

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
William Johnson	10/01/2001
RECEIVING PARTY DATA	
Name:	LiquidMetal Technologies, Inc.
Street Address:	30452 Esperanza
City:	Rancho Santa Margarita
State/Country:	CALIFORNIA
Postal Code:	92688
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	7412848
CORRESPONDENCE DATA	
Fax Number:	(949)852-0004
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ATTORNEY DOCKET NUMBER:	L2:00554
NAME OF SUBMITTER:	Trudi Thompson
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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into effective as of October 1, 2001 (the "Effective Date"), by and between **LIQUIDMETAL TECHNOLOGIES**, a California corporation (the "Company"), and William Johnson (the "Employee").

RECITALS

WHEREAS, the Employee desires to be employed by the Company upon the terms and conditions set forth in this Agreement; and

WHEREAS, the Company desires to assure itself of the Employee's continued employment in the capacities set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the parties hereto covenant and agree as follows:

1. **Employment.** The Company hereby employs Employee, and the Employee hereby accepts such employment, upon the terms and conditions set forth in this Agreement.

2. **Term.** Subject to the terms and conditions of this Agreement, including, but not limited to, the provisions for termination set forth in Section 5 hereof, the employment of the Employee under this Agreement shall commence on the Effective Date and shall continue through the close of business on September 30, 2003 (the "Initial Term"). Upon the expiration of the Initial Term, the Employee's employment with the Company will continue on an "at-will" basis and may be terminated by Employee or the Company for any reason and at any time, provided that the terminating party shall provide at least thirty (30) days prior written notice of the termination to the other party (unless the termination is pursuant to clause (2), (3), or (4) of Section 5(d), in which case the Employee's employment may be terminated immediately).

3. **Duties.** Employee will initially serve as Vice Chairman of Technology of the Company. The Employee will devote Employee's majority of the business time, attention, skill, and energy exclusively to the business of the Company, will use the Employee's best efforts to promote the success of the Company's business, and will cooperate fully with the Board of Directors in the advancement of the best interests of the Company. Furthermore, the Employee shall assume and competently perform such reasonable responsibilities and duties as may be assigned to the Employee from time to time by the Board of Directors, Chairman of the Board, President, or Chief Executive Officer of the Company. To the extent that the Company shall have any parent company, subsidiaries, affiliated corporations, partnerships, or joint ventures (collectively "Related Entities"), the Employee shall perform such duties to promote these entities and their respective interests to the same extent as the interests of the Company without additional compensation. At all times, the Employee agrees that the Employee has read and will abide by, and prospectively will read and abide by, any employee handbook, policy, or practice

that the Company or Related Entities has or hereafter adopts with respect to its employees generally.

4. Compensation.

(a) Annual Base Salary. As compensation for Employee's services and in consideration for the Employee's covenants contained in this Agreement, the Company shall pay the Employee an annual base salary of \$300,000. Such annual base salary shall be payable in equal installments in accordance with the policy then prevailing for the Company's salaried employees generally, and the annual base salary shall be subject to any tax and other withholdings or deductions required by applicable laws and regulations. The Employee's annual base salary will be reviewed by the Board of Directors or Chief Executive Officer of the Company not less frequently than annually, and the annual base salary may be adjusted upward or downward in the sole discretion of the Board of Directors or Chief Executive Officer. For purposes of this Agreement, the term "Salary Year" means the 365-day period that begins on the Effective Date and each successive 365-day period thereafter.

(b) Bonuses. In addition to the Employee's annual base salary, during the term of the Employee's employment hereunder, the Employee shall be entitled to only such bonuses as may be granted to the Employee by the Board of Directors or Chief Executive Officer of the Company, in their sole discretion.

(c) Other Benefits. During the term of the Employee's employment hereunder, the Employee shall be eligible to participate in such pension, life insurance, health insurance, disability insurance and other benefits plans, if any, which the Company may from time to time make available to similar-level employees.

(d) Vacation. The Employee shall be entitled to 4 weeks paid vacation during each Salary Year during the term of the Employee's employment hereunder. Unused vacation from a particular Salary Year will not carry over to succeeding Salary Years, and the Employee will not be paid for any unused vacation.

(e) Reimbursement of Expenses. The Employee shall be reimbursed for all reasonable and customary travel and other business expenses incurred by Employee in the performance of Employee's duties hereunder, provided that such reimbursement shall be subject to, and in accordance with, any expense reimbursement policies and/or expense documentation requirements of the Company that may be in effect from time to time.

5. Termination.

(a) Death. The Employee's employment under this Agreement shall terminate immediately upon Employee's death. In the event of a termination pursuant to this Section 5(a), the Employee's estate shall be entitled to receive any unpaid base salary owing to Employee up through and including the date of the Employee's death.

(b) Disability. If, during the term of the Employee's employment hereunder, the Employee becomes physically or mentally disabled in accordance with the terms and conditions of any disability policy covering the Employee or, if due to any physical or mental condition, the Employee becomes unable for a period of more than sixty (60) days during any six-month period to perform Employee's duties hereunder on substantially a full-time basis as determined by the Company in its sole discretion, the Company may, at its option, terminate the Employee's employment upon not less than thirty (30) days written notice. In the event of a termination pursuant to this Section 5(b), the Employee shall be entitled to receive any unpaid base salary owing to Employee up through and including the effective date of Termination.

(c) Termination By Company Without Cause. In addition to the other termination provisions of this Agreement, the Company may terminate the Employee's employment at any time without cause (a "Termination Without Cause"). In the event of a Termination Without Cause, the Employee shall continue to receive the Employee's base salary (as then in effect) during the 12-month period immediately following the effective date of the Termination Without Cause (the "Severance Period"). In addition to the severance pay described in the preceding sentence, the Employee shall continue to receive, during the Severance Period, all employee health and welfare benefits that Employee would have received during the Severance Period in the absence of such termination. Employee agrees and acknowledges, however, that Employee will forfeit the right to receive base salary and benefits during the Severance Period immediately upon the Employee's breach of any covenant set forth in Section 6 of this Agreement. Notwithstanding the foregoing, the termination of the Employee's employment pursuant to the second sentence of Section 2(b) of this Agreement shall not constitute a Termination Without Cause and shall not give rise to any severance payment or other benefits pursuant to this Section 5(c).

(d) Termination By Company With Cause. The Company may terminate the Employee's employment at any time with Cause. As used in this Agreement, "Cause" shall include the following: (1) the Employee's failure or inability to perform Employee's duties under this Agreement; (2) dishonesty, misconduct, or unlawful acts that adversely affect the Company; (3) a material violation of the Company's policies or practices which reasonably justifies immediate termination; (4) pleading guilty or no contest to, or conviction of, a felony or any crime involving moral turpitude, fraud, dishonesty, or misrepresentation; (5) the commission by the Employee of any act which could reasonably be expected to materially injure the reputation, business, or business relationships of the Company or Related Entities; (6) the Employee's inability to perform an essential function of Employee's position; or (7) any material breach by Employee of this Agreement. The Company may terminate this Agreement for Cause, as defined in clauses (1), (5), (6) and (7) above, upon thirty days prior written notice (the "Cause Notification Period") to Employee, but such termination shall only become effective in the event of Employee's failure to cure the applicable breach or violation, to the reasonable satisfaction of Company, prior to the end of the Cause Notification Period. The Company may terminate this Agreement for Cause, as defined in clauses (2), (3), and (4) above, at any time with no notice. In the event of a termination for Cause, the Company shall be relieved of all its obligations to the Employee provided for by this Agreement as of the effective date of termination, and all

payments to the Employee hereunder shall immediately cease and terminate as of such date, except that Employee shall be entitled to the annual base salary hereunder up to and including the effective date of termination.

6. Nonsolicitation, and Nondisclosure Covenants.

(a) Rationale for Restrictions. Employee acknowledges that Employee's services hereunder are of a special, unique, and extraordinary character, and Employee's position with the Company places Employee in a position of confidence and trust with customers, suppliers, and other persons and entities with whom the Company and its Related Entities have a business relationship. The Employee further acknowledges that the rendering of services under this Agreement will likely require the disclosure to Employee of Confidential Information (as defined below) relating to the Company and/or Related Entities. As a consequence, the Employee agrees that it is reasonable and necessary for the protection of the goodwill and legitimate business interests of the Company and Related Entities that the Employee make the covenants contained in this Section 6, that such covenants are a material inducement for the Company to employ the Employee and to enter into this Agreement, and that the covenants are given as an integral part of and incident to this Agreement.

(b) Nonsolicitation Covenants. As used herein, the term "Restrictive Period" means the time period commencing on the Effective Date of this Agreement and ending on the second (2nd) anniversary of the date on which the Employee's employment by the Company (or any Related Entity) expires or is terminated. In addition, the term "Covered Business" means any business which is the same as, or similar to, any business conducted by the Company or any of the Related Entities at any time during the Restrictive Period. The Employee agrees that the Employee will not engage in any of the following acts anywhere in the world during the Restrictive Period:

- (i) directly or indirectly assist, promote or encourage any existing or potential employees, customers, clients, or vendors of the Company or any Related Entity, as well as any other parties which have a business relationship with the Company or a Related Entity, to terminate, discontinue, or reduce the extent of their relationship with the Company or a Related Entity;
- (ii) directly or indirectly solicit business of the same or similar type as a Covered Business, from any person or entity known by the Employee to be a customer or client of the Company, whether or not the Employee had contact with such person or entity during the Employee's employment with the Company;
- (iii) disparage the Company, any Related Entities, and/or any shareholder, director, officer, employee, or agent of the Company or any Related Entity; and/or

- (iv) engage in any practice the purpose of which is to evade the provisions of this Section 6 or commit any act which adversely affects the Company, any Related Entity, or their respective businesses.

The Employee acknowledges and agrees that, in light of the unique nature of the Company's business, the Company will market its products on a worldwide basis and will compete with various companies and businesses across and world. Accordingly, the Employee agrees that the geographic scope of the above covenants is a reasonable means of protecting the Company's (and the Related Entities') legitimate business interests.

(c) Disclosure of Confidential Information. The Employee acknowledges that the inventions, innovations, software, trade secrets, business plans, financial strategies, finances, and all other confidential or proprietary information with respect to the business and operations of the Company and Related Entities are valuable, special, and unique assets of the Company. Accordingly, the Employee agrees not to, at any time whatsoever either during or after the Employee's term of employment with the Company, disclose, directly or indirectly, to any person or entity, or use or authorize any person or entity to use, any confidential or proprietary information with respect to the Company or Related Entities without the prior written consent of the Company, including, without limitation, information as to the financial condition, results of operations, identities of clients or prospective clients, products under development, acquisition strategies or acquisitions under consideration, pricing or cost information, marketing strategies or any other information relating to the Company or any of the Related Entities which could be reasonably regarded as confidential (collectively referred to as "Confidential Information"). However, the term "Confidential Information" does not include any information which is or shall become generally available to the public other than as a result of disclosure by the Employee or by any person or entity which the Employee knows (or which the Employee reasonably should know) has a duty of confidentiality to the Company or a Related Entity with respect to such information. In addition to the foregoing, Company will be fully entitled to all of the protections and benefits afforded by the California Uniform Trade Secrets Act and other applicable law.

(d) Prevention of Premature Disclosure of Information. The Employee agrees and acknowledges that, because the success of the Company is heavily dependent upon maintaining the secrecy of the Company's Confidential Information and preventing the premature public disclosure of the Company's proprietary information and technology, the Employee agrees to use the Employee's best efforts and his or her highest degree of care, diligence, and prudence to ensure that no Confidential Information prematurely leaks or otherwise prematurely makes its way into the public domain or any public forum, including, without limitation, into any trade publications, internet chat rooms, or other similar forums. In the event that the Employee becomes aware of any premature leak of Confidential Information or becomes aware of any circumstances creating a risk of such a leak, the Employee shall immediately inform the Board of Directors, the Chief Executive Officer, or the Employee's supervisor of such leak or of such circumstances.

(e) Removal and Return of Proprietary Items. The Employee will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of the Employee's duties at home or while traveling, or except as otherwise specifically authorized by the Company) any document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). The Employee recognizes that, as between the Company and the Employee, all of the Proprietary Items, whether or not developed by the Employee, are the exclusive property of the Company. Upon termination of Employee's employment with the Company by either party (regardless of the reason for termination), or upon the request of the Company during the term of employment, the Employee will return to the Company all of the Proprietary Items in the Employee's possession or subject to the Employee's control, and the Employee shall not retain any copies, abstracts, sketches, or other physical embodiment of any of the Proprietary Items.

(f) Enforcement and Remedies. In the event of any breach of any of the covenants set forth in this Section 6, the Employee recognizes that the remedies at law will be inadequate and that in addition to any relief at law which may be available to the Company for such violation or breach and regardless of any other provision contained in this Agreement, the Company shall be entitled to equitable remedies (including an injunction) and such other relief as a court may grant after considering the intent of this Section 6. Additionally, the period of time applicable to any covenant set forth in this Section 6 will be extended by the duration of any violation by Employee of such covenant. In the event a court of competent jurisdiction determines that any of the covenants set forth in this Section 6 are excessively broad as to duration, geographic scope, prohibited activities or otherwise, the parties agree that this covenant shall be reduced or curtailed to the extent, but only to the extent, necessary to render it enforceable.

7. Employee Inventions.

(a) Definition. For purposes of this Agreement, "Employee Invention" means any idea, invention, technique, modification, process, or improvement (whether patentable or not), any industrial design (whether registerable or not), any mask work, however fixed or encoded, that is suitable to be fixed, embedded or programmed in a semiconductor product (whether recordable or not), and any work of authorship (whether or not copyright protection may be obtained for it) created, conceived, or developed by the Employee, either solely or in conjunction with others, during the Employee's employment with the Company that relates in any way to, or is useful in any manner in, the businesses then being conducted or proposed to be conducted by the Company or any Related Entity. Notwithstanding the foregoing, the term "Employee Invention" shall not include any idea, invention, process, or improvement if (i) it is conceived by Employee as a direct and sole result of his activities as principal investigator for the Caltech Research Projects (as defined in Section 9 below), and (ii) the California Institute of Technology or any other sponsor of the Caltech Research Projects (such as DARPA or NASA) has exclusive rights to such invention, process, or improvement pursuant to the policies of the California Institute of Technology or applicable law.

(b) Ownership of Employee Inventions. Employee agrees and acknowledges that all Employee Inventions will belong exclusively to the Company and that all Employee Inventions are works made for hire and the property of the Company, including any copyrights, patents, semiconductor mask protection, or other intellectual property rights pertaining thereto. If it is determined that any such works are not works made for hire, the Employee hereby assigns to the Company all of the Company's right, title, and interest, including all rights of copyright, patent, semiconductor mask protection, and other intellectual property rights, to or in such Employee Inventions. The Employee covenants that the Employee will promptly:

- (i) disclose to the Company in writing any Employee Invention;
- (ii) assign to the Company or to a party designated by the Company, at the Company's request and without additional compensation, all of the Employee's right to the Employee Invention for the United States and all foreign jurisdictions;
- (iii) execute and deliver to the Company such applications, assignments, and other documents as the Company may request in order to apply for and obtain patents or other registrations with respect to any Employee Invention in the United States and any foreign jurisdictions;
- (iv) sign all other papers necessary to carry out the above obligations; and
- (v) give testimony and render any other assistance in support of the Company's rights to any Employee Invention.

8. **Essential and Independent Covenants.** The Employee's covenants in Sections 6 and 7 of this Agreement are independent covenants, and the existence of any claim by the Employee against the Company under this Agreement or otherwise will not excuse the Employee's breach of any covenant in Section 6 or 7.

9. **Representations and Warranties by The Employee.** The Employee represents and warrants to the Company that the execution and delivery by the Employee of this Agreement do not, and the performance by the Employee of the Employee's obligations hereunder will not, with or without the giving of notice or the passage of time, or both: (a) violate any judgment, writ, injunction, or order of any court, arbitrator, or governmental agency applicable to the Employee, or (b) conflict with, result in the breach of any provisions of or the termination of, or constitute a default under, any agreement to which the Employee is a party or by which the Employee is or may be bound, including, without limitation, any noncompetition agreement or similar agreement. Notwithstanding the foregoing, the Company agrees and acknowledges that Employee is on a leave-of-absence from the California Institute of Technology and, during the term of Employee's employment with the Company, the Employee will continue to act as principal investigator for those research projects at the California Institute of Technology that Employee was principal investigator for as of the Effective Date (the "Caltech Research Projects"). These Caltech projects include those supported by DARPA, NASA, DOE, and other government agencies. The employee declares that he has certain obligations to California Institute of Technology as set forward in the attached memorandum of understanding (MOU). The company acknowledges and accepts the declaration of these obligations as set forward in the MOU.

10. **Notices.** For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when hand-delivered, sent by facsimile transmission (as long as receipt is acknowledged), or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the address or facsimile number for each party set forth on the signature page hereto, or to such other address or facsimile number as either party may have furnished to the other in writing in accordance herewith, except that a notice of change of address shall be effective only upon receipt.

11. **Miscellaneous.** No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by both of the parties hereto. No waiver by any party hereto of any breach by any other party hereto shall be deemed a waiver of any similar or dissimilar term or condition at the same or at any prior or subsequent time. This Agreement is the entire agreement between the parties hereto with respect to the Employee's employment by the Company, and there are no agreements or representations, oral or otherwise, expressed or implied, with respect to or related to the employment of the Employee which are not set forth in this Agreement. This Agreement shall be binding upon, and inure to the benefit of, the Company, its respective successors and assigns, and the Employee and Employee's heirs, executors, administrators and legal representatives. The duties and covenants of the Employee under this Agreement, being personal, may not be delegated or

assigned by the Employee without the prior written consent of the Company, and any attempted delegation or assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly.

12. Governing Law; Resolution of Disputes. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of California without regard to principles of choice of law or conflicts of law thereunder. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against either of the parties in the courts of the State of California, County of Orange, or, if it has or can acquire jurisdiction, in the United States District Court located in Orange County, California, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on either party anywhere in the world. THE PARTIES HEREBY WAIVE A JURY TRIAL IN ANY LITIGATION ARISING UNDER OR RELATING TO THIS AGREEMENT.

13. Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be effective upon the execution and delivery by any party hereto of facsimile copies of signature pages hereto duly executed by such party; provided, however, that any party delivering a facsimile signature page covenants and agrees to deliver promptly after the date hereof two (2) original copies to the other party hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day and year first above written.

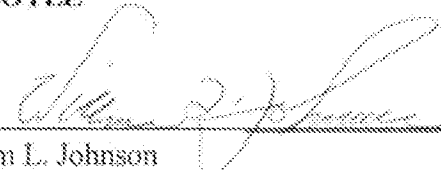
LIQUIDMETAL TECHNOLOGIES

By: _____

John Kang, President and Chief Executive Officer

Liquidmetal Technologies
25800 Commercentre Drive, Suite 100
Lake Forest, CA 92630
Facsimile Number: [_____]

EMPLOYEE

By: 

William L. Johnson

Address and Facsimile Number:

133-78 Capt. Tract. of Tract.

Pasadena, CA 91125

Fax. (626) 795-6132

Office 2001

Memorandum of Understanding between
Professor William L. Johnson,
Dept. of Materials Science, Calif. Inst. of Tech. (CIT)
and
Liquidmetal Technologies Inc. (LMT) ,
Lake Forest, CA
Dated August 8, 2001

*Re: Employment of Johnson by Liquidmetal Technologies during a
1-year Leave of Absence from Caltech from 10/01/01 to 9/30/02*

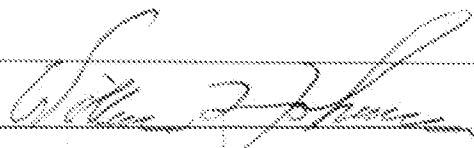
Professor William L. Johnson has proposed to take a, 50%-time, 1-year leave of absence (LOA) from CIT. during the academic year 2001-02 beginning 10/01/01. During this time, Johnson will remain a "half time" employee at Caltech. Johnson will continue to maintain responsibility for his sponsored research projects, graduate students, and post-doctoral scholars at CIT during this leave and will receive 50% compensation from CIT in consideration of these continued responsibilities. He will be relieved from teaching courses and other academic responsibilities during the leave. During this leave, Johnson will directly participate in Liquidmetal Technologies' growth of a company research and technology development program. To carry out this effort, Professor Johnson will be employed 50% time by LMT during the period of this leave.

The present Memorandum of Understanding (MOU) between Professor Johnson and Liquidmetal Technologies is put forward to clarify Professor Johnson's responsibilities to CIT during this LOA. This document shall be considered to be part of any employment agreement which Professor Johnson enters into with LMT during the proposed LOA.

(1) LMT agrees that technology and know-how related to the company's core technology have been and continue to be the subject of research in the Johnson research group at CIT. Professor Johnson's past, present, and continuing Federally sponsored research projects at CIT have dealt with and continue to deal with the development of bulk amorphous alloys (bulk metallic glasses), composites, and engineering properties of these materials. These include current Federally supported research projects sponsored by NASA, NSF, and DARPA. The areas of research and development being investigated under these CIT projects have substantial overlap with "core technology", intellectual property position, and research activities within the company (LMT). The company understands that Caltech policies alone govern these CIT research projects and that Johnson, as a CIT faculty member, is bound by these policies.

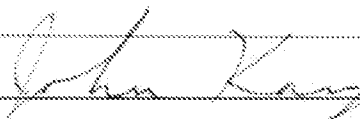
(2) Johnson has specific obligations to CIT and his research group at CIT. Johnson's employment agreement at CIT permits him to consult, participate in the creation of startup companies, and actively participate in transferring technology developed at Caltech to the company. It also recognizes the importance of protecting intellectual property developed at and assignable to CIT by way of patents, licensing agreements, and copyright agreements and requires Johnson to maintain and protect CIT's interest in this regard. It also imposes a strict adherence to the concept of free and open dissemination of research results developed and/or discovered at CIT. Members of the CIT community, and specifically Johnson's research group at CIT, should be unrestricted and free to disseminate and publish research results obtained in CIT research projects in the form of publications, conference presentations, conference proceedings, informal discussions, and presentations to colleagues. Further information on these matters is contained in the attached copy of sections from the Caltech faculty handbook pertaining to conflict of interest, conflict of commitment, and technology transfer.

In witness of the above, both Professor Johnson and Liquidmetal Technologies hereby acknowledge and agree to the statements put forward in this Memorandum of Understanding.



William L. Johnson
Mettler Professor of Engineering
Calif. Inst. of Tech

Date: Oct 1, 2001



John Kang, President and CEO
Liquidmetal Technologies Inc.

Date: Oct 1, 2001