

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION
CASE NO. 8:04-CV-919-T-23-EAJ

PRIMAVERA INVESTORS, individually and on behalf of
all others similarly situated,

Plaintiff,

v.

LIQUIDMETAL TECHNOLOGIES, INC., et al.,

Defendants.

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, MOTION FOR ATTORNEYS'
FEES AND SETTLEMENT FAIRNESS HEARING**

If you purchased or otherwise acquired the common stock of Liquidmetal Technologies, Inc. ("Liquidmetal") between May 21, 2002 and May 13, 2004, inclusive, including shares pursuant or traceable to Liquidmetal's registration statement and prospectus for its May 21, 2002 IPO of 5,000,000 shares at \$15.00 per share, then you could get a payment from a class action settlement.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- The settlement will provide a \$7,025,000 settlement fund for the benefit of investors who purchased or otherwise acquired the common stock of Liquidmetal Technologies, Inc. ("Liquidmetal") between May 21, 2002 and May 13, 2004, inclusive, including those who purchased shares pursuant or traceable to Liquidmetal's registration statement and prospectus for its May 21, 2002 IPO of 5,000,000 shares at \$15.00 per share.
- The settlement resolves a lawsuit over whether Liquidmetal misled investors about its future earnings.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM BY December 18, 2006	The only way to get a payment.
EXCLUDE YOURSELF BY October 11, 2006	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants and the other Released Parties about the Settled Claims.
OBJECT BY October 11, 2006	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON October 18, 2006	Ask to speak in Court about the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options - **and the deadlines to exercise them** - are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals are resolved. Please be patient.

SUMMARY NOTICE

Statement of Plaintiff Recovery

Pursuant to the settlement described herein, a Settlement Fund consisting of \$7,025,000 in cash, plus interest, has been established. Plaintiffs estimate that there were approximately 27,027,744 million shares of Liquidmetal common stock traded during the Class Period which may have been damaged. Plaintiffs estimate that the average recovery per damaged share of Liquidmetal common stock under the settlement is \$0.26 per damaged share¹ before deduction of Court-awarded attorneys' fees and expenses. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim. Depending on the number of claims submitted, when during the Class Period a Class Member purchased shares of Liquidmetal common stock, the purchase price paid, and whether those shares were held at the end of the Class Period or sold during the Class Period, and, if sold, when they were sold and the amount received, an individual Class Member may receive more or less than this average amount. See the Plan of Allocation on page 9 for more information on your Recognized Claim.

Statement of Potential Outcome of Case

The parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include (a) the appropriate economic model for determining the amount by which Liquidmetal common stock was allegedly artificially inflated (if at all) during the Class Period; (b) the amount by which Liquidmetal common stock was allegedly artificially inflated (if at all) during the Class Period; (c) the effect of various market forces influencing the trading price of Liquidmetal common stock at various times during the Class Period; (d) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Liquidmetal common stock at various times during the Class Period; (e) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Liquidmetal common stock at various times during the Class Period; (f) the extent to which the various allegedly adverse material facts that Plaintiffs alleged were omitted influenced (if at all) the trading price of Liquidmetal common stock at various times during the Class Period; and (g) whether the statements made or facts allegedly omitted were material or otherwise actionable under the federal securities laws. The Defendants deny that they are liable to the plaintiffs or the Class and deny that plaintiffs or the Class have suffered any damages.

Statement of Attorneys' Fees and Costs Sought

Plaintiffs' Counsel are moving the Court to award attorneys' fees an amount not to exceed thirty percent (30%) of the Gross Settlement Fund, and for reimbursement of expenses incurred in connection with the prosecution of this Action in the approximate amount of \$250,000.00. The requested fees and expenses would amount to an average of \$0.087 per damaged share in total for fees and expenses. Plaintiffs' Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

Further Information

Further information regarding the Action and this Notice may be obtained by contacting Plaintiffs' Co-Lead Counsel: Maya Saxena, Esq., Saxena White P.A., 5200 Town Center Circle, Suite 600, Boca Raton, Florida 33486, telephone (800) 361-5096; or Jack Reise, Esq., Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 197 South Federal Highway, Suite 200, Boca Raton, Florida 33432, telephone (561) 750-3000.

Reasons for the Settlement

Plaintiffs believe that the principal reason for the settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. Additionally, the prosecution of this Action is further complicated by the poor financial condition of Liquidmetal.

¹ An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the total for all purchasers of that share.

For the Defendants, who deny all allegations of wrongdoing or liability whatsoever, the principal reason for the settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

WHAT THIS NOTICE CONTAINS

Table of Contents

	Page
SUMMARY NOTICE.....	2
Statement of Plaintiff Recovery	2
Statement of Potential Outcome of Case	2
Statement of Attorneys' Fees and Costs Sought.....	2
Further Information.....	2
Reasons for the Settlement.....	2
BASIC INFORMATION.....	4
1. Why did I get this notice package?	4
2. What is this lawsuit about?	4
3. Why is this a class action?.....	4
4. Why is there a settlement?	4
WHO IS IN THE SETTLEMENT	5
5. How do I know if I am part of the settlement?	5
6. Are there exceptions to being included?.....	5
7. What if I am still not sure if I am included?	5
THE SETTLEMENT BENEFITS — WHAT YOU GET	5
8. What does the settlement provide?	5
9. How much will my payment be?	5
HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM FORM	5
10. How can I get a payment?	5
11. When would I get my payment?.....	5
12. What am I giving up to get a payment or stay in the Class?	6
EXCLUDING YOURSELF FROM THE SETTLEMENT	6
13. How do I get out of the proposed settlement?	6
14. If I do not exclude myself, can I sue Defendants and the other Released Parties for the same thing later?	7
15. If I exclude myself, can I get money from the proposed settlement?	7
THE LAWYERS REPRESENTING YOU	7
16. Do I have a lawyer in this case?	7
17. How will the lawyers be paid?.....	7
OBJECTING TO THE SETTLEMENT	7
18. How do I tell the Court that I do not like the proposed settlement?.....	7
19. What is the difference between objecting and excluding?	8
THE COURT'S SETTLEMENT FAIRNESS HEARING.....	8
20. When and where will the Court decide whether to approve the proposed settlement?.....	8
21. Do I have to come to the hearing?	9
22. May I speak at the hearing?	9
IF YOU DO NOTHING.....	9
23. What happens if I do nothing at all?.....	9
GETTING MORE INFORMATION.....	9
24. Are there more details about the proposed settlement?	9
25. How do I get more information?.....	9
PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS.....	9
SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES.....	12

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or otherwise acquired the common stock of Liquidmetal Technologies, Inc. ("Liquidmetal") between May 21, 2002 and May 13, 2004, inclusive, including shares pursuant or traceable to Liquidmetal's registration statement and prospectus for its May 21, 2002 IPO of 5,000,000 shares at \$15.00 per share.

The Court directed that this Notice be sent to Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the settlement. If the Court approves the settlement, and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Middle District of Florida, Tampa Division, and the case is known as *Primavera Investors v. Liquidmetal Technologies, Inc., et al.*, Case No. 8:04-CV-919-T-23-EAJ. This case was assigned to United States District Judge Steven D. Merryday. The people who sued are called plaintiffs, and the company and the persons they sued, Liquidmetal Technologies, Inc. ("Liquidmetal") and Individual Defendants John Kang (a founder of Liquidmetal and its President, Chairman of the Board of Directors, Principal Executive Officer, and Chief Executive Officer during the Class Period) and James Kang (John's brother and a founder of Liquidmetal and a director during the Class Period), are called the Defendants.

2. What is this lawsuit about?

Liquidmetal is a materials technology company that purports to develop and commercialize various products and components made from unique amorphous alloys.

The Consolidated Amended Class Action Complaint dated January 12, 2005 (the "Complaint") filed in the Action generally alleges, among other things, that: (1) Defendants issued a materially false and misleading registration statement and prospectus in connection with the initial public offering on May 21, 2002 of 5,000,000 shares of Liquidmetal common stock at a price of \$15.00 per share (the "IPO"), thereby violating Section 11 of the Securities Act of 1933; (2) Individual Defendants as control persons are liable under Section 15 of the Securities Act of 1933; (3) Defendants Liquidmetal and John Kang violated Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder by issuing false and misleading press releases and other statements regarding Liquidmetal's financial condition during the Class Period - May 21, 2002 through and including May 13, 2004 - in a scheme to artificially inflate the value of Liquidmetal's common stock; and (4) Individual Defendant John Kang as a control person is liable under Section 20(a) of the Securities Exchange Act of 1934.

The lawsuit seeks money damages against the Defendants for violations of the federal securities laws. The Defendants deny all allegations of misconduct contained in the Complaint, and deny having engaged in any wrongdoing whatsoever.

3. Why is this a class action?

In a class action, one or more people called Class Representatives (in this case Lead Plaintiffs John Lee, Chris Cowley, Scott Purcell, and Mark Rabold), sue on behalf of people who have similar claims. All these people are a Class or Class Members. Bringing a case, such as this one, as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring in individual actions. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the risks and cost of a trial, and the people affected will get compensation. The Class Representatives and the attorneys think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the settlement?

The Court directed, for the purposes of the proposed settlement, that everyone who fits this description is a Class Member: *All people who purchased or otherwise acquired the common stock of Liquidmetal Technologies, Inc. ("Liquidmetal") between May 21, 2002 and May 13, 2004, inclusive (the "Class Period"), including those who purchased shares pursuant or traceable to Liquidmetal's registration statement and prospectus for its May 21, 2002 IPO of 5,000,000 shares at \$15.00 per share.*

6. Are there exceptions to being included?

Excluded from the Class are the Defendants herein, members of each Individual Defendant's immediate family; any subsidiary or affiliate of Liquidmetal; the current and former directors and officers of Liquidmetal or its subsidiaries or affiliates; any entity in which any Defendant has a controlling interest; and the legal representatives, heirs, successors in interest, or assigns of any defendant.

If one of your mutual funds purchased or otherwise acquired shares of Liquidmetal common stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you directly purchased or otherwise acquired shares of Liquidmetal common stock during the Class Period. Check your investment records or contact your broker to see if you purchased or otherwise acquired Liquidmetal common stock during the Class Period.

If you **sold** Liquidmetal common stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you **purchased or otherwise acquired** your shares during the Class Period.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call 1-800-447-7657 or visit **www.gilardi.com** for more information. Or you can fill out and return the Proof of Claim form described on page 5, in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What does the settlement provide?

In exchange for the settlement and dismissal of the Action, Defendants have agreed to create a \$7,025,000 fund to be divided, after fees and expenses, among all Class Members who send in a valid Proof of Claim form.

9. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim forms that Class Members send in, how many shares of Liquidmetal common stock you bought, how much you paid for them, and when you bought and whether or when you sold them, and if so for how much you sold them.

You can calculate your Recognized Claim in accordance with the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claims. See the Plan of Allocation on page 9 for more information on your Recognized Claim.

HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is being circulated with this Notice. You may also get a Proof of Claim form on the Internet at **www.gilardi.com**. Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it postmarked no later than **December 18, 2006**.

11. When would I get my payment?

The Court will hold a hearing on **October 18, 2006**, to decide whether to approve the settlement. If the Court approves the settlement after that, there may be appeals. It is always uncertain whether these appeals can be

resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that, upon the “Effective Date,” you will release all “Settled Claims” (as defined below) against the “Released Parties” (as defined below).

“Settled Claims” means any and all claims, demands, rights, causes of action or liabilities, of every nature and description whatsoever, whether based in law or equity, on federal, state, local, statutory or common law, or any other law, rule or regulation, including both known claims and Unknown Claims that have been or could have been asserted in any forum by the Class Members or any of them, or the successors or assigns of any of them, whether directly, indirectly, derivatively, representatively or in any other capacity against any of the Released Parties, which arise out of or relate in any way, directly or indirectly, to the allegations, transactions, facts, events, matters, occurrences, acts, representations or omissions involved, set forth, or referred to, or that could have been asserted in the Action, including without limitation, claims for negligence, gross negligence, breach of duty of care, breach of duty of loyalty, breach of duty of candor, fraud, negligent misrepresentation, and breach of fiduciary duty, arising out of, based upon or related in any way to the purchase, acquisition, sale or disposition of Liquidmetal securities by any Class Member during the Class Period. “Settled Claims” does not mean or include claims, if any, against the Released Parties arising under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.* (“ERISA”) which are not common to all Class Members.

“Released Parties” means Liquidmetal, its past or present affiliates, subsidiaries and parents, all of the above entities' representatives, shareholders, creditors, principals, officers, directors, employees, insurers, reinsurers, professional advisors, attorneys, agents and successors in interest, including but not limited to a trustee appointed in a bankruptcy proceeding, a receiver, or an assignee for the benefit of creditors, and the Excluded Defendants.

The “Effective Date” will occur when an Order entered by the Court approving the settlement becomes final and not subject to appeal and when all conditions of the Stipulation have been met. The settlement is conditioned upon dismissals with prejudice of the action styled *Robert A. Story v. John Kang, et al.*, Case No. 8:04-cv-1587-T-23TBM, pending in the United States District Court for the Middle District of Florida (the “Florida Derivative Action”) and the action styled *Brian Clair and Joseph Durgin v. John Kang, et al.*, Lead Case No. 04-CC00551, pending in California Superior Court (the “California Derivative Action”).

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep any right you may have to sue or continue to sue Defendants and the other Released Parties, on your own, about the Settled Claims, then you must take steps to get out. This is called excluding yourself — or is sometimes referred to as “opting out” of the settlement Class. Defendants may withdraw from and terminate the settlement if putative Class Members who purchased in excess of a certain amount of Liquidmetal common stock exclude themselves from the Class.

13. How do I get out of the proposed settlement?

To exclude yourself from the settlement Class, you must send a signed letter by mail stating that you “request exclusion from the Class in *Primavera Investors v. Liquidmetal Technologies, Inc., et al.*, Case No. 8:04-CV-919-T-23-EAJ.” Your letter should state the date(s), price(s), and number(s) of shares of all your purchases, acquisitions, and sales of Liquidmetal common stock during the Class Period. In addition, be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request postmarked no later than **October 11, 2006** to:

Liquidmetal Technologies Securities Litigation Exclusions
c/o Gilardi & Co. LLC,
Claims Administrator
P.O. Box 8040
San Rafael, CA 94912-8040

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) Defendants and the other Released Parties in the future.

14. If I do not exclude myself, can I sue Defendants and the other Released Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue Defendants and the other Released Parties for any and all Settled Claims. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **October 11, 2006**.

15. If I exclude myself, can I get money from the proposed settlement?

No. If you exclude yourself, do not send in a Proof of Claim form to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against Defendants and the other Released Parties.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court ordered that the law firms of Milberg Weiss Bershad & Schulman LLP and Lerach Coughlin Stoia Geller Rudman & Robbins LLP in Boca Raton, Florida will represent all Class Members. By Order dated June 27, 2006, the law firm of Saxena White, P.A. was substituted for Milberg Weiss Bershad & Schulman LLP. These lawyers are called Plaintiffs' Co-Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Plaintiffs' Co-Lead Counsel's fees and expenses, which will be paid from the Gross Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Plaintiffs' Co-Lead Counsel are moving the Court to award attorneys' fees from the Gross Settlement Fund an amount not to exceed thirty percent (30%) of the Gross Settlement Fund and for reimbursement of their expenses in the approximate amount of \$250,000.00, plus interest on such expenses at the same rate as earned by the Settlement Fund. Plaintiffs' Co-Lead Counsel, without further notice to the Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the Class and any proceedings subsequent to the Settlement Fairness Hearing.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

18. How do I tell the Court that I do not like the proposed settlement?

If you are a Class Member you can object to the settlement or any of its terms, the proposed Plan of Allocation and/or the application by Plaintiffs' Co-Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any or all of the settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline identified, and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed settlement in *Primavera Investors v. Liquidmetal Technologies, Inc., et al.*, Case No. 8:04-CV-919-T-23-EAJ. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of the Liquidmetal common stock you made during the Class Period, and state the reasons why you object to the settlement. Your objection must be filed with the Court and served on all the following counsel on or before **October 11, 2006**:

THE COURT:

Clerk of the Court
United States District Court for the Middle District of Florida, Tampa Division
Sam M. Gibbons U.S. Courthouse
801 North Florida Avenue
Tampa, Florida 33602

PLAINTIFFS’ CO-LEAD COUNSEL:

Maya Saxena, Esq.
Saxena White P.A.
5200 Town Center Circle, Suite 600
Boca Raton, Florida 33486

Jack Reise, Esq.
Lerach Coughlin Stoia Geller Rudman &
Robbins LLP
197 South Federal Highway, Suite 200
Boca Raton, Florida 33432

DEFENDANTS’ COUNSEL:

Tracy Nichols, Esq.
Holland & Knight LLP
701 Brickell Avenue, Suite 300
Miami, Florida 33131

You do not need to go to the Settlement Fairness Hearing to have your written objection considered by the Court. At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Class and who has complied with the procedures set out in this question 18 and question 22 below for filing with the Court and providing to the counsel for Plaintiffs and Defendants a statement of an intention to appear at the Settlement Fairness Hearing may also appear and be heard, to the extent allowed by the Court, to state any objection to the settlement, the Plan of Allocation or Plaintiffs’ Co-Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of expenses. Any such objector may appear in person or arrange, at that objector’s expense, for a lawyer to represent the objector at the Hearing.

19. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT’S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the proposed settlement?

The Court will hold a Settlement Fairness Hearing at 10:00 a.m. on the 18th day of October, 2006, at the United States District Court for the Middle District of Florida, Tampa Division, Sam M. Gibbons U.S. Courthouse, 801 North Florida Avenue, Tampa, Florida 33602. At this hearing the Court will consider whether the settlement is fair, reasonable and adequate. At the Settlement Fairness Hearing, the Court also will consider the proposed Plan of Allocation for the proceeds of the settlement and the application of Plaintiffs’ Co-Lead Counsel for attorneys’ fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions at question 18. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but decisions regarding the conduct of the hearing will be made by the Court. See question 22 for more information about speaking at the hearing. The Court may also decide how much to pay to Plaintiffs’ Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Fairness Hearing. Thus, if you want to come to the hearing, you should check with Plaintiffs’ Co-Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Plaintiffs' Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the settlement, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see question 18 above) a statement stating that it is your "Notice of Intention to Appear in *Primavera Investors v. Liquidmetal Technologies, Inc., et al.*, Case No. 8:04-CV-919-T-23-EAJ." Persons who intend to object to the settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. You cannot speak at the hearing if you excluded yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Fairness Hearing by the deadline identified, and in accordance with the procedures described in questions 18 and 20 above.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Defendants and the other Released Parties about the Settled Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim form (see question 10). To start, continue or be a part of any other lawsuit against Defendants and the other Released Parties about the Settled Claims in this case you must exclude yourself from this Class (see question 13).

GETTING MORE INFORMATION

24. Are there more details about the proposed settlement?

This notice summarizes the proposed settlement. More details are in a Stipulation and Agreement of Settlement dated July 12, 2006 (the "Stipulation"). You can get a copy of the Stipulation by writing to Maya Saxena, Esq., Saxena White P.A., 5200 Town Center Circle, Suite 600, Boca Raton, Florida 33486 or Jack Reise, Esq., Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 197 South Federal Highway, Suite 200, Boca Raton, Florida 33432.

You also can call the Claims Administrator at 1-800-447-7657 toll free; write to Liquidmetal Technologies Settlement, P.O. Box 8040, San Rafael, CA 94912-8040; or visit the website www.gilardi.com, where you will find answers to common questions about the settlement, a Proof of Claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Middle District of Florida, Tampa Division, Sam M. Gibbons U.S. Courthouse, 801 North Florida Avenue, Tampa, Florida 33602, during regular business hours.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The \$7,025,000 Cash Settlement Amount and the interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to members of the Class who file acceptable Proofs of Claim ("Authorized Claimants").

The following Plan of Allocation reflects Plaintiffs allegations that the price of Liquidmetal common stock was artificially inflated by reason of Defendants allegedly misleading statements and omissions. The amount of the alleged artificial inflation changed as different disclosures were made until after May 13, 2004 when plaintiffs allege all the alleged inflation had been eliminated by adverse disclosures about Liquidmetal.

The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." An Authorized Claimant's Recognized Claim shall mean the amount determined as follows:

(1) For each share of Liquidmetal common stock purchased during the Class Period which an Authorized Claimant continued to hold as of the close of trading on May 13, 2004 (the end of the Class Period), the Recognized Claim shall be equal to **the lesser of (x)** "Plaintiffs' Contention Of The Estimated Inflation Per Share" on the date of purchase of the Liquidmetal common stock (as shown on the chart set forth below²), **or (y)** the difference, if a loss (i.e. a positive number), between the Purchase Price Paid for such shares, including commissions and other charges (the "PPP"), minus \$1.38 per share (the closing value of the securities at the end of the Class Period). **NOTE:** If the difference found in (y) above is a negative number (a gain), the shares were purchased for less than they were worth at the end of the Class Period and the claimant shall have no Recognized Claim on such shares.

(2) For each share of Liquidmetal common stock purchased on the open market during the Class Period which an Authorized Claimant sold prior to the close of trading on May 13, 2004, the Recognized Claim shall be equal to the **lesser of (x)** the difference, if positive, between the "Plaintiffs' Contention Of The Estimated Inflation Per Share" on the date of purchase of the Liquidmetal common stock during the Class Period, minus the "Plaintiffs' Contention Of The Estimated Inflation Per Share" on the date of sale of the Liquidmetal common stock, **or (y)** the difference, if a loss (i.e. a positive number), between the PPP and the proceeds received on sale (net of commissions etc.) (the "SPR"). **NOTE:** if the difference found in (x) or (y) above is a negative number (a gain) the claimant shall have no Recognized Claim on such shares.

(3) If it results in a greater Recognized Claim than calculated under paragraphs (1) or (2) above, the Recognized Claim for Liquidmetal common stock purchased on or traceable to the Liquidmetal Initial Public Offering of 5 million shares at \$15.00 commencing on May 21, 2002 shall be the difference, if a positive number between (x) the lesser of the PPP or \$15.00 per share (the offering price), minus (y) the greater of the SPR or \$1.38 per share (the closing value of the securities on the date when suit was first commenced).

2

From	To	Plaintiffs' Contention Of The Estimated Inflation Per Share
5/21/2002	8/5/2002	\$4.00
8/6/2002	10/30/2002	\$2.79
10/31/2002	2/19/2003	\$3.53
2/20/2003	4/14/2003	\$2.61
4/15/2003	4/30/2003	\$2.41
5/01/2003	8/22/2003	\$2.62
8/25/2003	10/08/2003	\$1.97
10/09/2003	1/15/2004	\$1.72
1/16/2004	3/04/2004	\$1.47
3/05/2004	4/29/2004	\$1.78
4/30/2004	4/30/2004	\$1.57
5/03/2004	5/10/2004	\$1.02
5/11/2004	5/12/2004	\$0.30
5/13/2004	5/13/2004	\$0.10

In the event a Class Member has more than one purchase or sale of Liquidmetal common stock, all purchases and sales shall be matched on a First In First Out (“FIFO”) basis. A purchase or sale of Liquidmetal common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, devise or operation of law of Liquidmetal common stock during the Class Period shall not be deemed a purchase or sale of Liquidmetal common stock for the calculation of an Authorized Claimant’s Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of Liquidmetal common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Liquidmetal common stock.

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Cash Settlement Fund based on his, her or its Recognized Claim compared to the Total Recognized Claims of all accepted claimants. Each Authorized Claimant shall be paid an amount determined by multiplying his, her or its “Recognized Claim” by a fraction the numerator of which shall be the Net Settlement Fund and the denominator of which shall be the Total Recognized Claims of all Authorized Claimants.

Class Members who do not file acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not file an acceptable Proofs of Claim will nevertheless be bound by the judgment and the settlement.

The amount of a Class Member’s Recognized Claim as computed above is not intended to be an estimate of what a Class Member might have been able to recover at trial, and it is not an estimate of the amount that will be paid pursuant to this settlement. Instead, this computation is only a method to weight Class Members’ claims against one another. Each Authorized Claimant will receive a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim.

To the extent a Claimant had a gain from his, her or its overall transactions in Liquidmetal common stock during the Class Period, the value of the Recognized Claim will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in Liquidmetal common stock during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in Liquidmetal common stock during the Class Period or suffered a loss, the Claims Administrator shall: (i) total the amount paid for all Liquidmetal common stock purchased during the Class Period by the claimant (the “Total Purchase Amount”); (ii) total the amount received for sales of the remaining shares of Liquidmetal common stock sold during the Class Period (the “Sales Proceeds”); (iii) ascribe a \$1.38 per share holding value for the number of shares of Liquidmetal common stock purchased during the Class Period and still held at the end of the Class Period (“Holding Value”). The difference between (i) the Total Purchase Amount and the sum of the Sales Proceeds (ii) and Holding Value (iii), will be deemed a Claimant’s gain or loss on his, her or its overall transactions in Liquidmetal common stock during the Class Period.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiffs’ Counsel.

Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or otherwise acquired the common stock of Liquidmetal Technologies, Inc. ("Liquidmetal") between May 21, 2002 and May 13, 2004, inclusive (the "Class Period"), including shares pursuant or traceable to Liquidmetal's registration statement and prospectus for its May 21, 2002 IPO of 5,000,000 shares at \$15.00 per share, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased Liquidmetal common stock during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of that Liquidmetal common stock. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Liquidmetal Technologies Securities Litigation
c/o Gilardi & Co. LLC
Claims Administrator
P.O. Box 8040
San Rafael, CA 94912-8040
1-800-447-7657

Dated: Tampa, Florida
August 1, 2006

By Order of the Court
CLERK OF THE COURT