

LIQUIDITY SERVICES, INC.

COMPENSATION COMMITTEE CHARTER

I. Purpose

The purpose of the Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) of Liquidity Services, Inc. (the “Company”) is to assist the Board in the discharge of its responsibilities relating to compensation of the Company’s directors and executives, and administer and implement the Company’s incentive-compensation plans and equity-based plans.

II. Committee Membership

The Compensation Committee shall be composed of two or more members of the Board, each of whom shall meet the definition of (a) an “independent director” as defined in the listing standards of The NASDAQ Stock Market; (b) a “nonemployee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (iii) an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “I.R.C.”). The members of the Compensation Committee shall also meet any other legal requirements relevant to the proper administration of the Company’s compensation plans and programs, including requirements under the federal securities laws and the I.R.C. Each member of the Compensation Committee shall be free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Compensation Committee.

The members of the Compensation Committee shall be appointed annually by the Board, and, unless a Chair is elected by the full Board, the members of the Compensation Committee may designate a Chair by a majority vote of the full Compensation Committee membership.

III. Meetings

The Compensation Committee shall meet at least three times annually and shall meet more frequently as circumstances require. The Chair shall be responsible for leadership of the Compensation Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting for the Compensation Committee to the Board. The Compensation Committee may request any officer or employee of the Company, or any outside advisor, to attend a meeting of the Compensation Committee or to meet with any members of, or consultants to, the Compensation Committee.

IV. Responsibilities and Duties

The following duties and responsibilities have been delegated by the Board to the Compensation Committee:

1. Conduct an annual performance assessment of the Chief Executive Officer and other executive officers and review and approve annually corporate goals and objectives relevant to compensation of the Chief Executive Officer and other executive officers (for these purposes, “executive officers” shall mean the Company’s executive officers within the meaning of Section 16 of the Exchange Act).
2. Review and approve annually the base salary, incentive and equity-based compensation awards and other compensation for the Chief Executive Officer based upon an evaluation of the Chief Executive Officer’s performance, effectiveness and other relevant considerations in light of the corporate goals and objectives described above, all in accordance with applicable laws, rules and regulations, and to the extent appropriate or necessary to comply with any federal securities or tax law requirements, such as Rule 16b-3 of the Exchange Act or Section 162(m) of the I.R.C.
3. Review and approve base salaries, incentive and equity-based compensation awards and other compensation for all other executive officers, based upon an evaluation of such officer’s performance, effectiveness and other relevant considerations in light of the corporate goals and objectives described above, all in accordance with applicable laws, rules and regulations, and to the extent appropriate or necessary to comply with any federal securities or tax law requirements, such as Rule 16b-3 of the Exchange Act or Section 162(m) of the I.R.C.
4. Have the authority to delegate to the Chief Executive Officer specific compensation decisions for non-executive officers.
5. Review and approve any employment-related agreements, any proposed severance arrangements or change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements, with the Chief Executive Officer and other executive officers, if applicable.
6. Periodically review and make recommendations to the Board with respect to the compensation of outside members of the Board.
7. Administer and implement the Company’s incentive compensation plans and equity-based plans, including, but not limited to, (a) approving option grants and restricted unit or other awards, (b) interpreting the plans, (c) determining rules and regulations relating to the plans, (d) modifying or canceling existing grants or awards and (e) imposing limitations, restrictions and conditions upon any grant or award as the Compensation Committee deems necessary or advisable.
8. Assess annually the desirability of proposing and make recommendations to the Board with respect to (a) any new incentive-compensation plans and equity-based

- plans and (b) any amendments to, including increase in shares reserved for issuance under, existing plans.
9. Administer and make recommendations to the Board regarding the adoption, amendment or rescission of the Company's retirement, excess benefit and deferred compensation plans, if any.
 10. Have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of directors' and executive officers' compensation, including sole authority to approve the consultant's fees and other retention terms. Have the authority to obtain advice and assistance from internal or outside legal, accounting or other advisors it determines necessary to carry out its duties.
 11. Prepare a report on executive compensation for inclusion in the Company's annual meeting proxy statement in accordance with applicable rules and regulations.
 12. Annually review the performance of the investment funds offered through the Company's 401(k) retirement plan, performance of trustees and investment advisors, and the performance of the plan committees in the discharge of their duties.
 13. Have the authority to delegate its authority to subcommittees, as the Compensation Committee deems appropriate consistent with applicable laws, rules and regulation; provided that any subcommittees shall report any actions taken by it to the whole Compensation Committee at its next regularly scheduled meeting.
 14. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.
 15. Review annually its own performance as compared to the requirements of this Charter.
 16. Report on its activities at the Board meetings.
 17. Have such other authority and responsibilities as may be assigned to it from time to time by the Board. The scope of authority delegated herein to the Compensation Committee shall include the power to engage in other activities that are within the general scope of the Compensation Committee's responsibilities.

* * * * *

Adopted by the Board of Directors on February 10, 2006.