

LIQUIDMETAL TECHNOLOGIES INC
Form PRE 14A
May 28, 2009

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

Liquidmetal Technologies, Inc.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
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 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
1. Amount Previously Paid:
 2. Form, Schedule or Registration Statement No.:
 3. Filing Party:

4. Date Filed:

30452 Esperanza

Rancho Santa Margarita, California 92688

**NOTICE OF
2009 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JULY 14, 2009**

To the Stockholders of Liquidmetal Technologies, Inc.:

You are cordially invited to attend the annual meeting of stockholders of Liquidmetal Technologies, Inc., which will be held at the Courtyard Marriott, 27492 Portola Parkway, Foothill Ranch, California, on Tuesday, July 14, 2009, at 9:00 a.m., local time, for the following purposes:

1. To vote upon a proposal to amend our Certificate of Incorporation to increase our authorized shares of common stock;
2. To vote upon a proposal to amend our Certificate of Incorporation to provide for the establishment of a five-member board of directors, the election of directors by a class vote, and the voting of our Class A Preferred Stock on an as-converted basis together with the common stock as a single class;
3. To elect five directors to serve one-year terms; and
4. To transact any other business as may properly come before the annual meeting.

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Stockholders of record at the close of business on June 5, 2009, will be entitled to vote at the annual meeting. Information relating to the matters to be considered and voted on at the annual meeting is set forth in the proxy statement accompanying this notice. A copy of our annual report for 2008 also is enclosed.

Please read the proxy statement and vote your shares as soon as possible. To ensure your representation at the annual meeting, please complete, date, sign, and return the enclosed proxy, even if you plan to attend the annual meeting. A proxy and a self-addressed stamped envelope are enclosed. If you attend the annual meeting, you may withdraw your proxy and vote in person.

By Order of the Board of Directors,

Larry Buffington
President and Chief Executive Officer

June [], 2009

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE STOCKHOLDER MEETING TO BE HELD ON JULY 14, 2009**

The proxy statement, proxy card, and annual report to stockholders are available at www.liquidmetal.com.

PRELIMINARY COPY

30452 ESPERANZA

RANCHO SANTA MARGARITA, CALIFORNIA 92688

PROXY STATEMENT

FOR

2009 ANNUAL MEETING OF STOCKHOLDERS

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the board of directors of Liquidmetal Technologies, Inc. (Liquidmetal or the Company) for the annual meeting of stockholders to be held at the Courtyard Marriott, 27492 Portola Parkway, Foothill Ranch, California, on Tuesday, July 14, 2009, at 9:00 a.m., local time, or any adjournment or postponement of the annual meeting.

If the accompanying proxy form is completed, signed, dated, returned to us, and not revoked, the shares represented by the proxy will be voted at the annual meeting as directed by the stockholder on the proxy. The giving of the proxy does not affect the right to vote in person if the stockholder attends the annual meeting. The stockholder may revoke the proxy at any time prior to the voting of the shares represented by the proxy.

This proxy statement, the accompanying proxy, and our annual report for the year ended December 31, 2008, are first being mailed on or about June 19, 2009, to stockholders entitled to vote at the annual meeting.

Pursuant to, and in accordance with, the rules of the Securities and Exchange Commission, where allowed, we are delivering only one copy of this proxy statement and our annual report to multiple stockholders sharing an address unless we have received contrary instructions from one or more of the stockholders. Upon written or oral request, we will promptly deliver a separate copy of this proxy statement and our annual report to any stockholder at a shared address to which a single copy of the document was delivered. If you are a stockholder residing at a shared

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address and would like to request an additional copy of this proxy statement or our annual report now or with respect to future mailings (or to request to receive only one copy of this proxy statement and our annual report if you are currently receiving multiple copies), then please call or write Liquidmetal Technologies, Inc., Attention: Investor Relations at 30452 Esperanza, Rancho Santa Margarita, California 92688; telephone number (949) 635-2120.

VOTING RIGHTS AND SOLICITATION

Voting

The record date for the annual meeting is June 5, 2009. Only stockholders of record as of the close of business on the record date are entitled to receive notice of the annual meeting and to vote at the annual meeting. As of the record date, we estimate approximately 45,370,855 shares of common stock will be outstanding and entitled to vote at the annual meeting. Each share of common stock is entitled to one vote.

Votes cast by proxy or in person at the annual meeting will be tabulated by the inspector of elections appointed for the annual meeting, who will also determine whether a quorum is present for the transaction of business. Our bylaws provide that a quorum is present if the holders of a majority of the issued and outstanding shares entitled to vote at the meeting are present in person or represented by proxy. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners will also be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner (a broker non-vote). Abstentions and broker non-votes are not counted in determining whether a proposal has been approved.

Under Delaware law, if a quorum exists, directors are elected by a plurality of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote in the election. Accordingly, the five nominees receiving the highest number of affirmative votes of the votes represented at the annual meeting will be elected as directors.

Proxies

Whether or not you are able to attend the annual meeting, you are urged to complete and return the enclosed proxy card, which is solicited by the board of directors and which will be voted as you direct on your proxy card when properly completed. In the event no directions are specified, such proxies will be voted for the approval of the proposals described in the accompanying notice and this proxy statement and in the discretion of the proxy holders as to other matters that may properly come before the annual meeting. You may revoke or change your proxy at any time before the annual meeting. To do this, send a written notice of revocation or another signed proxy card with a later date to our Secretary at our principal executive offices before the beginning of the annual meeting. You may also revoke your proxy by attending the annual meeting and voting in person.

Solicitation of Proxies

Proxies solicited by this proxy statement may be exercised only at the annual meeting and any adjournment of the annual meeting and will not be used for any other meeting. Proxies solicited by this proxy statement will be returned to our Secretary and will be tabulated by an inspector of elections designated by our board of directors who will not be employed by us.

We will bear the entire cost of solicitation of proxies by mail on behalf of the board of directors. Proxies also may be solicited by personal interview or by telephone by directors, officers, and other employees of our company without additional compensation. We also have made arrangements with brokerage firms, banks, nominees, and other fiduciaries to forward proxy solicitation materials for shares of common stock held of record to the beneficial owners of such shares. We will reimburse such record holders for their reasonable out-of-pocket expenses.

Annual Report

Our annual report for the year ended December 31, 2008 has been mailed with this proxy statement and the notice of annual meeting to all stockholders entitled to notice of and to vote at the annual meeting. Our annual report is not incorporated into this proxy statement and is not considered proxy soliciting material.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL 1:

AMENDMENT TO OUR CERTIFICATE OF INCORPORATION

TO INCREASE OUR AUTHORIZED SHARES OF COMMON STOCK

After careful consideration, our board of directors has proposed an amendment to Article IV of our Certificate of Incorporation to increase the number of shares of our common stock that we are authorized to issue (the First Proposed Charter Amendment). The First Proposed Charter Amendment would increase the total number of shares of capital stock that we are authorized to issue to three hundred ten million (310,000,000), of which three hundred million (300,000,000) shall be common stock, par value \$0.001 per share, and ten million (10,000,000) shall be preferred stock, par value \$0.001 per share. No increase in the authorized number of shares of preferred stock is being proposed.

Purpose of Increasing Number of Authorized shares of Common Stock

As of the record date, we had a total of 45,370,855 shares of common stock outstanding and 3,101,002 shares of Series A Preferred Stock outstanding. Such shares of Series A Preferred Stock are convertible into an aggregate of 84,113,682 shares of common stock. We also have outstanding convertible notes and warrants to purchase an aggregate of 68,507,787 shares of common stock and shares reserved under option plans for directors, officers, consultants and employees to purchase an aggregate of 7,827,782 shares of common stock. We therefore need to increase our authorized shares of common stock above the current amount of 100,000,000 shares in order to fulfill our outstanding obligations.

On May 1, 2009, the Company completed a financing transaction (the Transaction) whereby aggregate cash of \$2.5 million and principal and accrued interest of \$20.6 million due under the previously issued 8% Convertible Subordinated Notes due January 2010 (the Prior Notes) were exchanged for 500,000 shares of convertible Series A-1 Preferred Stock with an original issue price of \$5.00 per share, 2,625,002 shares Series A-2 Preferred Stock with an original issue price of \$5.00 per share, and \$7.5 million of new 8% Senior Secured Convertible Subordinated Notes due January 2011 (the Exchange Notes). The Transaction was consummated pursuant to a Securities Purchase and Exchange Agreement, dated May 1, 2009 (the Securities Purchase Agreement), that we entered into with the exchanging note holders and investors (collectively, the Buyers). The Securities Purchase Agreement gives the Buyers option to subscribe for an additional 1,000,000 shares of Series A-1 preferred stock at \$5.00 per share at any time prior to six months from the closing date (the Series A-1 Option).

The Exchange Notes are due January 3, 2011 and bear interest at an annual rate equal to 8%, with interest payable in October and April in cash or, at the Company's option, in the form of additional notes (in which case the interest rate will be 10%). Both of the Series A-1 and Series A-1 Preferred Stock accrue cumulative dividends at an annual rate of 8%, which is payable semi-annually. Beginning on the second anniversary of the initial issuance, the dividend will increase to 10%. The dividends are payable in cash or in kind by the issuance of the Company of additional preferred stock, only when and as declared by the Company's Board of Directors.

The Series A-1 Preferred Stock, Series A-2 Preferred Stock, and Exchange Notes are convertible into the Company's common stock at conversion price of \$0.10, \$0.22, and \$0.60 per common share, respectively. In the Transaction, the Company issued warrants to purchase

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3,125,007 shares and 42,329,407 shares of the Company's common stock at an exercise of \$0.60 and \$0.50 per share to the Buyers, respectively. The warrants will expire in January 2012. Further, the exercise of the Series A-1 Option will require issuance of up to an additional 50,000,000 shares of common stock. The conversion prices and the number of common stock issuable under the Series A Preferred Stock, Exchange Notes and warrants are subject to adjustments for ant-dilution purposes.

Our Securities Purchase Agreement requires that we increase our authorized shares of common stock to 300,000,000 shares by August 31, 2009. If we are not in compliance with this requirement by August 31, 2009, the holders of the preferred stock and convertible notes may require us to redeem all or any portion of the holders' preferred stock and convertible notes. We do not have the cash required to repay such amounts. If this proposal to increase our authorized shares does not pass, we will be at risk that holders of the preferred stock and convertible notes will put us in default, charge us interest at default interest rates and possibly seize and sell our assets.

Except as disclosed herein, we have no plans, proposals or arrangements, written or otherwise, to issue any shares of our common stock.

General Corporate Purposes

In addition to the reasons set forth above, the board of directors believes that the proposed increase is desirable so that, as the need may arise, we will have more financial flexibility and be able to issue additional shares of common stock without the expense and delay associated with a special shareholders' meeting, except where shareholder approval is required by applicable law. The additional shares of common stock might be used, for example, in connection with an expansion of our business through investments or acquisitions, sold in a financing transaction or issued under an employee stock option, savings or other benefit plan or in a stock split or dividend to shareholders. The board of directors does not intend to issue any shares except on terms that it considers to be in the best interests of the company and its shareholders.

The additional shares of common stock for which authorization is sought would be a part of the existing class of common stock. If and when issued, these shares would have the same rights and privileges as the shares of common stock presently outstanding. No holder of common stock has any preemptive rights to acquire additional shares of the common stock.

The issuance of additional shares could reduce existing shareholders' percentage ownership and voting power in our company and, depending on the transaction in which they are issued, could affect the per share book value or other per share financial measures.

Potential Anti-Takeover Effects

Although the First Proposed Charter Amendment is not intended to be an anti-takeover measure, shareholders should note that, under certain circumstances, the additional shares of common stock could be used to make any attempt to gain control of our company or the board of directors more difficult or time-consuming. Any of the additional shares of common stock could be privately placed with purchasers who might side with the board of directors in opposing a hostile takeover bid. It is possible that such shares could be sold with or without an option, on our part, to repurchase such shares, or on the part of the purchaser, to put such shares to us.

The amendment to increase the authorized shares of common stock might be considered to have the effect of discouraging an attempt by another person or entity, through the acquisition of a substantial number of shares of our capital stock, to acquire control of us, since the issuance of the additional shares of common stock could be used to dilute the stock ownership of a person or entity seeking to obtain control and to increase the cost to a person or entity seeking to acquire a majority of the voting power of our company. If so used, the effect of the additional authorized shares of common stock might be (i) to deprive shareholders of an opportunity to sell their stock at a temporarily higher price as a result of a tender offer or the purchase of shares by a person or entity seeking to obtain control of us or (ii) to assist incumbent management in retaining its present position.

Text of First Proposed Charter Amendment

Article IV of our Certificate of Incorporation is proposed to be amended to read as follows:

The Corporation shall have authority to issue Three Hundred Ten Million (310,000,000) shares of capital stock, consisting of Three Hundred Million (300,000,000) shares of common stock, \$0.001 par value per share (the Common Stock), and Ten Million (10,000,000) shares of preferred stock, \$0.001 par value per share (the Preferred Stock), of which One Million Eight Hundred Seventy-Five Thousand (1,875,000) shares are hereby designated as Series A-1 Preferred Stock and Three Million Two Hundred Eighty-One Thousand Two Hundred Fifty-Three (3,281,253) shares are hereby designated as Series A-2 Preferred Stock. The Preferred Stock authorized by the Certificate of Incorporation, as amended, may be issued from time to time in one or more series. The Board of Directors is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon any series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them. The voting powers, designations, preferences and other special rights, and qualifications, limitations and restrictions of the Series A-1 Preferred Stock and Series A-2 Preferred Stock (collectively, the Series A Preferred Stock) are set forth in a Certificate of Designation, Preferences, and Rights previously filed by the Corporation with the Secretary of State of Delaware on May 1, 2009 (the Series A Certificate of Designation).

Vote Required for Approval

The First Proposed Charter Amendment must be approved by both (1) the holders of a majority of the shares of common stock outstanding on the record date voting as a separate class and (2) the holders of a majority of the shares of common stock and Series A Preferred Stock (voting on an as-converted into common stock basis) outstanding on the record date voting together as a single class. Thereafter, the First Proposed Charter Amendment will not become effective until the filing thereafter of a Certificate of Amendment to the Certificate of Incorporation with the Secretary of the State of Delaware, which filing is expected to take place shortly after the annual meeting. If the First Proposed Charter Amendment is not approved by the shareholders, then the language pertaining to this Proposal 1 will not be included in the Certificate of Amendment filed with the Secretary of the State of Delaware.

Our board of directors recommends that the shareholders vote FOR adoption of the First Proposed Charter Amendment.

PROPOSAL 2:

AMENDMENT TO OUR CERTIFICATE OF INCORPORATION

PROVIDING FOR THE ESTABLISHMENT OF A FIVE-MEMBER BOARD OF DIRECTORS,

THE ELECTION OF DIRECTORS BY A CLASS VOTE, AND

THE VOTING OF THE CLASS A PREFERRED ON AN-AS CONVERTED BASIS TOGETHER WITH THE COMMON STOCK AS A SINGLE CLASS

After careful consideration, our board of directors has proposed an amendment to Article VIII of our Certificate of Incorporation to provide for the establishment of a five-member board of directors, the election of directors by a class vote, and the voting of the Class A Preferred Stock on an as-converted basis together with the common stock as a single class (the Second Proposed Charter Amendment).

The Second Proposed Charter Amendment provides that, for as long as least 25% of the number of shares of Series A Preferred Stock issued on May 1, 2009 are outstanding, the Company's board of directors would consist of five members, of which two directors would be elected by a class vote of the Company's outstanding shares of Series A Preferred Stock, two directors would be elected by a class vote of the Company's outstanding shares of Common Stock, and the fifth director would be elected by the holders of the Company's common stock and Series A Preferred Stock voting together as a single class. The Second Proposed Charter Amendment also provides that, on all other matters being voted upon by shareholders, the holders of the Series A Preferred Stock would have the right to vote together with the holders of the Company common stock, with the holders of the Series A Preferred Stock being entitled to a number of votes equal to the number of shares of common stock into which such preferred shares are then convertible.

Purpose of Second Proposed Charter Amendment

The provisions of the Second Proposed Charter Amendment were specifically negotiated by the Company and the Buyers in the Transaction in order to facilitate the completion of the Transaction and as an inducement to the Buyers to enter into the Transaction. The Securities Purchase Agreement requires that we obtain approval of the Second Proposed Charter Amendment by August 31, 2009. If we are not in compliance with this requirement by August 31, 2009, the holders of our preferred stock and convertible notes may require us to redeem all or any portion of the holders' preferred stock and convertible notes. We do not have the cash required to repay such amounts. If this proposal does not pass, we will be at risk that holders of the preferred stock and convertible notes will put us in default, charge us interest at default interest rates and possibly seize and sell our assets.

Potential Anti-Takeover Effects

Although the Second Proposed Charter Amendment is not intended to be an anti-takeover measure, shareholders should note that, under certain circumstances, the provision of class voting for directors could be used to make any attempt to gain control of our company or the board of directors more difficult or time-consuming. Any party wishing to take over the Company would find it more difficult to elect directors, and this may have the result of depriving the common stockholders of a higher market price that might be commanded if an independent third-party was able to acquire control of the board. In addition, the voting of Series A Preferred Stock together with common stock as a single class on other

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matters could be used to make it more difficult for the holders of the common stock to block certain actions that disproportionately or uniquely affect them. Based on share ownership on the record date, the holders of the Company's Series A Preferred Stock would possess 65% of the total number of votes held by the common stock and Series A Preferred Stock as a single class.

Text of Second Proposed Charter Amendment

Article VIII of our Certificate of Incorporation is proposed to be amended to read as follows:

(a) Directors General. Subject to Section (b) below, the number of directors of the Corporation shall be determined by resolution of the Board of Directors. Elections of directors need not be by written ballot, unless the Bylaws of the Corporation shall so provide.

(b) Series A Directors and Common Directors. Notwithstanding the foregoing, for as long as at least 25% of the number of shares of Series A Preferred Stock issued on May 1, 2009 (the initial issuance date of the Series A Preferred Stock) are outstanding, the Board of Directors of the Company shall consist of five (5) members. In any election of directors taking place after May 1, 2009, as long as at least 25% of the number of shares of Series A Preferred Stock issued on May 1, 2009 are outstanding, (i) the holders of the Series A Preferred Stock, voting as a separate class, shall have the right to elect two of the members of the Corporation's Board of Directors, (ii) the holders of the Common Stock, voting as a separate class, shall have the right to elect two of the members of Company's Board of Directors (the Common Directors), and (iii) the holders of the Common Stock and the holders of the Series A Preferred Stock, voting together as a single class (with the holders of Preferred Stock voting on an as converted to Common Stock basis as described in the last sentence of this Section (b)), shall have the right to elect one of the members of the Company's Board of Directors.

In addition to any class voting rights provided by law and the Certificate of Incorporation, and subject to the first paragraph of this Section (b), the holders of Series A Preferred Stock shall have the right to vote together with the holders of Common Stock as a single class on any matter on which the holders of Common Stock are entitled to vote, at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner of the holders of the Common Stock; provided, however, that the holders of Series A Preferred Stock shall not have the right to vote on the election of the Common Directors. With respect to the voting rights of the holders of the Series A Preferred Stock pursuant to the preceding sentence, each holder of Series A Preferred Stock shall be entitled to one vote for each share of Common Stock that would be issuable to such holder upon the conversion of all the shares of Series A Preferred Stock held by such holder on the record date for the determination of shareholders entitled to vote at such meeting or the effective date of such written consent (after taking into account the conversion limitation set forth in Section 4M(1) of the Series A Certificate of Designation but disregarding the conversion limitation set forth in Section 4M(2) of the Series A Certificate of Designation), and shall have voting rights and powers equal to the voting rights and powers of the Common Stock, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Company.

Vote Required for Approval

The Second Proposed Charter Amendment must be approved by both (1) the holders of a majority of the shares of common stock outstanding on the record date voting as a separate class and (2) the holders of a majority of the shares of common stock and Series A Preferred Stock (voting on an as-converted into common stock basis) outstanding on the record date voting together as a single class. Thereafter, the Second Proposed Charter Amendment will not become effective until the filing thereafter of a Certificate of Amendment to the Certificate of Incorporation with the Secretary of the State of Delaware, which filing is expected to take place shortly after the annual meeting. If the Second Proposed Charter Amendment is not approved by the shareholders, then the language pertaining to this Proposal 2 will not be included in the Certificate of Amendment filed with the Secretary of the State of Delaware.

Our board of directors recommends that the shareholders vote FOR adoption of the Second Proposed Charter Amendment.

PROPOSAL 3:

ELECTION OF DIRECTORS

Our bylaws currently provide that our board of directors shall be divided into three classes, as nearly equal in number as possible, with each class serving three-year terms expiring at the third annual meeting of stockholders after their elections or until their respective successors have been elected and qualified. On June 5, 2009, our board of directors voted to amend our bylaws to eliminate the staggering of the terms of office of our directors effective as of the date of the annual meeting. Therefore, from and after the date of the annual meeting, our directors will be elected annually for a term of one year each.

In connection with the Transaction and as required by the Securities Purchase Agreement, all of the directors of the Company, other than John Kang and Robert Biehl, resigned from the Company's board of directors as of the closing date of the Transaction, and in contemplation of the changes contemplated by the Second Proposed Charter Amendment, Abdi Mahamedi and Iraj Azarm were elected to the board. The Securities Purchase Agreement further provided that an additional nominee, William Scott, will be nominated as a fifth director at the annual meeting.

Accordingly, at the annual meeting, five directors are to be elected, each to serve a one-year term expiring at the following annual meeting after their election or until a successor is elected and qualified. The board of directors has nominated each of the existing directors, Messrs. Mahamedi, Azarm, Kang, and Biehl, for reelection to the board of directors at the annual meeting and has nominated Mr. Scott to join the board as the fifth member. Each person nominated for election has agreed to serve if elected, and the board of directors has no reason to believe that any nominee will be unavailable or will decline to serve. In the event, however, that any nominee is unable or declines to serve as a director at the time of the annual meeting, the persons designated as proxies will vote for any nominee who is designated by our current board of directors to fill the vacancy.

The Second Proposed Charter Amendment provides that our board of directors will be fixed at five members, which will be divided into three classes: two directors elected by Series A preferred stockholders (Series A Directors); two directors elected by common stockholders (the Common Directors); and one director elected by Series A preferred stock and common stock holders voting as a single class (the General Director). Mr. Mahamedi and Mr. Scott are anticipated to be Series A Directors, Mr. Kang and Mr. Biehl are anticipated to be Common Directors, and Mr. Azarm is anticipated to be a General Director. However, because the Second Proposed Charter Amendment, if approved, would not be effective until after the annual meeting, the director nominees will not be elected by the foregoing voting classes at the annual meeting and will instead be elected by the shareholders generally.

Accordingly, at the annual meeting, directors will be elected by a plurality of the votes cast (assuming a quorum is present at the annual meeting), meaning that the five nominees receiving the highest number of affirmative votes of the votes represented at the annual meeting will be elected as directors.

Our board of directors recommends the following nominees for election as directors and urges each stockholder to vote **FOR** the nominees.

Name	Age	Principal Occupation and Other Information
Abdi Mahamedi	47	Abdi Mahamedi has served as director since April 2009. Since 1987, Mr. Mahamedi has served as the President and Chief Executive Officer of Carlyle Development Group of Companies (CDG), which develops and manages residential and commercial properties in the United States on behalf of investors worldwide. At CDG, Mr. Mahamedi evaluates and supervises all of the investment activities and management personnel. Prior to joining CDG, Mr. Mahamedi founded Emanuel Land Company, a subsidiary of Emanuel & Company, a Wall Street investment banking firm, and served as a managing director for Emanuel Land Company from 1986 to 1987. In 1983, Mr. Mahamedi received his B.S.E. degree in Civil and Structural Engineering from the University of Pennsylvania, and in 1984 he received his M.S.E. degree in Civil and Structural Engineering from the University of Pennsylvania.
William Scott Jr. Ph.D	67	William Scott Jr. Ph.D was nominated as director in April 2009. Since 2007, Mr. Scott has served as the treasurer and chair of the Board of Governors of Acta Materialia, Inc. From 1983 to 2004, Dr. Scott served as the technical director with ASM International. In 1968, Dr. Scott received a Ph.D in Materials Science and Engineering from the University of Pennsylvania, and in 1963, Dr. Scott received his B.S. in Metallurgical Engineering from Lafayette College.
John Kang	45	John Kang has been a director of our company since 1994. From December 1994 to June 2001, he served as Chairman of our board of directors in various capacities. From June 2001 until December 30, 2005, Mr. Kang served variously as our Chief Executive Officer and President. From July 1996 to September 2000, Mr. Kang served variously as Chief Executive Officer, President, and director of Medical Manager Corporation, a public company traded on the Nasdaq National Market until its sale in September 2000 to WebMD Corporation. From 1988 to 1995, he was Chairman of the board of directors of Clayton Group, Inc., a private company engaged in the distribution of waterworks equipment. Mr. Kang received a B.A. degree in Economics from Harvard College in 1985. On December 15, 2005, an indictment naming as defendants ten former officers and directors of Medical Manager Corporation, including our Chairman, John Kang, was filed in the United States District Court for the District of South Carolina (Beaufort Division). Medical Manager Corporation was a publicly traded company in which Mr. Kang was formerly the

President and Chief Executive Officer. Mr. Kang was charged in counts for conspiracy to commit securities fraud, conspiracy to commit mail fraud and conspiracy to launder money instruments relating to a series of acquisitions that were made by Medical Manager during the years 1996 through 2003, the accounting practices of Medical Manager during that time frame, and the filing of various financial statements during that time frame. Although the indictment is unrelated to Mr. Kang's services as a director and officer of our company, Mr. Kang resigned as our President and Chief Executive Officer on December 30, 2005; however, he continues to serve as Chairman of the board of directors of our company and continues to work for us on a full-time basis. Mr. Kang has pled not guilty to the indictment and plans to contest the charges vigorously.

Robert Biehl

62

Robert Biehl has served as a director since January 2005. Mr. Biehl is an executive mentor. In 1976, he founded Masterplanning Group International. As President, he has personally consulted with over 400 clients ranging from start up to multi-billion dollar organizations. He has published 20 books in the area of personal and organizational development. He is a frequent key note speaker at various conferences. Prior to starting Masterplanning Group, Mr. Biehl was an executive staff member of World Vision International where he designed and developed the Love Loaf Program, which has raised millions of dollars for hunger worldwide. Mr. Biehl received his B.A. degree in psychology and a Masters Degree in Counseling from Michigan State University.

Iraj Azarm

70

Iraj Azarm has served as director since April 2009. Since 1987, Mr. Azarm has served as the Comptroller of CDG, where he directs the day to day activities of the company and acts as the liaison for investors and the firm's institutional lenders. In 1963, Mr. Azarm received degrees in Mechanical Engineering and Economics from the University of California at Berkeley.

BOARD OF DIRECTORS

Board Meetings and Director Independence

During 2008, our board of directors held 13 meetings. All directors attended at least 75% of the meetings of the board and of the committees on which they served during 2007. The board of directors also took certain actions by unanimous written consent in lieu of a meeting, as permitted by Delaware law. In addition, the independent directors met in executive session periodically in 2008.

We did not hold an annual stockholders meeting during 2008, and our company has not established a policy with regard to the attendance of board members at annual stockholders meetings.

Our board of directors presently has four members, and biographical information regarding these directors (all of whom are director nominees) is set forth above under the caption PROPOSAL 3: ELECTION OF DIRECTORS. Our board has determined that one of its current members, Mr. Biehl, is an independent director as defined under the rules of the NASDAQ Stock Market, Inc. and Rule 10A-3(b)(i) under the Securities Exchange Act of 1934. The board has also determined that Mr. Scott will be an independent director if elected to the board of directors.

Board Committees

The board of directors has established the following standing committees whose responsibilities are summarized as follows:

Audit Committee. Our board of directors has an Audit Committee that was comprised of Dean Tanella and Robert Biehl during 2008. Mr. Tanella qualified as audit committee financial expert as defined by the regulations of the Securities and Exchange Committee. All of the members of the Audit Committee during 2008 were independent directors, as defined by the rules applicable to members of the Audit Committee. Mr. Biehl became the sole remaining member of the audit committee after the resignation of Mr. Tanella in April 2009. The board of directors will appoint an additional member to the Audit Committee shortly after the annual meeting of the shareholders.

The Audit Committee is responsible for reviewing the independence, qualifications, and activities of our independent certified accountants and our financial policies, control procedures, and accounting staff. The Audit Committee is also responsible for the review of transactions between us and any officer, director, or entity in which an officer or director of our company has a material interest.

During 2008, the Audit Committee held four meetings. The Audit Committee is governed by a written charter approved by the board of directors. A copy of the Audit Committee's charter is posted on the Company's website at www.liquidmetal.com in the Investors' section of the website.

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Compensation Committee. The Compensation Committee was comprised of CK Cho and Robert Biehl during 2008. All of the members of the 2008 Compensation Committee are independent directors, as defined by the rules applicable to members of the Compensation Committee. The Compensation Committee is responsible for establishing the compensation of our senior management, including salaries, bonuses, termination arrangements, and other executive officer benefits. The Compensation Committee also administers our equity incentive plans. Mr. Biehl became the sole remaining member of the Compensation Committee after the resignation of Mr. Cho in April 2009. The board of directors will appoint an additional member to the Compensation Committee shortly after the annual meeting of the shareholders.

During 2008, the Compensation Committee held one meeting. The Compensation Committee is governed by a written charter approved by the board of directors. A copy of the Compensation Committee's charter is posted on the Company's website at www.liquidmetal.com in the Investors section of the website.

The Compensation Committee works with the Chairman of the Board and Chief Executive Officer and reviews and approves compensation decisions regarding senior management including compensation levels and equity incentive awards. The Compensation Committee also reviews and recommends to the full Board for its review and approval, the cash and equity incentive awards for the Chief Executive Officer, Chairman of the Board, non-employee directors, the Lead Director and Board committee chairs. The Compensation Committee has the power and authority to conduct or authorize studies, retain independent consultants, accountants or others, and obtain unrestricted access to management, the Company's internal auditors, human resources and accounting employees and all information relevant to its responsibilities.

Corporate Governance and Nominating Committee. A Corporate Governance and Nominating Committee was formed on February 18, 2003, and during 2008 it was comprised of Dean Tanella and Robert Biehl. All members of the 2008 Corporate Governance and Nominating Committee are independent directors, as defined by the rules applicable to members of the Committee. The Committee is generally responsible for adopting policies, procedures, and practices designed to help ensure that our corporate governance policies, procedures, and practices continue to assist the board and our management in effectively and efficiently promoting the best interests of our stockholders. The Committee is also responsible for selecting and recommending for approval by our board of directors and our stockholders a slate of director nominees for election at each of our annual meetings of stockholders, and otherwise for determining the board committee members and chairmen, subject to board ratification, as well as recommending to the board director nominees to fill vacancies or new positions on the board or its committees that may occur or be created from time to time, all in accordance with our Bylaws and applicable law. Mr. Biehl became the sole remaining member of the Corporate Governance and Nominating Committee after the resignation of Mr. Tanella in April 2009. The board of directors will appoint an additional member to the Corporate Governance and Nominating Committee shortly after the annual meeting of the shareholders.

The Corporate Governance and Nominating Committee's principal functions include:

- developing and maintaining our corporate governance policy guidelines;
- developing and maintaining our codes of conduct and ethics;