



Liquidity Services, Inc. Subsidiary Recognized for Superior Quality and Innovative Platform for Surplus Disposition

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Washington, D.C. (February 23, 2005) — The continued excellence and success in maximizing value for government surplus property has earned Government Liquidation, LLC, a subsidiary of Liquidity Services, Inc. (LSI), its second Vendor Excellence Award for Large Business from the Defense Logistics Agency (DLA) in the past three years. Government Liquidation received the same award in 2002.

Through the Commercial Venture program, LSI's subsidiary serves the Defense Reutilization and Marketing Service (DRMS), a field activity of DLA, and is part of a critical mission to keep surplus and idle inventories moving out of defense facilities, maximizing efficiencies, while creating a valuable cash flow source to the U.S. Treasury.

Using a technology platform and Web site developed by LSI, Government Liquidation sells over \$60 million of government surplus property per year using online auctions and commodity specific sales events via the online marketplace www.govliquidation.com.

Government Liquidation was nominated for the award by the DRMS in recognition of its superior financial performance, inventory management, logistics services, and innovative sales and marketing programs. The Vendor Excellence Award specifically recognizes the company's superior product quality, on-time delivery and customer service as a DLA contractor.

"Government Liquidation has leveraged a custom Internet auction platform to sell defense surplus at historically higher rates of return than the government," said a DLA spokesperson. "As its award citation stated, 'Government Liquidation has greatly exceeded all contractual requirements and expectations.'"

Government Liquidation uses LSI's proprietary technology to conduct online auctions and marketing campaigns. In 2004, its online marketplace was enhanced to provide more robust search capabilities, online sales forms, personalized auction account pages, and more efficient bid processing for customers. Online marketing efforts generated 70% growth in new buyers resulting in increased competition for offered property with an average of five unique bidders per auction lot.

"We are honored that the DLA has selected us for this award a second time. This repeated recognition demonstrates LSI's expertise in designing comprehensive programs to market and sell surplus property for high volume clients using our custom online sales channels and integrated services," said Bill Angrick, CEO of LSI. "By leveraging our expertise in targeting buyers in over 600 product categories, we have been able to increase the DoD's rate of return by over 100% during the life of the program."

About Government Liquidation, LLC

Government Liquidation, LLC, a subsidiary of Liquidity Services, Inc., is the result of a partnership with DRMS to privatize the sale of DoD surplus property. The company maintains outposts on military bases throughout the United States, Puerto Rico and Guam and serves a roster of 60,000 buyers of military surplus. Government Liquidation, LLC is the exclusive seller of usable, non-hazardous, non-demil required DRMS military surplus and can be found on the Internet at www.govliquidation.com.

About Liquidity Services, Inc.

Liquidity Services, Inc. and its subsidiaries enable government agencies, businesses and financial institutions to market and sell surplus assets and wholesale goods quickly and conveniently using innovative online marketplaces, business-to-business product sales and marketing expertise, and value-added logistics and fulfillment services. The privately held company is based in Washington, D.C. and employs 275 people. Additional information can be found at: www.liquidityservicesinc.com.