

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

November 5, 2007

LIQUIDITY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
(Commission)

0-51813
(IRS Employer
of incorporation)

52-2209244
(File Number
Identification No.)

1920 L Street, N.W., 6th Floor, Washington, D.C.
(Address of principal executive offices)

20036
(Zip Code)

Registrant's telephone number, including area code **(202) 467-6868**

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 5, 2007, the Compensation Committee (the "Committee") of the Board of Directors of Liquidity Services, Inc. (the "Company") approved annual incentive cash bonuses for the Company's named executive officers with respect to the fiscal year ended September 30, 2007, in each case pursuant to the executive employment agreement currently in place with such named executive officer. The annual incentive cash bonuses approved by the Committee for the named executive officers during fiscal year 2007 are set forth below.

<u>Name and Principal Position</u>	<u>Annual Incentive Bonus for Fiscal Year 2007</u>
William P. Angrick, III <i>Chairman and Chief Executive Officer</i>	\$275,000
Jaime Mateus-Tique <i>President, Chief Operating Officer</i>	\$196,000
Benjamin Brown <i>Chairman, LSI's Technology Advisory Committee, and Chief Technology Officer, Government Liquidation.com, LLC</i>	\$140,000
James M. Rallo <i>Chief Financial Officer and Treasurer</i>	\$155,000
Thomas B. Burton <i>President and Chief Operating Officer, Government Liquidation.com, LLC</i>	\$180,000

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIQUIDITY SERVICES, INC.
(Registrant)

Date: November 9, 2007

By: /s/ James E. Williams
Name: James E. Williams
Title: Vice President, General Counsel and Corporate Secretary