

LIQUIDITY SERVICES, INC.

Corporate Governance Guidelines

1. General

The Board of Directors (the “Board”) of Liquidity Services, Inc. (the “Company”) has adopted the following corporate governance guidelines (the “Guidelines”) in order to preserve and strengthen the structure and processes of the Board.

The Board, which is elected by the Company’s stockholders, oversees the management of the Company and its business. The Board selects the senior management team, which is responsible for operating the Company’s business, and monitors the performance of senior management. The Board also reviews the Company’s long-term strategic plan and business unit initiatives at least annually.

The Guidelines set forth procedures and guidelines with respect to (a) the selection, composition and evaluation of the Board, (b) the practices and processes of the Board and (c) certain stockholder related matters.

2. Selection, Composition and Evaluation of the Board

a. Board Composition

Independent Directors shall constitute a majority of the Board, and the Audit, Compensation, and Corporate Governance and Nominating Committees shall be entirely comprised of Independent Directors. In addition, directors who serve on the Audit Committee shall meet additional, heightened independence criteria applicable to audit committee members. “Independent Director” shall mean a person who is free of any relationship with the Company that would interfere with the exercise of independent judgment as a member of the Board, and who therefore meets the then current requirements for “Director independence” of the NASDAQ Stock Market (“Nasdaq”) on which the Company’s equity is traded. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Corporate Governance and Nominating Committee. The Board believes it is important to retain the flexibility to allocate the responsibilities of the offices of the Chairman and the Chief Executive Officer in any manner that it determines to be in the best interest of the Company at a given point in time.

The Board is divided into three classes, equal in number, with staggered terms of three years each, so that the term of one class expires at each annual meeting of stockholders. In accordance with the requirements of Nasdaq, Independent Directors must meet in regularly convened executive sessions (“Independent Director Sessions”), which the Independent Directors hold at least twice per year. If the Chairman of the

Board is not an Independent Director, the Independent Directors shall select an Independent Director to chair each Independent Director Session.

b. Committees

The standing committees shall be Audit, Compensation, and Corporate Governance and Nominating (the “CG&N Committee”). Each standing committee will have a written charter explicitly delegating certain authority to such committee. Such charters shall be annually reviewed and appropriate modifications shall be submitted for approval by the full Board. Committees report regularly to the full Board with respect to their activities. The CG&N Committee considers and makes recommendations to the Board regarding committee size, structure, composition and functioning. Committee members and Chairpersons are recommended to the Board by the CG&N Committee and are appointed by the full Board. The Board has the flexibility to form a new committee, disband a current committee or establish ad hoc committees to address particular issues or circumstances, as the Board deems appropriate.

c. Qualifications

In considering potential candidates for director, the CG&N Committee considers the entirety of each candidate’s credentials. Qualifications for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board. However, at a minimum, candidates for director must possess:

- high personal and professional ethics and integrity;
- an ability to exercise sound judgment;
- an ability to make independent analytical inquiries;
- a willingness and ability to devote adequate time and resources to diligently perform Board duties; and
- appropriate and relevant business experience and acumen.

In addition to the aforementioned minimum qualifications, the CG&N Committee may take into account other factors when considering whether to recommend a particular person to the Board. These factors include:

- whether the person possesses specific industry expertise and familiarity with general issues affecting the Company’s business;
- whether the person’s nomination and election would enable the Board to have a member that qualifies as an “audit committee financial expert” as such term is defined by the SEC in Item 407 of Regulation S-K;
- whether the person would qualify as an Independent Director;
- the importance of continuity of the existing composition of the Board; and

- the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

d. Process for Identifying and Evaluating Director Candidates

The CG&N Committee will seek to identify director candidates based on input provided by a number of sources, including (i) CG&N Committee members, (ii) other directors of the Company, (iii) stockholders of the Company, (iv) the Chief Executive Officer or Chairman of the Company, and (v) third parties. The CG&N Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified director candidates. As part of the identification process, the CG&N Committee will take into account the number of expected director vacancies that need to be filled and whether existing directors have indicated a willingness to continue to serve as directors if re-nominated.

Once director candidates have been identified, the CG&N Committee will then evaluate these candidates in light of the qualifications required as set forth in Section 2(c) above, and any additional factors that it deems necessary or appropriate. Existing directors who are being considered for re-nomination will be re-evaluated based on their performance as directors, as well as to ensure that they continue to meet the qualifications set forth in Section 2(c) above. All candidates submitted by stockholders will be evaluated in the same manner as all other director candidates, provided that the procedures set forth in Section 2(e) below have been followed.

After completing the identification and evaluation process described above, the CG&N Committee will recommend to the full Board the nomination of a number of candidates equal to the number of director vacancies that will exist at the meeting of the Company's stockholders. The Board will then select and designate nominees for election as directors for stockholders to consider and vote upon at the stockholders' meeting.

e. Stockholder Recommendations of Director Candidates

i. General Policy

The CG&N Committee will consider director candidates recommended by stockholders provided that such recommendations are submitted in accordance with the procedures set forth below.

ii. Procedures for Submitting Recommendations

In order to provide for an orderly and informed review and selection process for director candidates, the Board has determined that stockholders who wish to recommend director candidates for consideration by the CG&N Committee must comply with the advance notice provisions and other requirements of Section 1.11 of the Company's Amended and Restated By-laws (the "By-laws") as if such recommendation were a nomination. Stockholders who intend to recommend a director candidate to the CG&N Committee for

consideration are urged to obtain and thoroughly review a copy of the By-laws. To obtain a copy of the By-laws, stockholders should contact the Company's General Counsel and Corporate Secretary.

f. Orientation of New Directors

The Company will provide an "orientation" program for all new directors, which will include materials regarding the Company, its business and the responsibilities of directorship, as well as meetings with senior management and visits to Company facilities. The Board encourages directors to participate in continuing education programs to assist them in performing their responsibilities as directors.

g. Retirement

The Board intends to assess the qualifications of the directors on an ongoing basis and therefore has determined not to establish a mandatory retirement policy.

h. Director Compensation and Stock Ownership

The Compensation Committee shall periodically (typically on an annual basis) review the compensation of directors and recommend any changes to the full Board. The Board's philosophy is that Board compensation should be fair and equitable taking into consideration market and other factors, and a substantial portion of director compensation shall be equity based to align the interest of directors with those of the stockholders they represent. The Board has determined at this time that it is not necessary to establish minimum stock ownership guidelines.

i. Conflict of Interest

To ensure the absence of any actual or potential conflict of interest between a director and the Company, directors will procure the consent of the Chairman of the Board and the Chairman of the CG&N Committee prior to accepting any invitation to serve on a competing corporate board of directors, or in any role with a governmental body or advisory group if such entities could be considered to be directly or indirectly competitive with the present or reasonably foreseeable future business of the Company.

As to any specific matter, the Board, after consultation with counsel, will determine whether a director has an interest in or other conflict with such matter. It is the responsibility of each director to bring any potential conflict of which he or she is aware to the attention of the full Board, whether such conflict involves himself or herself or another director. The Board believes that any director with an interest in a matter before the Board or a committee should recuse himself or herself from the deliberations and voting thereon.

j. Board of Directors Self-Evaluation

The Board will review its performance and effectiveness on an annual basis, with each director completing a questionnaire developed by the CG&N Committee. The collective ratings and comments will be compiled, reviewed by the CG&N Committee, and presented by the Chairman of the CG&N Committee to the full Board for discussion. In addition, each Board committee annually assesses its own performance. The ability of individual directors to contribute to the Board is considered in connection with the renomination process.

3. Board Practices and Processes

a. Agendas

The Chairman of the Board will set meeting agendas in collaboration with committee Chairpersons after taking into account the suggestions of all directors. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the Chairperson of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting. As a general rule, Board materials related to agenda items are provided to directors sufficiently in advance of Board meetings to allow the directors to prepare for discussion of the items at the meeting.

b. Written Guidelines & Policies

The CG&N Committee shall maintain these Guidelines and operational policies for the Board and its committees. The Committee will review the Guidelines annually or more frequently if appropriate and recommend changes to the Board as appropriate.

c. Attendance

Based on agenda items and leadership development objectives, the Company's principal officers, other members of senior management and other persons the directors deem appropriate (including legal and financial advisors) may be invited to attend Board and/or committee meetings.

Independent Director Sessions will be conducted as the Independent Directors deem appropriate to foster open discussion without the presence of management. However, in accordance with the requirements of Nasdaq regarding regular executive sessions, Independent Director Sessions must be held at least twice per year. If the Chairman of the Board is not an Independent Director, the Independent Directors shall select one of the Independent Directors to chair all Independent Director Sessions.

d. Independent Advice

The Board and all committees may engage legal and other expert advisors at the Company's expense from a source independent of management.

e. Access to Senior Management

Directors shall have open access to Company officers and employees and such open access shall include the authority to hold meetings with any such person without senior management present.

f. Evaluation and Compensation of Senior Management

The Compensation Committee is responsible for approving annual and long-term performance goals for the Chief Executive Officer and all officers and for evaluating the Chief Executive Officer's performance against his goals. The results of the evaluation are shared with the Chief Executive Officer and used by the Compensation Committee in considering and approving the Chief Executive Officer's compensation.

g. Succession Planning

The Board plans for succession to the positions of Chairman and Chief Executive Officer as well as certain other senior management positions. These plans are reviewed by the CG&N Committee, which makes recommendations to the Board regarding succession planning. The Chief Executive Officer reports to the Board periodically on succession planning and management development and provides the Board with recommendations and evaluations of potential successors. The Chairman and Chief Executive Officer also makes available to the Board, on a continuing basis, recommendations regarding who should assume the position of Chairman and CEO in the event that he or she becomes unable or unwilling to perform the duties of this position.

4. Certain Stockholder Related Matters

a. Attendance by Directors at the Annual Meeting of Stockholders

The Board of Directors shall schedule a Board meeting in conjunction with the Company's annual meeting of stockholders. The Company's directors are expected to attend the annual meeting of stockholders absent a valid reason such as illness.

b. Communications with the Board

Company stockholders and other interested parties who want to communicate with the Board or any individual director can write to: Liquidity Services, Inc., 1920 L Street, N.W. 6th Floor, Washington, D.C. 20036, Attention: General Counsel and Corporate Secretary. The letter should state, if applicable, that you are a stockholder of the Company. All communications will be received and processed by the General Counsel and Corporate Secretary, who will review all communications intended for the Board and will regularly forward to the Board a summary of such communications and a copy of any communication that, in the opinion of the General Counsel and Corporate Secretary, is of significant importance to the functions of the Board or otherwise requires the Board's attention. Directors may at any time review a log of all communications

received by the General Counsel and Corporate Secretary that is intended for the Board and request copies of any such communications.

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Effective Date: April 30, 2007