLargo and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including, but not limited to, the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate Participant’s liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that BioLargo and/or the Employer (or former employer, as applicable) may be required to withhold or

account for Tax-Related Items in more than one jurisdiction. *PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.*

(b) Withholding. Before any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to BioLargo and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes BioLargo and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant's wages or other cash compensation paid to Participant by BioLargo and/or the Employer; or
- (ii) withholding from proceeds of the sale of Shares acquired at exercise of this Option either through a voluntary sale or through a mandatory sale arranged by BioLargo (on Participant's behalf pursuant to this authorization); or
- (iii) withholding in Shares to be issued upon exercise of the Option, provided that BioLargo only withholds the number of Shares necessary to satisfy no more than the maximum applicable statutory withholding amounts; or

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(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted by applicable law;

all under such rules as may be established by the Committee and in compliance with BioLargo's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable.

Depending on the withholding method, BioLargo may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares issued upon exercise of the Option; notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date of the Option exercise, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to BioLargo or the Employer any amount of Tax-Related Items that BioLargo or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. BioLargo may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

(c) Notice of Disqualifying Disposition of ISO Shares. For U.S. taxpayers, if Participant sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two (2) years after the grant date or (ii) one (1) year after the exercise date, Participant will immediately notify BioLargo in writing of such disposition. Participant agrees that he or she may be subject to income tax withholding by BioLargo on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to Participant.

**9. Nature of Grant.** By accepting the Option, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by BioLargo, it is discretionary in nature, and it may be modified, amended, suspended or terminated by BioLargo at any time, to the extent permitted by the Plan;

- (b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;
- (c) all decisions with respect to future option or other grants, if any, will be at the sole discretion of BioLargo;
- (d) the Option grant and Participant's participation in the Plan will not create a right to employment or be interpreted as forming an employment or services contract with BioLargo, the Employer or any Parent or Subsidiary or Affiliate;
- (e) Participant is voluntarily participating in the Plan;
- (f) the Option and the Shares acquired under the Plan are not intended to replace any pension rights or compensation;
- (g) the Option and any Shares acquired under the Plan and the income and value of same are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (h) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;
- (i) if the underlying Shares do not increase in value, the Option will have no value;

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(j) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

(k) no claim or entitlement to compensation or damages will arise from forfeiture of the Option resulting from Participant's termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against BioLargo, or any Parent or Subsidiary or Affiliate or the Employer, waives his or her ability, if any, to bring any such claim, and releases BioLargo, any Parent or Subsidiary or Affiliate and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(l) unless otherwise provided in the Plan or by BioLargo in its discretion, the Option and the benefits evidenced by this Option Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and

(m) the following provisions apply only if Participant is providing services outside the United States:

(i) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that neither BioLargo, the Employer nor any Parent or Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

**10. No Advice Regarding Grant.** BioLargo is not providing any tax, legal or financial advice, nor is BioLargo making any recommendations, regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

**11. Data Privacy.** Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Option Agreement and any other



**Option grant materials by and among, as applicable, the Employer, BioLargo and any Parent, Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.**

**Participant understands that BioLargo and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in BioLargo, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.**

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Participant understands that Data will be transferred to the stock plan service provider as may be designated by BioLargo from time to time or its affiliates or such other stock plan service provider as may be selected by BioLargo in the future, which is assisting BioLargo with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes BioLargo, the stock plan service provider as may be designated by BioLargo from time to time, and its affiliates, and any other possible recipients that may assist BioLargo (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that BioLargo would not be able to grant Participant options or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

**12. Language.** If Participant has received this Option Agreement or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.

**13. Appendix.** Notwithstanding any provisions in this Option Agreement, the Option grant will be subject to any special terms and conditions set forth in any Appendix to this Option Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent BioLargo determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Option Agreement.

**14. Imposition of Other Requirements.** BioLargo reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares purchased upon exercise of the Option, to the extent BioLargo determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**15. Acknowledgement.** BioLargo and Participant agree that the Option is granted under and governed by the Notice, this Option Agreement and by the provisions of the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions and (c) hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

**16. Entire Agreement; Enforcement of Rights.** This Option Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Option Agreement, nor any waiver of any rights under this Option Agreement, will be effective unless in writing and signed by the parties to this Option Agreement. The failure by either party to enforce any rights under this Option Agreement will not be construed as a waiver of any rights of such party.

**17. Compliance with Laws and Regulations.** The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by BioLargo and Participant with all applicable state, federal and local laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which BioLargo's Common Stock may be listed or quoted at the time of such issuance or transfer. Participant understands that BioLargo is under no obligation to register or qualify the Common Stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that BioLargo will have unilateral authority to amend the Plan and this Option Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this Option Agreement will be endorsed with appropriate legends, if any, determined by BioLargo.

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**18. Severability.** If one or more provisions of this Option Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision will be excluded from this Option Agreement, (b) the balance of this Option Agreement will be interpreted as if such provision were so excluded, and (c) the balance of this Option Agreement will be enforceable in accordance with its terms.

**19. Governing Law and Venue.** This Option Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. Any and all disputes relating to, concerning or arising from this Option Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Option Agreement, will be brought and heard exclusively in the United States District Court, Central District of California (Southern Division) or the Superior Court of the State of California, Orange County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection that such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

**20. No Rights as Employee, Director or Consultant.** Nothing in this Option Agreement will affect in any manner whatsoever the right or power of BioLargo, or a Parent or Subsidiary or Affiliate, to terminate Participant's Service, for any reason, with or without Cause.

**21. Consent to Electronic Delivery of All Plan Documents and Disclosures.** By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and BioLargo agree that this Option is granted under and governed by the terms and conditions of the Plan, the Notice and this Option Agreement. Participant has reviewed the Plan, the Notice and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel before executing this Option Agreement and fully understands all provisions of the Plan, the Notice and this Option Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and the Option Agreement. Participant further agrees to notify BioLargo upon any change in Participant's residence address indicated on the Notice. By acceptance of this Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by BioLargo or a third party designated by BioLargo and consents to the electronic delivery of the Notice, this Option Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of BioLargo and all other documents that BioLargo is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Option and current or future participation in the Plan. Electronic delivery may include the delivery of a link to BioLargo intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via email or such other delivery determined at BioLargo's discretion. Participant acknowledges that Participant may receive from BioLargo a paper copy of any documents delivered electronically at no cost if Participant contacts BioLargo by telephone, through a postal service or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any

documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide upon request to BioLargo or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying BioLargo of such revised or revoked consent by telephone, postal service or electronic mail to Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery if local laws prohibit such consent.

**22. Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell the Shares or rights to Shares under the Plan during such times as Participant is considered to have "inside information" regarding BioLargo (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable BioLargo insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions, and Participant is advised to speak to Participant's personal advisor on this matter.

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**23. Award Subject to BioLargo Clawback or Recoupment.** To the extent permitted by applicable law, the Option will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy and applicable law, BioLargo may require the cancellation of Participant's Option (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's Option.

**BY ACCEPTING THIS OPTION, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**

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**APPENDIX**

**None**

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