

COMPENSATION COMMITTEE CHARTER

as amended, effective as of December 8, 2008

The Board of Directors (the “Board”) of ICO, Inc. (the “Company”) has established the Compensation Committee (the “Committee”) of the Board with the authority, responsibility and specific duties described in this Compensation Committee Charter.

1. Purposes

The purposes of the Committee are:

- a. To determine, or recommend to the Board for determination, the compensation of the executive officers of the Company;
- b. To otherwise discharge the Board’s responsibilities relating to compensation arrangements and other terms of employment of the Company’s executive officers;
- c. To approve any stock awards, including stock options, restricted share awards or similar awards, to employees, and generally administer the Company’s employee equity incentive plans;
- d. To period periodically review and make recommendations to the Board as to the form and amount of compensation for the Company’s directors;
- e. To review and discuss with the management of the Company the Compensation Discussion and Analysis (“CD&A”) and based on such review and discussion, determine whether to recommend to the Board that the CD&A be included in the Company’s proxy statement for its annual meeting of shareholders or annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”);
- f. To produce a report on executive compensation each year and to publish the report in the Company’s proxy statement for its annual meeting of shareholders or annual report on Form 10-K filed with the SEC; and
- g. To perform such other functions as the Board may assign to the Committee from time to time.

2. Composition

The Committee shall consist of at least three members, all of whom must be members of the Board. One of the members shall serve as the chairperson of the Committee. Each member of the Committee shall satisfy the independence requirements of (i) the rules of the Nasdaq Global Market applicable to domestic listed companies, (ii) Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (iii) Section 162(m) of the Internal Revenue Code of 1986, as amended. At least two members of the Committee shall be

“non-employee directors” for the purposes of Rule 16b-3 under the Exchange Act, as in effect from time to time (“Rule 16b-3”), and “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time (“Section 162(m)”).

The Board shall appoint the members of the Committee. The chairperson of the Committee shall be designated by the Board or, if no such designation is made, shall be selected by the affirmative vote of a majority of the members of the Committee. The Board may remove or replace the chairperson and any other member of the Committee at any time by the affirmative vote of a majority of the members of the Board.

3. Authority and Responsibilities

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. The Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. In particular, the Committee may delegate the approval of any stock awards and other transactions and responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Committee who are (i) “non-employee directors” for the purposes of Rule 16b-3, and/or (ii) “outside directors” for the purposes of Section 162(m). Without limiting the generality of the preceding statements, the Committee shall have authority, and is entrusted with the direct responsibility, to take the following actions:

- a. Each year the Committee shall: (i) review, and make recommendations to the Board for its approval of, the corporate goals and objectives relevant to the compensation of the Company’s Chief Executive Officer, and (ii) evaluate the performance of the Chief Executive Officer in light of such goals and objectives;
- b. Each year the Committee shall review, and make recommendations to the Board for its approval of, with regard to the Chief Executive Officer, all annual and other compensation arrangements and components, which may include: (i) annual base salary, (ii) annual performance and incentive compensation, (iii) long-term incentive compensation, and (iv) any special or supplemental benefits;
- c. Each year the Committee shall review and approve, or, at the Committee’s discretion, make recommendations to the Board for its approval of, with regard to the executive officers of the Company (other than the Chief Executive Officer), all annual and other compensation arrangements and components, which may include: (i) annual base salary, (ii) annual performance and incentive compensation, (iii) long-term incentive compensation, and (iv) any special or supplemental benefits;
- d. When and as appropriate, the Committee shall review and approve, for the Chief Executive Officer and the other executive officers of the Company: (i) benefits and perquisites, and (ii) employment agreements, severance arrangements, and change-in-control agreements and provisions. The Committee is expressly authorized by the Board to approve the material terms of employment agreements and severance agreements between the Company and its executive officers, and to

approve amendments and supplements to such agreements (even if such agreements by their terms require Board approval), subject only to the requirement that the full Board must pre-approve any provisions relating to compensation of the Chief Executive Officer;

- e. The Committee may also review and approve the compensation, benefits, employment agreements, severance agreements, and other employment-related matters with regard to other key employees of the Company, and has the authority to provide guidelines to management with regard to the Committee's pre-approval required with regard to such key employee employment-related matters;
- f. The Committee is delegated authority to administer the employee equity incentive plans approved by the Company's shareholders, and constitutes the "Committee" for the purposes of such plans. All employee stock awards, including stock options, restricted share awards or similar awards, shall be pre-approved by the Committee. Shareholders shall be given the opportunity to vote on the Company's employee equity incentive plans and other equity-compensation plans as required by law, applicable listing standards, and the Company's articles of incorporation or bylaws;
- g. The Committee shall periodically review and make recommendations to the form and amount of compensation for the Company's directors. Director compensation should provide reasonable compensation for non-employee directors commensurate with their duties and responsibilities as directors, and provide a sufficient level of compensation necessary to attract and retain quality individuals. A portion of the compensation shall be in the form of ICO, Inc. common stock (restricted shares) to further align the interests of the non-employee directors with those of the Company's stockholders.
- h. Each year, the Committee shall review and discuss with the management of the Company the CD&A and based upon such review and discussion, determine whether to recommend that the CD&A be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.
- i. Each year, the Committee shall prepare a report on executive compensation as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC; and
- j. The Committee shall have the sole authority to retain, amend the engagement with, and terminate any compensation consultant to be used to assist in the evaluation of Chief Executive Officer or senior executive compensation. The Committee shall have sole authority to approve the consultant's fees and other retention terms and shall have authority to cause the Company to pay the fees and expenses of such consultants. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors, to approve the fees and expenses of such outside advisors, and to cause the Company to pay the fees and expenses of such outside advisors.

4. Procedures

- a. Meetings. The Committee shall meet as often as may be deemed necessary or appropriate in its judgment at the call of its chairperson, two or more members of the Committee, or the Chairman of the Board. Meetings may, at the discretion of the Committee, include members of the Company's management, independent consultants, and such other persons as the Committee or its chairperson may determine. The Committee may meet in person, by telephone conference call, or in any other manner in which the Board is permitted to meet under law or the Company's bylaws.
- b. Quorum and Approval. A majority of the members of the Committee, but no less than three members, shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.
- c. Rules. The Committee may determine additional rules and procedures, including designation of a chairperson pro tempore in the absence of the chairperson and designation of a secretary of the Committee or any meeting thereof.
- d. Reports. The Committee shall make regular reports to the Board, directly or through the chairperson.
- e. Review of Charter. Each year the Committee shall review the need for changes in this Charter and recommend any proposed changes to the Board for approval.
- f. Fees. Each member of the Committee shall be paid the fee set by the Board for his or her services as a member of, or chairperson of, the Committee.