

LIQUIDMETAL TECHNOLOGIES, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Adopted April 3, 2002

I. PURPOSE

The primary function of the Compensation Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Liquidmetal Technologies, Inc. (the “Company”), in fulfilling its oversight responsibilities with respect to the compensation of employees. The Committee’s primary responsibilities are to:

- A. Establish and review the annual salary, bonuses, equity based incentives, and other benefits, direct and indirect, of the senior management employees of the Company; and
- B. Administer the Company’s equity incentive plans.

The Committee will primarily fulfill its responsibility by carrying out the activities enumerated in Section III of this Charter.

II. COMPOSITION

A. The Committee shall be comprised of two or more directors as determined by the Board, each of whom shall be independent directors under the qualifications set forth in Rule 16b-3 of the Securities Exchange Act of 1934 and Section 162(m)(4)(c) of the Internal Revenue Code as follows:

1. Rule 16b-3. Under Rule 16b-3, Committee members cannot be an employee of the Company and cannot receive compensation in excess of sixty thousand dollars (\$60,000) for services rendered as a consultant to the Company or in any other capacity other than as a director.
2. Section 162(m)(4)(c). Under Section 162(m)(4)(c) and Treas. Reg. §1.162-27(e)(3)(i), Committee members are outside directors if they: (i) are not current employees of the Company; (ii) are not former employees of the Company who receive compensation for prior services, other than under a tax-qualified retirement plan, during the taxable year; (iii) have never been officers of the Company; and (iv) only receive remuneration from the Company, directly or indirectly, for services as a director, including payments in exchange for goods or services.

The members of the Committee shall be appointed by the Board. Unless a Chair is appointed by the Board, the members of the Committee may designate a Chair by a majority vote of the Committee.

III. RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

- A. Consider and establish with respect to senior management employees of the Company:
 - 1. Determine base salaries and bonuses, subject to minimums set forth in individual employment agreements. Awards of incentive bonuses should generally be based on achieving corporate goals and a subjective valuation of the contributions of individual executives to the achievement of the Company's business goals. Bonus payments should be reflective of the Company's performance in achieving revenue growth, cash-flow and other operating and corporate objectives).
 - 2. Determine participation in incentive compensation and benefit plans, including stock options and/or other forms of equity based compensation to be awarded to employees.
 - 3. Determine fringe benefits, noncash perquisites, and other forms of compensation and benefits.
- B. Administer, interpret, make grants and awards under, adopt rules relating to and adopt amendments to (or, to the extent benefits or plans require the Board to approve amendments, recommend to the Board amendments to) the Corporation's benefits and plans adopted from time to time by the Board of Directors that are to be administered by the Compensation Committee in accordance with the terms thereof, including incentive stock plans and annual bonus plans.
- C. Adopt, amend, administer, interpret, make grants and awards under and adopt rules relating to other benefits and plans to the extent the Compensation Committee desires to do so.
- D. Consider and make recommendations to the Board regarding the selection and retention of all elected officers of the Corporation and principal officers of subsidiaries and review and make recommendations to the Board concerning management succession.
- E. Prepare annually a report of the Committee for inclusion in the proxy statement for the Company's annual meeting of stockholders, which report shall include the information required by the rules and regulations of the Securities and Exchange Commission.
- F. Oversee selection of outside consultants to review the Corporation's executive compensation program; meet privately with such consultants without management present; and retain independent outside consultants on behalf of the Board, in each case if desired by the Compensation Committee.

- G. Approve employment and compensation agreements with any key personnel or amendments thereto.
- H. Ensure that the aggregate amount of compensation paid to covered employees as determined under Section 162(m) of the Internal Revenue Code does not exceed one million dollars (\$1,000,000), unless the Committee determines that exceeding such amount is in the best interests of the Company.

The Committee has the power and authority to conduct or authorize studies and investigations into any matters within the scope of its responsibilities, and retain independent counsel, accountants, or others to assist in the conduct of any such investigation. The Committee shall have unrestricted access to management, the Company's internal auditors, and human resources and accounting employees and all information relevant to its responsibilities.