

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2015

LIQUIDMETAL TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-31332
(Commission File Number)

33-0264467
(I.R.S. Employer
Identification No.)

30452 Esperanza
Rancho Santa Margarita, California 92688
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(949) 635-2100**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 27, 2015, the Board of Directors (the “Board”) of Liquidmetal Technologies, Inc. (the “Company”) adopted an equity incentive plan (the “2015 Plan”) and granted options under the 2015 Plan to the Company’s named executive officers (“NEOs”). A brief description of the terms and conditions of the Plan and the grants made to the NEOs are set forth below.

2015 Equity Incentive Plan

The 2015 Plan authorizes the Company’s Board and the Compensation Committee to grant equity-based compensation awards in the form of stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units (“RSUs”), performance shares, performance units, and other awards for the purpose of providing the Company’s directors, officers and other employees incentives and rewards for performance. Some of the key features of the 2015 Plan are set forth below. Additionally, the Board approved the form of Incentive Stock Option Agreement (the “ISO Agreement”) and form of Nonqualified Stock Option Agreement (the “NSO Agreement”), both of which are attached hereto as Exhibit 10.2 and 10.3, respectively. The stockholders of the Company will vote on the Plan at the 2015 Annual Meeting to be held later this year for the purpose of enabling the Company to grant incentive stock options (“ISOs”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

Administration. The 2015 Plan will be administered by the Compensation Committee under delegated authority from the Company’s Board. The Company’s Board or Compensation Committee may delegate its authority under the 2015 Plan to a subcommittee. The Compensation Committee or the subcommittee may delegate to one or more of its members or to one or more of the Company’s officers, or to one or more agents or advisors, administrative duties, and the Compensation Committee may also delegate powers to one or more of the Company’s officers do one or both of the following (subject to certain limitations described in the 2015 Plan):

- designate employees to receive awards under the 2015 Plan; and
- determine the size of any such awards.

Plan Limits. Total awards under the 2015 Plan are currently limited to 40,000,000 shares of common stock. The 2015 Plan also provides that:

- the aggregate number of shares of common stock actually issued or transferred upon the exercise of incentive stock options (“ISOs”) will not exceed 40,000,000 shares of common stock;
- the aggregate number of shares of common stock issued as restricted stock, RSUs, performance shares, performance units and other awards under the 2015 Plan (after taking into account any forfeitures and cancellations) will not exceed 10,000,000 shares of common stock;

- no participant will be granted stock options or SARs, in the aggregate, for more than 10,000,000 shares of common stock during any calendar year;
- no participant will be granted stock-based awards that are intended to qualify as “qualified performance-based compensation” under Section 162(m) of the Code, in the aggregate, for more than 10,000,000 shares of common stock during any calendar year; and
- no participant in any calendar year will receive an award of performance units that is intended to qualify as “qualified performance-based compensation” under Section 162(m) of the Code, or other awards payable in cash, having an aggregate maximum value in excess of \$2,000,000.

Recycling Provisions. The 2015 Plan provides that only shares with respect to awards granted under the 2015 Plan that expire or are forfeited or cancelled, or shares that were covered by an award the benefit of which is paid in cash instead of shares, will again be available for issuance under the 2015 Plan. The following shares will not be added back to the aggregate 2015 Plan limit: (1) shares tendered in payment of the option exercise price; (2) shares withheld by the Company to satisfy the tax withholding obligation; and (3) shares that are repurchased by the Company with stock option proceeds. Further, all shares covered by a SAR that is exercised and settled in shares, and whether or not all shares are actually issued to the participant upon exercise of the right, will be considered issued or transferred pursuant to the 2015 Plan.

No Repricing. Repricing of options and SARs is prohibited without stockholder approval under the 2015 Plan.

Other Features.

- The 2015 Plan also provides that no stock options or SARs will be granted with an exercise or base price less than the fair market value of the Company’s shares of common stock on the date of grant; and
- The 2015 Plan is designed to allow awards made under the 2015 Plan to qualify as “qualified performance-based compensation” under Section 162(m) of the Code.

Grants Under the 2015 Plan

Pursuant to the Plan, on January 27, 2015, the Board of the Company awarded the following option grants to NEOs:

Executive Officer	Grant Amount (Options of Common Stock)
Tom Steipp	4,300,000
Rick Salas	1,200,000
Tony Chung	1,500,000
Bruce Bromage	1,500,000

In addition, options to purchase 400,000 shares were granted to each of the four non-employee directors of the Company.

All of the foregoing option grants will expire 10 years from the date of grant unless they terminate earlier upon a termination of service. The options will vest ratably over a four year period. The foregoing options were granted as ISOs, but if the stockholders of the Company do not approve the Plan within one year of the grant date of the ISOs, then such options will become non-qualified stock options under the Internal Revenue Code but will otherwise remain in effect on the same terms.

The foregoing description of the Plan, the ISO Agreement and the NSO Agreement does not purport to be complete and is qualified in its entirety by reference to the Plan, the ISO Agreement and the NSO Agreement, copies of which are filed as Exhibit 10.1, 10.2, and 10.3 to this Current Report on Form 8-K and are incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 2015 Equity Incentive Plan of Liquidmetal Technologies, Inc. *
- 10.2 Form of Incentive Stock Option Agreement for Liquidmetal Technologies, Inc.'s 2015 Equity Incentive Plan. *
- 10.3 Form of Nonqualified Stock Option Agreement for Liquidmetal Technologies, Inc.'s 2015 Equity Incentive Plan. *

*Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIQUIDMETAL TECHNOLOGIES, INC.

By: /s/ Tony Chung _____
Tony Chung
Chief Financial Officer

Date: February 9, 2015

FORM 8-K
EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	2015 Equity Incentive Plan of Liquidmetal Technologies, Inc. *
10.2	Form of Incentive Stock Option Agreement for Liquidmetal Technologies, Inc.'s 2015 Equity Incentive Plan. *
10.3	Form of Nonqualified Stock Option Agreement for Liquidmetal Technologies, Inc.'s 2015 Equity Incentive Plan. *

*Filed herewith.

LIQUIDMETAL TECHNOLOGIES, INC.

2015 Equity Incentive Plan

1. **Purpose.** The purpose of the 2015 Equity Incentive Plan is to attract and retain directors, officers, other employees and consultants of Liquidmetal Technologies, Inc., a Delaware corporation, and its Subsidiaries and to provide to such persons incentives and rewards for performance.

2. **Definitions.** As used in this Plan,

(a) "Appreciation Right" means a right granted pursuant to Section 5 or Section 9 of this Plan, and will include both Tandem Appreciation Rights and Free-Standing Appreciation Rights.

(b) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right and a Tandem Appreciation Right.

(c) "Board" means the Board of Directors of the Company and, to the extent of any delegation by the Board to a committee (or subcommittee thereof) pursuant to Section 13 of this Plan, such committee (or subcommittee).

(d) "Change of Control" shall mean the occurrence of any of the following events:

(i) consummation of a consolidation or merger in which the Company is not the surviving corporation, the sale of substantially all of the assets of the Company, or the liquidation or dissolution of the Company;

(ii) any person or other entity (other than the Company or a Subsidiary or any Company employee benefit plan (including any trustee of any such plan acting in its capacity as trustee)) purchases any Common Stock (or securities convertible into Common Stock) pursuant to a tender or exchange offer without the prior consent of the Board, or becomes the beneficial owner of securities of the Company representing 50% or more of the voting power of the Company's outstanding securities without the prior consent of the Board; or

(iii) during any two-year period, individuals who at the beginning of such period constitute the entire Board cease to constitute a majority of the Board; provided, that any person becoming a Director of the Company during such two-year period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the Directors who at the beginning of such period constituted the entire Board (either by a specific vote or by approval of the Company's proxy statement in which such person is named as a nominee of the Company for director), but excluding for this purpose any person whose initial assumption of office as a Director occurs as a result of either an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, corporation, partnership, group, associate or other entity or person other than the Board, shall be, for purposes of this clause (iii), be considered as though such person was a member of the Board at the beginning of such period.

(e) “Code” means the Internal Revenue Code of 1986, as amended from time to time.

(f) “Common Stock” means the Common Stock, par value \$0.001 per share, of the Company or any security into which such Common Stock may be changed by reason of any transaction or event of the type referred to in Section 12 of this Plan.

(g) “Company” means Liquidmetal Technologies, Inc., a Delaware corporation, and its successors.

(h) “Covered Employee” means a Participant who is, or is determined by the Board to be likely to become, a “covered employee” within the meaning of Section 162(m) of the Code (or any successor provision).

(i) “Date of Grant” means the date specified by the Board on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units or other awards contemplated by Section 10 of this Plan, or a grant or sale of Restricted Stock, Restricted Stock Units, or other awards contemplated by Section 10 of this Plan, will become effective (which date will not be earlier than the date on which the Board takes action with respect thereto).

(j) “Director” means a member of the Board or the board of directors of a Subsidiary of the Company.

(k) “Effective Date” means January 27, 2015.

(l) “Evidence of Award” means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Board that sets forth the terms and conditions of the awards granted. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Board, need not be signed by a representative of the Company or a Participant.

(m) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(n) “Free-Standing Appreciation Right” means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is not granted in tandem with an Option Right.

(o) “Incentive Stock Options” means Option Rights that are intended to qualify as “incentive stock options” under Section 422 of the Code or any successor provision.

(p) “Management Objectives” means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares or Performance Units or, when so determined by the Board, Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend credits or other awards pursuant to this Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Subsidiary, division, department, region or function within the Company or Subsidiary in which the Participant is employed. The Management Objectives may be made relative to the performance of one or more other companies or subsidiaries, divisions, departments, regions or functions within such other companies, and may be made relative to an index or one or more of the performance objectives themselves. The Board may grant awards subject to Management Objectives that are either Qualified Performance-Based Awards or are not Qualified Performance-Based Awards. The Management Objectives applicable to any Qualified Performance-Based Award to a Covered Employee will be based on specified levels of or growth or improvement in one or more of the criteria provided in Appendix A attached to this Plan.

If the Board determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Board may in its discretion modify such Management Objectives or the related level or levels of achievement, in whole or in part, as the Board deems appropriate and equitable, except in the case of a Qualified Performance-Based Award (other than in connection with a Change of Control) where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such case, the Board will not make any modification of the Management Objectives or level or levels of achievement with respect to such Covered Employee.

(q) “Market Value per Share” means, as of any given date, the value of a share of Common Stock determined as follows:

- (i) if Common Stock is traded on any established stock exchange, the closing price of a share of Common Stock as reported in *The Wall Street Journal* (or such other source as the Company may deem reliable for such purposes) for such date, or if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred;
- (ii) if Common Stock is not traded on an established stock exchange but is quoted on a national market or other quotation system, the last sales price on such date, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported; or
- (iii) if Common Stock is not traded on an established stock exchange or quoted on a national market or other quotation system, the value established by the Board acting in good faith.

The Board is authorized to adopt another fair market value pricing method, provided such method is stated in the Evidence of Award, and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.

(r) “Non-Employee Director” means a person who is a “Non-Employee Director” of the Company within the meaning of Rule 16b-3 of the Securities and Exchange Commission promulgated under the Exchange Act and an “outside director” within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder by the U.S. Department of the Treasury.

(s) “Optionee” means the optionee named in an Evidence of Award evidencing an outstanding Option Right.

(t) “Option Price” means the purchase price payable on exercise of an Option Right.

(u) “Option Right” means the right to purchase Common Stock upon exercise of an option granted pursuant to Section 4 or Section 9 of this Plan.

(v) “Participant” means a person who is selected by the Board to receive benefits under this Plan and who is at the time an officer, other employee or a consultant of the Company or any one or more of its Subsidiaries, or who has agreed to commence serving in any of such capacities within 90 days of the Date of Grant, and will also include each Non-Employee Director who receives an award under this Plan. The term “Participant” shall also include any person who provides services to the Company or a Subsidiary that are substantially equivalent to those typically provided by an employee.

(w) “Performance Period” means, in respect of a Performance Share or Performance Unit, a period of time established pursuant to Section 8 of this Plan within which the Management Objectives relating to such Performance Share or Performance Unit are to be achieved.

(x) “Performance Share” means a bookkeeping entry that records the equivalent of one share of Common Stock awarded pursuant to Section 8 of this Plan.

(y) “Performance Unit” means a bookkeeping entry awarded pursuant to Section 8 of this Plan that records a unit equivalent to \$1.00 or such other value as is determined by the Board.

(z) “Plan” means this Liquidmetal Technologies, Inc. 2015 Equity Incentive Plan, as may be amended from time to time.

(aa) “Qualified Performance-Based Award” means any award of Performance Shares, Performance Units, Restricted Stock, Restricted Stock Units or other awards under Section 10 of this Plan, or portion of such award, to a Covered Employee that is intended to satisfy the requirements for “qualified performance-based compensation” under Section 162(m) of the Code.

(bb) “Restricted Stock” means Common Stock granted or sold pursuant to Section 6 or Section 9 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.

(cc) “Restriction Period” means the period of time during which Restricted Stock Units are subject to restrictions, as provided in Section 7 or Section 9 of this Plan.

(dd) “Restricted Stock Unit” means an award made pursuant to Section 7 or Section 9 of this Plan of the right to receive Common Stock or cash at the end of a specified period.

(ee) “Spread” means the excess of the Market Value per Share on the date when an Appreciation Right is exercised, or on the date when Option Rights are surrendered in payment of the Option Price of other Option Rights, over the Option Price or Base Price provided for in the related Option Right or Free-Standing Appreciation Right, respectively.

(ff) “Subsidiary” means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, limited liability company, joint venture or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company except that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, “Subsidiary” means any corporation in which at the time the Company owns or controls, directly or indirectly, more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation.

(gg) “Tandem Appreciation Right” means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is granted in tandem with an Option Right.

3. **Shares Available Under the Plan.**

(a) **Maximum Shares Available Under Plan.**

(i) Subject to adjustment as provided in Section 12 of this Plan, the number of shares of Common Stock that may be issued or transferred (A) upon the exercise of Option Rights or Appreciation Rights, (B) as Restricted Stock and released from substantial risks of forfeiture thereof, (C) in payment of Restricted Stock Units, (D) in payment of Performance Shares or Performance Units that have been earned, (E) as awards to Non-Employee Directors, (F) as awards contemplated by Section 10 of this Plan, or (G) in payment of dividend equivalents paid with respect to awards made under the Plan, will not exceed in the aggregate 40,000,000 shares of Common Stock. Such Common Stock may be shares of original issuance or treasury shares or a combination of the foregoing.

(ii) Shares of Common Stock covered by an award granted under the Plan shall not be counted as used unless and until they are actually issued and delivered to a Participant and, therefore, the total number of shares of Common Stock available under the Plan as of a given date shall not be reduced by any Common Stock relating to prior awards that have expired or have been forfeited or cancelled, and upon payment in cash of the benefit provided by any award granted under the Plan, any shares of Common Stock that were covered by that award will be available for issue or transfer hereunder. Notwithstanding anything to the contrary contained herein: (A) if shares of Common Stock are tendered or otherwise used in payment of the Option Price of an Option Right, the total number of shares of Common Stock covered by the Option Right being exercised shall count against the aggregate plan limit described above; (B) shares of Common Stock withheld by the Company to satisfy the tax withholding obligation shall count against the aggregate plan limit described above; and (C) the number of shares of Common Stock covered by an Appreciation Right, to the extent that it is exercised and settled in Common Stock, and whether or not the shares of Common Stock are actually issued to the Participant upon exercise of the Appreciation Right, shall be considered issued or transferred pursuant to the Plan. In the event that the Company repurchases Common Stock with Option Right proceeds, those shares of Common Stock will not be added to the aggregate plan limit described above. If, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for Common Stock based on fair market value, such shares of Common Stock will not count against the aggregate plan limit described above.

(b) **Life of Plan Limits.** Notwithstanding anything in this Section 3, or elsewhere in this Plan, to the contrary, and subject to adjustment as provided in Section 12 of this Plan:

(i) The aggregate number of shares of Common Stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 40,000,000 shares of Common Stock; and

(ii) The number of shares of Common Stock issued as Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other awards under Section 10 of this Plan (after taking into account any forfeitures and cancellations) will not during the life of the Plan in the aggregate exceed 10,000,000 shares of Common Stock.

(c) **Individual Participant Limits.** Notwithstanding anything in this Section 3, or elsewhere in this Plan, to the contrary, and subject to adjustment as provided in Section 12 of this Plan:

(i) No Participant will be granted Option Rights or Appreciation Rights, in the aggregate, for more than 10,000,000 shares of Common Stock during any calendar year;

(ii) No Participant will be granted Qualified Performance Based Awards, in the aggregate, for more than 10,000,000 shares of Common Stock during any calendar year; and

(iii) In no event will any Participant in any calendar year receive a Qualified Performance-Based Award of Performance Units or other awards payable in cash under Section 10 of this Plan having an aggregate maximum value as of their respective Dates of Grant in excess of \$2,000,000 dollars.

4. **Option Rights.** The Board may, from time to time and upon such terms and conditions as it may determine, authorize the grant to Participants of options to purchase Common Stock. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements contained in the following provisions:

(a) Each grant will specify the number of shares of Common Stock to which it pertains subject to the limitations set forth in Section 3 of this Plan.

(b) Each grant will specify an Option Price per share, which may not be less than the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of Common Stock owned by the Optionee (or other consideration authorized pursuant to Section 4(d)) having a value at the time of exercise equal to the total Option Price, (iii) by delivery (through a process approved by the Board) of an irrevocable direction to a securities broker to sell Common Stock and to deliver all or part of the sale proceeds to the Company in payment; (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Board.

(d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

(e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(f) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Option Rights or installments thereof will become exercisable. A grant of Option Rights may provide for the earlier exercise of such Option Rights in the event of the retirement, death or disability of a Participant or in the event of a Change of Control.

(g) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

(h) Option Rights granted under this Plan may be (i) options, including, without limitation, Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended so to qualify, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of “employees” under Section 3401(c) of the Code. An Incentive Stock Option may be granted to any Participant who, at the Date of Grant, owns stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or any “parent corporation” or “subsidiary corporation” thereof (within the meaning of Sections 424(e) and 424(f) of the Code, respectively) only if such Option Right is granted at an Option Price that is not less than 110% of the Market Value per Share on the Date of Grant and the Option Right is exercisable for no more than five years from the Date of Grant.

(i) Option Rights granted under this Plan may be options intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code.

(j) The exercise of an Option Right will result in the cancellation on a share- for-share basis of any Tandem Appreciation Right authorized under Section 5 of this Plan.

(k) No Option Right will be exercisable more than ten (10) years from the Date of Grant.

(l) The Board reserves the discretion at or after the Date of Grant to provide for (i) the availability of a loan at exercise, subject to applicable laws, and (ii) the right to tender in satisfaction of the Option Price nonforfeitable, unrestricted shares of Common Stock, which are already owned by the Optionee and have a value at the time of exercise that is equal to the Option Price.

(m) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award shall be subject to the Plan and shall contain such terms and provisions, consistent with the terms of this Plan, as the Board may approve.

5. Appreciation Rights.

(a) The Board may, from time to time and upon such terms and conditions as it may determine, authorize the granting (i) to any Optionee, of Tandem Appreciation Rights in respect of Option Rights granted hereunder, and (ii) to any Participant, of Free-Standing Appreciation Rights. A Tandem Appreciation Right will be a right of the Optionee, exercisable by surrender of the related Option Right, to receive from the Company an amount determined by the Board, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Option Rights; provided, however, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option. A Free-Standing Appreciation Right will be a right of the Participant to receive from the Company an amount determined by the Board, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.

(b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (i) Any grant may specify that the amount payable on exercise of an Appreciation Right may be paid by the Company in cash, in Common Stock or in any combination thereof and may either grant to the Participant or retain in the Board the right to elect among those alternatives.
- (ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Board at the Date of Grant.
- (iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.
- (iv) Any grant may specify the period or periods of continuous service by the Participant with the Company or any Subsidiary that is necessary before the Appreciation Right or installments thereof will become exercisable. A grant may provide for the earlier exercise of such Appreciation Right in the event of the retirement, death or disability of a Participant, or in the event of a Change of Control.
- (v) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Rights.
- (vi) Each grant of Appreciation Rights will be evidenced by an Evidence of Award, which Evidence of Award will describe such Appreciation Rights, identify the related Option Rights (if applicable), and contain such other terms and provisions, consistent with this Plan, as the Board may approve.

(c) Any grant of Tandem Appreciation Rights will provide that such Tandem Appreciation Rights may be exercised only at a time when the related Option Right is also exercisable and at a time when the Spread is positive, and by surrender of the related Option Right for cancellation. Successive grants of Tandem Appreciation Rights may be made to the same Participant regardless of whether any Tandem Appreciation Rights previously granted to the Participant remain unexercised.

(d) Regarding Free-Standing Appreciation Rights only:

- (i) Each grant will specify in respect of each Free-Standing Appreciation Right a Base Price, which will be equal to or greater than the Market Value per Share on the Date of Grant;

(ii) Successive grants of Free-Standing Appreciation Rights may be made to the same Participant regardless of whether any Free-Standing Appreciation Rights previously granted to the Participant remain unexercised; and

(iii) No Free-Standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

6. **Restricted Stock.** The Board may, from time to time and upon such terms and conditions as it may determine, also authorize the grant or sale of Restricted Stock to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute an immediate transfer of the ownership of Common Stock to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

(c) Each such grant or sale will provide that the Restricted Stock covered by such grant or sale that vests upon the passage of time will be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Board at the Date of Grant or upon achievement of Management Objectives referred to in subparagraph (e) below.

(d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Board at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture in the hands of any transferee).

(e) Any grant of Restricted Stock may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Stock. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of shares of Restricted Stock on which restrictions will terminate if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives.

(f) Notwithstanding anything to the contrary contained in this Plan, any grant or sale of Restricted Stock may provide for the earlier termination of restrictions on such Restricted Stock in the event of the retirement, death or disability of a Participant or in the event of a Change of Control.

(g) Any such grant or sale of Restricted Stock shall require that all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional shares of Restricted Stock, which shall be subject to the same restrictions and risk of forfeiture as the underlying award.

(h) Each grant or sale of Restricted Stock will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Board may approve. Unless otherwise directed by the Board, (i) all certificates representing shares of Restricted Stock will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Shares, or (ii) all shares of Restricted Stock will be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such shares of Restricted Stock.

7. **Restricted Stock Units.** The Board may, from time to time and upon such terms and conditions as it may determine, also authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements contained in the following provisions:

(a) Each such grant or sale will constitute the agreement by the Company to deliver Common Stock or cash to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Board may specify. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of Restricted Stock Units on which restrictions will terminate if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

(c) Notwithstanding anything to the contrary contained in this Plan, any grant or sale of Restricted Stock Units may provide for the earlier lapse or modification of the Restriction Period in the event of the retirement, death or disability of a Participant or in the event of a Change of Control.

(d) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the Restricted Stock Units or the Common Stock covered by such Restricted Stock Units and will have no right to vote the Common Stock covered by such Restricted Stock Units, but the Board may at the Date of Grant authorize the payment of dividend equivalents on a deferred basis, either in cash or in additional shares of Common Stock; provided, however, that any such dividend equivalents with respect to the number of shares of Common Stock covered by Restricted Stock Units that are subject to Management Objectives shall be subject to restrictions and risk of forfeiture to the same extent as the Restricted Stock Units with respect to which such dividend equivalents have been distributed.

(e) Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify the amount payable with respect thereto, which payment may be made in cash, Common Stock or a combination thereof.

(f) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Board may approve.

8. Performance Shares and Performance Units. The Board may, from time to time and upon such terms and conditions as it may determine, also authorize the granting of Performance Shares and Performance Units that will become payable to a Participant upon achievement of specified Management Objectives during the Performance Period. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number of Performance Shares or Performance Units to which it pertains, which number may be subject to adjustment to reflect changes in compensation or other factors; provided, however, that no such adjustment will be made in the case of a Qualified Performance-Based Award where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code.

(b) The Performance Period with respect to each Performance Share or Performance Unit will be such period of time (not less than one year), commencing on the Date of Grant, as will be determined by the Board at the time of grant, which may be subject to earlier lapse or other modification in the event of the retirement, death or disability of a Participant or in the event of a Change of Control.

(c) Any grant of Performance Shares or Performance Units will specify Management Objectives which, if achieved, will result in payment or early payment of the award, and each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of Performance Shares or Performance Units that will be earned if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives. The grant of Performance Shares or Performance Units will specify that, before the Performance Shares or Performance Units will be earned and paid, the Board must certify that the Management Objectives have been satisfied.

(d) Each grant will specify the time and manner of payment of Performance Shares or Performance Units that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in Common Stock or in any combination thereof and may either grant to the Participant or retain in the Board the right to elect among those alternatives.

(e) Any grant of Performance Shares or Performance Units may specify that the amount payable or the number of shares of Common Stock issued with respect thereto may not exceed maximums specified by the Board at the Date of Grant.

(f) The Board may at the Date of Grant of Performance Shares provide for the payment of dividend equivalents to the holder thereof either in cash or in additional shares of Common Stock subject in all cases to payment on a contingent basis based on the Participant's earning of the Performance Shares with respect to which such dividend equivalents are paid.

(g) Each grant of Performance Shares or Performance Units will be evidenced by an Evidence of Award and will contain such other terms and provisions, consistent with this Plan, as the Board may approve.

9. **Awards to Non-Employee Directors.** The Board may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Non-Employee Directors of Option Rights, Appreciation Rights or other awards contemplated by Section 10 of this Plan and may also authorize the grant or sale of Common Stock, Restricted Stock or Restricted Stock Units to Non-Employee Directors. Each grant of an award to a non-employee Director will be upon such terms and conditions as approved by the Board, will not be required to be subject to any minimum vesting period, and will be evidenced by an Evidence of Award in such form as will be approved by the Board. Each grant will specify in the case of an Option Right, an Option Price per share, and in the case of a Free-Standing Appreciation Right, a Base Price per share, which will not be less than the Market Value per Share on the Date of Grant. Each Option Right and Free-Standing Appreciation Right granted under the Plan to a Non-Employee Director will expire not more than 10 years from the Date of Grant. Non-employee Directors, pursuant to this Section 9, may be awarded, or may be permitted to elect to receive at the discretion of the Board, pursuant to procedures established by the Board, all or any portion of their annual retainer, meeting fees or other fees in Common Stock, Restricted Stock, Restricted Stock Units or other awards under the Plan in lieu of cash.

10. Other Awards.

(a) The Board may, subject to limitations under applicable law, grant to any Participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Stock, purchase rights for Common Stock, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Board, and awards valued by reference to the book value of shares of Common Stock or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Board shall determine the terms and conditions of such awards. Shares of Common Stock delivered pursuant to an award in the nature of a purchase right granted under this Section 10 shall be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, cash, shares of Common Stock, other awards, notes or other property, as the Board shall determine.

(b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this Section 10 of this Plan.

(c) The Board may grant Common Stock as a bonus, or may grant other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Board in a manner that complies with Section 409A of the Code.

(d) Share-based awards pursuant to this Section 10 are not required to be subject to any minimum vesting period.

11. Transferability.

(a) Except as otherwise determined by the Board, no Option Right, Appreciation Right or other derivative security granted under the Plan shall be transferable by the Participant except by will or the laws of descent and distribution, and in no event shall any such award granted under this Plan be transferred for value. Except as otherwise determined by the Board, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law and/or court supervision.

(b) The Board may specify at the Date of Grant that part or all of the shares of Common Stock that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6 of this Plan, will in each case be subject to further restrictions on transfer.

12. **Adjustments.** The Board shall make or provide for such adjustments (including acceleration) in the numbers of shares of Common Stock covered by outstanding Option Rights, Appreciation Rights, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of shares of Common Stock covered by other awards granted pursuant to Section 10 hereof, in the Option Price and Base Price provided in outstanding Appreciation Rights, and in the kind of shares covered thereby, as the Board, in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change of Control, the Board, in its discretion, may provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price greater than the consideration offered in connection with any such transaction or event or Change of Control, the Board may in its sole discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Board shall also make or provide for such adjustments in the numbers of shares of Common Stock specified in Section 3 of this Plan as the Board in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 12; provided, however, that any adjustment or acceleration to an Option Right intended to qualify as an Incentive Stock Option, which will fail to so qualify as such after the adjustment or acceleration, will be a non-qualified Option Right.

13. **Administration of the Plan.**

(a) To the extent permitted by applicable law, or the rules of any securities exchange or automated quotation system on which the Company's securities are listed, quoted or traded, this Plan will be administered by the Board, which may from time to time delegate all or any part of its authority under this Plan to the Compensation Committee of the Board (or a subcommittee thereof), as constituted from time to time. To the extent of any such delegation, references in this Plan to the Board will be deemed to be references to such committee or subcommittee. A majority of the committee (or subcommittee) will constitute a quorum, and the action of the members of the committee (or subcommittee) present at any meeting at which a quorum is present, or acts unanimously approved in writing, will be the acts of the committee (or subcommittee).

(b) The terms and conditions of each award granted hereunder shall be determined by the Board in its sole discretion and the Board shall have complete flexibility to provide for varied terms and conditions as between any awards, whether of the same or different award type and/or whether granted to the same or different Participants (in all cases, subject to the terms and conditions of the Plan). The interpretation and construction by the Board of any provision of this Plan or of any agreement, notification or document evidencing the grant of Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units or other awards pursuant to Section 10 of this Plan (including, but not limited to, any Evidence of Award) and any determination by the Board pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Board will be liable for any such action or determination made in good faith.

(c) The Board or, to the extent of any delegation as provided in Section 13(a), the committee, may delegate to one or more of its members or to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Board, the committee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Board, the committee or such person may have under the Plan. The Board or the committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Board or the committee: (i) designate employees to be recipients of awards under this Plan; (ii) determine the size of any such awards; provided, however, that (A) the Board or the committee shall not delegate such responsibilities to any such officer for awards granted to an employee who is an officer, Director, or more than 10% beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Board in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization sets forth the total number of shares of Common Stock such officer(s) may grant; and (iii) the officer(s) shall report periodically to the Board or the committee, as the case may be, regarding the nature and scope of the awards granted pursuant to the authority delegated.

(d) Any delegation of the Board's authority that is made pursuant to this Section 13 shall be subject to the restrictions and limits that the Board specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 13 shall serve in such capacity at the pleasure of the Board.

14. **Cancellation Provisions.** Any Evidence of Award may provide for the cancellation, modification or termination of an award upon such terms and conditions as may be determined from time to time by the Board.

15. **Forfeiture and Claw-Back Provisions.** Pursuant to its general authority to determine the terms and conditions applicable to awards granted under the Plan, the Board shall have the right to provide, in an Evidence of Award or otherwise, or to require a Participant to agree by separate written or electronic instrument, that:

(a) (i) Any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of an award, or upon the receipt or resale of any Common Stock underlying an award, must be paid to the Company, and (ii) an award shall terminate and any unexercised portion of the award (whether or not vested) shall be forfeited, in each case if (x) a termination of service occurs prior to a specified date, or within a specified time period following receipt or exercise of the award, (y) the Participant at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Board or (z) the Participant incurs a termination of service for "cause" (as such term is defined in the sole discretion of the Board, or as set forth in a written agreement relating to such award between the Company and the Participant); and

(b) All awards (including any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any award or upon the receipt or resale of any Common Stock underlying the award) shall be subject to the provisions of any claw-back policy as may be implemented and/or maintained by the Company from time-to-time, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder and any applicable rules or regulations promulgated by the SEC or any national securities exchange or national securities association on which the Company's Common Stock may be traded or listed, to the extent set forth in such claw-back policy and/or in the applicable Evidence of Award.

16. **Non U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Board may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company under an agreement with a foreign nation or agency, as the Board may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of this Plan (including without limitation, sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

17. **Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Board) may include relinquishment of a portion of such benefit. If a Participant's benefit is to be received in the form of Common Stock, and such Participant fails to make arrangements for the payment of tax, the Company shall withhold such shares of Common Stock having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when a Participant is required to pay the Company an amount required to be withheld under applicable income and employment tax laws, the Participant may elect to satisfy the obligation, in whole or in part, by electing to have withheld, from the shares required to be delivered to the Participant, shares of Common Stock having a value equal to the amount required to be withheld (except in the case of Restricted Stock where an election under Section 83(b) of the Code has been made), or by delivering to the Company other shares of Common Stock held by such Participant. The shares used for tax withholding will be valued at an amount equal to the Market Value per Share of such Common Stock on the date the benefit is to be included in Participant's income. In no event shall the Market Value per Share of the Common Stock to be withheld and delivered pursuant to this Section 17 to satisfy applicable withholding taxes in connection with the benefit exceed the minimum amount of taxes required to be withheld. Participants shall also make such arrangements as the Company may require for the payment of any withholding tax obligation that may arise in connection with the disposition of shares of Common Stock acquired upon the exercise of Option Rights.

18. Determination of Continuous Service.

(a) For purposes of this Plan and any award granted hereunder, except as provided otherwise in an Evidence of Award and subject to Section 20, a Participant shall be deemed to remain in the continuous service of the Company or any Subsidiary as follows:

(i) As to a consultant, during the uninterrupted period of such Participant's engagement as a consultant to the Company or any Subsidiary, provided that if the Participant simultaneously commences or remains in employment and/or service as a director at the end of such uninterrupted period due to a cessation of services as a consultant, such continued service shall qualify as continuous service to the Company or Subsidiary, as applicable.

(ii) As to a Non-Employee Director who serves on the Board and/or on the board of directors of one or more Subsidiaries, during the uninterrupted period during which such Participant continues to serve as a Non-Employee Director, provided that if the Participant simultaneously commences or remains in employment or service as a consultant at the end of such uninterrupted period due to a cessation of services as a Non-Employee Director, such continued service shall qualify as continuous service to the Company or Subsidiary, as applicable.

(iii) As to an employee, during the uninterrupted period during which such Participant continues to serve as an employee, provided that if the Participant simultaneously commences or remains in service as a consultant and/or Non-Employee Director at the end of such uninterrupted period due to a cessation of services as an employee, such continued service shall qualify as continuous service to the Company or Subsidiary, as applicable.

(b) For purposes of subsection (a), a Participant's continuous service shall not be considered interrupted in the case of any approved leave of absence or any transfer among the Company, any Subsidiary or any successor to any such entity so as long as the individual remains in the service of the Company or a Subsidiary in any capacity of employee, Director or Consultant (except as otherwise provided in an Evidence of Award). For purposes of the foregoing, an approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a non-qualified stock option on the day three (3) months and one (1) day following the expiration of such three (3) month period.

19. Amendments, Etc.

(a) The Board may at any time and from time to time amend the Plan in whole or in part; provided, however, that if an amendment to the Plan (i) would materially increase the benefits accruing to participants under the Plan, (ii) would materially increase the number of securities which may be issued under the Plan, (iii) would materially modify the requirements for participation in the Plan or (iv) must otherwise be approved by the stockholders of the Company in order to comply with applicable law or the rules of the principal securities exchange upon which the Common Stock is traded or quoted, if any, then, such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained. The limitations set forth in clauses (i), (ii), and (iii) of this paragraph shall not apply, however, if the Company's stockholders do not approve this Plan within twelve (12) months after the date this Plan is adopted by the Board.

(b) Except in connection with a corporate transaction or event described in Section 12 of this Plan, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding Option Rights or Appreciation Rights in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without stockholder approval.

(c) If permitted by Section 409A of the Code and Section 162(m) of the Code, but subject to the paragraph that follows, in case of termination of employment by reason of death, disability or normal or early retirement, or in the case of unforeseeable emergency or other special circumstances, of a Participant who holds an Option Right or Appreciation Right not immediately exercisable in full, or any shares of Restricted Stock as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Performance Shares or Performance Units which have not been fully earned, or any other awards made pursuant to Section 10 subject to any vesting schedule or transfer restriction, or who holds Common Stock subject to any transfer restriction imposed pursuant to Section 11(b) of this Plan, or in the case of a Change of Control, the Board may, in its sole discretion, accelerate the time at which such Option Right, Appreciation Right or other award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Performance Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

(d) Subject to Section 19(b) hereof, the Board may amend the terms of any award theretofore granted under this Plan prospectively or retroactively, except in the case of a Qualified Performance-Based Award (other than in connection with the Participant's death or disability, or a Change of Control) where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such case, the Board will not make any modification of the Management Objectives or the level or levels of achievement with respect to such Qualified Performance-Based Award. Subject to Section 12 above, no such amendment shall impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

20. Compliance with Section 409A of the Code.

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder shall be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its affiliates.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant shall be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the tenth business day of the seventh month after such separation of service (or upon the Participant's death, if earlier).

(d) Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

21. **Governing Law.** The Plan and all grants and awards and actions taken thereunder shall be governed by and construed in accordance with the internal substantive laws of the State of Delaware, without regard to the conflicts of law principles thereof.

22. **Effective Date/Termination.** This Plan will be effective as of the Effective Date. No grant will be made under this Plan after the tenth anniversary of the Effective Date, but all grants made on or prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan.

23. **Stockholder Approval.** This Plan shall be submitted for the approval of the Company's stockholders, consistent with applicable laws, so that such approval (if obtained) would occur within twelve (12) months after the date this Plan is adopted by the Board.

24. **Miscellaneous.**

(a) The Company will not be required to issue any fractional shares of Common Stock pursuant to this Plan. The Board may provide for the elimination of fractions or for the settlement of fractions in cash.

(b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.

(c) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.

(d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Board, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

(e) Absence or leave approved by a duly constituted officer of the Company or any of its Subsidiaries shall not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder, except that no awards may be granted to an employee while he or she is absent on leave.

(f) No Participant shall have any rights as a stockholder with respect to any shares subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares upon the stock records of the Company.

(g) The Board may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(h) If any provision of the Plan is or becomes invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any award under any law deemed applicable by the Board, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Board, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

APPENDIX A

**MANAGEMENT OBJECTIVES FOR
QUALIFIED PERFORMANCE-BASED AWARDS**

- (1) Profits (e.g., operating income, EBIT, EBT, net income, earnings per share, residual or economic earnings, economic profit -- these profitability metrics could be measured before special items and/or subject to GAAP definition);
- (2) Cash Flow (e.g., EBITDA, free cash flow, free cash flow with or without specific capital expenditure target or range, including or excluding divestments and/or acquisitions, total cash flow, cash flow in excess of cost of capital or residual cash flow or cash flow return on investment);
- (3) Returns (e.g., Profits or Cash Flow returns on: assets, invested capital, net capital employed, and equity);
- (4) Working Capital (e.g., working capital divided by sales, days' sales outstanding, days' sales inventory, and days' sales in payables);
- (5) Profit Margins (e.g., Profits divided by revenues, gross margins and material margins divided by revenues, and material margin divided by sales pounds);
- (6) Liquidity Measures (e.g., debt-to-capital, debt-to-EBITDA, total debt ratio);
- (7) Sales Growth, Gross Margin Growth, Cost Initiative and Stock Price Metrics (e.g., revenues, revenue growth, revenue growth outside the United States, gross margin and gross margin growth, material margin and material margin growth, stock price appreciation, total return to stockholders, sales and administrative costs divided by sales, and sales and administrative costs divided by profits); and
- (8) Strategic Initiative Key Deliverable Metrics consisting of one or more of the following: product development, strategic partnering, research and development, vitality index, market penetration, geographic business expansion goals, cost targets, customer satisfaction, employee satisfaction, management of employment practices and employee benefits, supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries, affiliates and joint ventures.

LIQUIDMETAL TECHNOLOGIES, INC.
2015 EQUITY INCENTIVE PLAN

INCENTIVE STOCK OPTION AGREEMENT

THIS INCENTIVE STOCK OPTION AGREEMENT (this "**Agreement**") is made as of _____ (the "**Date of Grant**"), between LIQUIDMETAL TECHNOLOGIES, Inc., a Delaware corporation (the "**Company**"), and _____ ("**Optionee**").

RECITALS:

A. The Company has adopted the 2015 Equity Incentive Plan (the "**Plan**"), which Plan is incorporated in this Agreement by reference and made a part hereof. Defined terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan.

B. The Company has determined that it would be to the advantage and in the interest of the Company and its stockholders to grant the rights and options provided for in this Agreement to Optionee as an incentive for increased efforts on behalf of the Company and its affiliates.

AGREEMENT

Based on the foregoing and the agreements set forth herein, the parties agree as follows:

1. Option Grant. The Company hereby grants to Optionee the right and option (the "**Option**") to purchase from the Company on the terms and conditions set forth herein all or any part of an aggregate of _____¹ shares of the Company's Common Stock. The Option Price per share of Common Stock subject to the Option shall be \$____².

The Option granted hereunder is intended to qualify as an "incentive stock option" within the meaning of that term under Section 422 of the Code; provided that, to the extent the aggregate Market Value per Share (measured on the Date of Grant) of shares of Common Stock with respect to which the Option becomes exercisable for the first time during any calendar year under the Plan and all other plans of the Company and its affiliates exceeds One Hundred Thousand Dollars (\$100,000), the Option shall be treated as a non-qualified stock option to the extent of the excess.

2. Vesting. The shares covered by the Option shall vest 20% on the first year anniversary date from the Date of Grant. Thereafter, the shares covered by the Option shall vest monthly over 4 years with the Option being 100% vested on the fifth anniversary of the Date of Grant.

¹ Insert number of shares subject to option.

² Insert "Market Value per Share" (as defined in the Plan; generally the last market sale price) of common stock on Date of Grant. If the option is granted to an employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or certain affiliates on the Date of Grant, the option price per share must be at least 110% of the Market Value per Share on the Date of Grant.

Any portion of the Option not exercised when vested shall accumulate and be exercisable at any time during the term of the Option prior to the applicable termination date set forth in paragraph 3 below. In no event shall the Company be required to issue fractional shares. No portion of the Option that remains unvested on the date upon which Optionee's continuous service with the Company or any Subsidiary terminates for any reason, including by reason of death or Disability (as such term is defined in paragraph 3 below), shall vest after the date of such termination.

3. Term. The Option shall be exercisable only during its term. The term of the Option commences on the Date of Grant and expires upon the *earliest* of the following:

- (a) three (3) months after the termination of Optionee's continuous service with the Company or any Subsidiary for any reason other than cause, death or Disability;
- (b) immediately upon termination of Optionee's continuous service with the Company or any Subsidiary for cause;
- (c) twelve (12) months after the termination of Optionee's continuous service due to Optionee's Disability;
- (d) twelve (12) months after Optionee's death if Optionee dies during Optionee's continuous service; or
- (e) the day before the tenth (10th) anniversary of the Date of Grant.³

For purposes of this Agreement, "**Disability**" means Optionee is unable to engage in any substantial gainful activity for the Company and/or its Subsidiaries by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. Optionee shall not be considered to be disabled unless Optionee furnishes proof of the existence thereof, in such form and manner, and at such times, as the Board may require.

4. Method of Exercise. To the extent then exercisable, Optionee may exercise all or any portion of the Option by providing notice of exercise to the Company in such form as may be designated the Company from time to time, accompanied by payment of the Option Price and any associated tax withholding amounts that are due in connection with Optionee's exercise of all or any part of the Option. The Company shall not be required to deliver Common Stock pursuant to the exercise of the Option until payment of the full Option Price and any associated tax withholding amounts are received by the Company. Optionee may elect to make payment of the Option Price by any of the following:

- (a) cash or by check acceptable to the Company or by wire transfer of immediately available funds in United States dollars;

³ If the option is granted to an employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or certain affiliates on the Date of Grant, then this expiration date must be no later than the fifth anniversary of the Date of Grant.

(b) subject to any procedures that the Board may approve from time to time, delivery of shares of Common Stock that (i) are owned by Optionee, (ii) have a fair market value on the date of surrender equal to the aggregate Option Price for the portion of the Option that is being exercised, (iii) were not acquired by Optionee pursuant to the exercise of a stock option, unless such shares have been owned by Optionee for at least six months or such other period as the Board may determine (iv) are all, at the time of such surrender, free and clear of any and all claims, pledges, liens and encumbrances, or any restrictions which would in any manner restrict the transfer of such shares to or by the Company (other than such restrictions as may have existed prior to an issuance of such Common Stock by the Company to Optionee), and (v) are duly endorsed for transfer to the Company; or

(c) by a combination of the foregoing.

Notwithstanding anything to the contrary in this paragraph 4, the Board reserves, at any and all times, the right, in the Board's sole and absolute discretion, to establish, decline to approve or terminate any program or procedure providing for payment of the Option Price through any of the means described in clauses (b)-(c) above of this paragraph 4, including with respect to Optionee notwithstanding that such program or procedures may be available to others.

5. **Securities Law Compliance.** The Company will make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company will not be obligated to issue any Common Stock pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

6. **Transferability.** The Option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during Optionee's life only by Optionee (or, in the event of the Optionee's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of Optionee in a fiduciary capacity under state law and/or court supervision); provided that any successor or transferee of Optionee shall not be entitled to further transfer the Option and any shares acquired upon exercise of the Option shall be subject to the restrictions set forth herein and in the Plan. In the event of any attempt by Optionee to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option, or of any right hereunder, except as provided for in this Agreement, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company, at its election, may terminate the Option by notice to Optionee and the Option shall thereupon become null and void.

7. **Adjustments.** The Option may be adjusted or terminated in any manner as contemplated by the Plan (including Section 12 therein) or this Agreement.

8. **No Employment Rights.** The Plan and this Agreement are not employment or service contracts, and will not be deemed to create in any way whatsoever any obligation on Optionee's part to continue in the employ of the Company or a Subsidiary, or of the Company or a Subsidiary to continue Optionee's employment. In addition, nothing herein shall obligate the Company or a Subsidiary to continue any relationship that Optionee might have as a Director or consultant for the Company or a Subsidiary.

9. No Stockholder Rights. Optionee shall not have any stockholder rights with respect to the Common Stock subject to the Option until Optionee has exercised the Option.

10. Withholding Obligations.

(a) At the time Optionee exercises the Option, in whole or in part, or at any time thereafter as requested by the Company, Optionee hereby authorizes withholding from payroll and any other amounts payable to Optionee, and otherwise agrees to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or a Subsidiary, if any, which arise in connection with the Option.

(b) Upon Optionee's request and subject to approval by the Board, in its sole discretion, and compliance with any applicable conditions or restrictions of law, the Company may withhold from fully vested shares of Common Stock otherwise issuable to Optionee upon the exercise of the Option a number of whole shares of Common Stock having a fair market value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law.

(c) Optionee may not exercise the Option unless the tax withholding obligations of the Company and/or any Subsidiary are satisfied. Accordingly, Optionee may not be able to exercise the Option when desired even though the Option is vested, and the Company shall have no obligation to issue a certificate for such Common Stock.

11. Notice. If Optionee sells or otherwise disposes of any of the shares of Common Stock acquired pursuant to this Option on or before the later of (a) the date two (2) years after the Date of Grant or (b) the date one (1) year after the date of exercise, then Optionee must immediately notify the Company in writing of such disposition. Any notice required to be given under the terms of this Agreement shall be in writing and addressed to the Company in care of its Corporate Secretary at the office of the Company at 30452 Esperanza, Rancho Santa Margarita, California 92688 and any notice to be given to Optionee shall be in writing and addressed to Optionee at the address given by Optionee beneath Optionee's signature to this Agreement, or such other address as either party to this Agreement may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given (a) when enclosed in a properly sealed envelope addressed as aforesaid, registered or certified and deposited (postage or registration or certification fee prepaid) in a post office, (b) on the date of personal service, or (c) on the day after sending notice by an overnight delivery service.

12. Governing Plan Document. The Option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Option, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of the Option and those of the Plan, the provisions of the Plan shall control. The Plan and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

13. Board Decisions Final and Conclusive. All decisions of the Board with respect to any question arising under the Plan or under this Agreement shall be final and conclusive.

14. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company. Where the context permits, "Optionee" as used in this Agreement shall include Optionee's executor, administrator or other legal representative or the person or persons to whom Optionee's rights pass by will or the applicable laws of descent and distribution.

15. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to Optionee. This Agreement and the Plan shall be administered in a manner consistent with this intent.

16. Data Protection. Optionee consents that the Company may process Optionee's personal data, including name, Social Security number, address and number of shares of Common Stock purchased hereunder ("**Data**") exclusively for the purpose of performing this Agreement, in particular in connection with the Option awarded to Optionee. For this purpose the Data may also be disclosed to and processed by companies outside the Company, *e.g.*, banks involved.

17. Country-Specific Terms and Conditions. If this Agreement includes an Appendix, then, notwithstanding any other provision of this Agreement to the contrary, the Option shall be subject to the specific terms and conditions, if any, set forth in such Appendix that are applicable to Optionee's country of residence, the provisions of which are incorporated in and constitute part of this Agreement. Moreover, if Optionee relocates to one of the countries included in any such Appendix, the specific terms and conditions applicable to such country will apply to the Option to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan or this Agreement.

18. Governing Law. The interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Delaware, regardless of the law that might be applied under principles of conflicts of laws.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer, and Optionee has signed this Agreement as of the day and year first above written.

LIQUIDMETAL TECHNOLOGIES, INC.

By: _____

Name: _____

Title: _____

OPTIONEE:

(Signature)

(Print Name)

Address: _____

LIQUIDMETAL TECHNOLOGIES, INC.
2015 EQUITY INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "**Agreement**") is made as of _____ (the "**Date of Grant**"), between LIQUIDMETAL TECHNOLOGIES, Inc., a Delaware corporation (the "**Company**"), and _____ ("**Optionee**").

RECITALS:

A. The Company has adopted the 2015 Equity Incentive Plan (the "**Plan**"), which Plan is incorporated in this Agreement by reference and made a part hereof. Defined terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan.

B. The Company has determined that it would be to the advantage and in the interest of the Company and its stockholders to grant the rights and options provided for in this Agreement to Optionee as an incentive for increased efforts on behalf of the Company and its affiliates.

AGREEMENT

Based on the foregoing and the agreements set forth herein, the parties agree as follows:

1. Option Grant. The Company hereby grants to Optionee the right and option (the "**Option**") to purchase from the Company on the terms and conditions set forth herein all or any part of an aggregate of _____¹ shares of the Company's Common Stock. The Option Price per share of Common Stock subject to the Option shall be \$____².

The Option granted hereunder is intended to be a nonqualified stock option and will *not* be treated as an "incentive stock option" within the meaning of that term under Section 422 of the Code.

2. Vesting. The shares covered by the Option shall vest 20% on the first year anniversary date from the Date of Grant. Thereafter, the shares covered by the Option shall vest monthly over 4 years with the Option being 100% vested on the fifth anniversary of the Date of Grant.

¹ Insert number of shares subject to option.

² Insert "Market Value per Share" (as defined in the Plan; generally the last market sale price) of common stock on Date of Grant.

Any portion of the Option not exercised when vested shall accumulate and be exercisable at any time during the term of the Option prior to the applicable termination date set forth in paragraph 3 below. In no event shall the Company be required to issue fractional shares. No portion of the Option that remains unvested on the date upon which Optionee's continuous service with the Company or any Subsidiary terminates for any reason, including by reason of death or Disability (as such term is defined in paragraph 3 below), shall vest after the date of such termination.

3. Term. The Option shall be exercisable only during its term. The term of the Option commences on the Date of Grant and expires upon the *earliest* of the following:

- (a) 90 days after the termination of Optionee's continuous service with the Company or any Subsidiary for any reason other than cause, death or Disability;
- (b) immediately upon termination of Optionee's continuous service with the Company or any Subsidiary for cause;
- (c) twelve (12) months after the termination of Optionee's continuous service due to Optionee's Disability;
- (d) twelve (12) months after Optionee's death if Optionee dies during Optionee's continuous service; or
- (e) the day before the tenth (10th) anniversary of the Date of Grant.

For purposes of this Agreement, "**Disability**" means Optionee is unable to engage in any substantial gainful activity for the Company and/or its Subsidiaries by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. Optionee shall not be considered to be disabled unless Optionee furnishes proof of the existence thereof, in such form and manner, and at such times, as the Board may require.

4. Method of Exercise. To the extent then exercisable, Optionee may exercise all or any portion of the Option by providing notice of exercise to the Company in such form as may be designated the Company from time to time, accompanied by payment of the Option Price and any associated tax withholding amounts that are due in connection with Optionee's exercise of all or any part of the Option. The Company shall not be required to deliver Common Stock pursuant to the exercise of the Option until payment of the full Option Price and any associated tax withholding amounts are received by the Company. Optionee may elect to make payment of the Option Price by any of the following:

- (a) cash or by check acceptable to the Company or by wire transfer of immediately available funds in United States dollars;
- (b) a cashless exercise program that the Board may approve, from time to time in its discretion (including a "cashless exercise" program developed under Regulation T as promulgated by the Federal Reserve Board), pursuant to which Optionee may concurrently provide irrevocable instructions (i) to Optionee's broker or dealer to effect the immediate sale of the purchased shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Option Price plus all applicable taxes required to be withheld by the Company by reason of such exercise, and (ii) to the Company to deliver the certificates for the purchased shares directly to such broker or dealer in order to complete the sale;

(c) subject to any procedures that the Board may approve from time to time, delivery of shares of Common Stock that (i) are owned by Optionee, (ii) have a fair market value on the date of surrender equal to the aggregate Option Price for the portion of the Option that is being exercised, (iii) were not acquired by Optionee pursuant to the exercise of a stock option, unless such shares have been owned by Optionee for at least six months or such other period as the Board may determine (iv) are all, at the time of such surrender, free and clear of any and all claims, pledges, liens and encumbrances, or any restrictions which would in any manner restrict the transfer of such shares to or by the Company (other than such restrictions as may have existed prior to an issuance of such Common Stock by the Company to Optionee), and (v) are duly endorsed for transfer to the Company; or

(d) by a combination of the foregoing.

Notwithstanding anything to the contrary in this paragraph 4, the Board reserves, at any and all times, the right, in the Board's sole and absolute discretion, to establish, decline to approve or terminate any program or procedure providing for payment of the Option Price through any of the means described in clauses (b)-(d) above of this paragraph 4, including with respect to Optionee notwithstanding that such program or procedures may be available to others.

5. **Securities Law Compliance.** The Company will make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company will not be obligated to issue any Common Stock pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

6. **Transferability.** The Option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during Optionee's life only by Optionee (or, in the event of the Optionee's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of Optionee in a fiduciary capacity under state law and/or court supervision); provided that any successor or transferee of Optionee shall not be entitled to further transfer the Option and any shares acquired upon exercise of the Option shall be subject to the restrictions set forth herein and in the Plan. In the event of any attempt by Optionee to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option, or of any right hereunder, except as provided for in this Agreement, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company, at its election, may terminate the Option by notice to Optionee and the Option shall thereupon become null and void.

7. **Adjustments.** The Option may be adjusted or terminated in any manner as contemplated by the Plan (including Section 12 therein) or this Agreement.

8. **No Employment Rights.** The Plan and this Agreement are not employment or service contracts, and will not be deemed to create in any way whatsoever any obligation on Optionee's part to continue in the employ of the Company or a Subsidiary, or of the Company or a Subsidiary to continue Optionee's employment. In addition, nothing herein shall obligate the Company or a Subsidiary to continue any relationship that Optionee might have as a Director or consultant for the Company or a Subsidiary.

9. No Stockholder Rights. Optionee shall not have any stockholder rights with respect to the Common Stock subject to the Option until Optionee has exercised the Option.

10. Withholding Obligations.

(a) At the time Optionee exercises the Option, in whole or in part, or at any time thereafter as requested by the Company, Optionee hereby authorizes withholding from payroll and any other amounts payable to Optionee, and otherwise agrees to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or a Subsidiary, if any, which arise in connection with the Option.

(b) Upon Optionee's request and subject to approval by the Board, in its sole discretion, and compliance with any applicable conditions or restrictions of law, the Company may withhold from fully vested shares of Common Stock otherwise issuable to Optionee upon the exercise of the Option a number of whole shares of Common Stock having a fair market value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law.

(c) Optionee may not exercise the Option unless the tax withholding obligations of the Company and/or any Subsidiary are satisfied. Accordingly, Optionee may not be able to exercise the Option when desired even though the Option is vested, and the Company shall have no obligation to issue a certificate for such Common Stock.

11. Notice. Any notice required to be given under the terms of this Agreement shall be in writing and addressed to the Company in care of its Corporate Secretary at the office of the Company at 30452 Esperanza, Rancho Santa Margarita, California 92688 and any notice to be given to Optionee shall be in writing and addressed to Optionee at the address given by Optionee beneath Optionee's signature to this Agreement, or such other address as either party to this Agreement may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given (a) when enclosed in a properly sealed envelope addressed as aforesaid, registered or certified and deposited (postage or registration or certification fee prepaid) in a post office, (b) on the date of personal service, or (c) on the day after sending notice by an overnight delivery service.

12. Governing Plan Document. The Option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Option, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of the Option and those of the Plan, the provisions of the Plan shall control. The Plan and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

13. Board Decisions Final and Conclusive. All decisions of the Board with respect to any question arising under the Plan or under this Agreement shall be final and conclusive.

14. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company. Where the context permits, "Optionee" as used in this Agreement shall include Optionee's executor, administrator or other legal representative or the person or persons to whom Optionee's rights pass by will or the applicable laws of descent and distribution.

15. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to Optionee. This Agreement and the Plan shall be administered in a manner consistent with this intent.

16. Data Protection. Optionee consents that the Company may process Optionee's personal data, including name, Social Security number, address and number of shares of Common Stock purchased hereunder ("**Data**") exclusively for the purpose of performing this Agreement, in particular in connection with the Option awarded to Optionee. For this purpose the Data may also be disclosed to and processed by companies outside the Company, *e.g.*, banks involved.

17. Country-Specific Terms and Conditions. If this Agreement includes an Appendix, then, notwithstanding any other provision of this Agreement to the contrary, the Option shall be subject to the specific terms and conditions, if any, set forth in such Appendix that are applicable to Optionee's country of residence, the provisions of which are incorporated in and constitute part of this Agreement. Moreover, if Optionee relocates to one of the countries included in any such Appendix, the specific terms and conditions applicable to such country will apply to the Option to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan or this Agreement.

18. Governing Law. The interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Delaware, regardless of the law that might be applied under principles of conflicts of laws.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer, and Optionee has signed this Agreement as of the day and year first above written.

LIQUIDMETAL TECHNOLOGIES, INC.

By: _____

Name: _____

Title: _____

OPTIONEE:

(Signature)

(Print Name)

Address: _____
