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**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) **May 13, 2008**

**LIQUIDITY SERVICES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-51813**  
(Commission  
File Number)

**52-2209244**  
(IRS Employer  
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))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On May 13, 2008, Liquidity Services, Inc. (the "Company"), through its wholly-owned subsidiary Surplus Acquisition Venture, LLC ("SAV"), and the Defense Reutilization and Marketing Service (the "DRMS") of the U.S. Department of Defense entered into a Supplemental Agreement (the "Amendment") relating to Commercial Venture II (CV-II) (Sales Contract Number 99-0001-0002), entered into as of June 13, 2001, between SAV and the DRMS (the "Surplus Contract"), which was previously filed by the Company as Exhibit 10.1 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on November 14, 2005. The Surplus Contract was previously amended pursuant to an amendment filed by the Company as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 13, 2006. A copy of the associated press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The Amendment, which is effective as of May 13, 2008, (1) extends the performance period for the Surplus Contract by 180 days to December 19, 2008 (the "Extension Period"), (2) enables the Government to include or exclude items from a delivery order under the Surplus Contract based on national security concerns at its sole discretion during the Extension Period, (3) allows either party to terminate the Surplus Contract (without cost to the Government) upon 60 days written notice to the other party and (4) increases the profit-sharing distribution payable to the Company under the Surplus Contract to 39.5% for the Extension Period.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

The following exhibit is filed as part of this report:

99.1 Press Release, dated May 15, 2008, with respect to the amendment to the Surplus Contract.

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**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: May 15, 2008

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

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**Exhibit Index**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
99.1	Press Release, dated May 15, 2008, with respect to the amendment to the Surplus Contract.

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**Liquidity Services Inc. Receives Contract Extension for the Sale of U.S. Defense  
Department Surplus Property**

**WASHINGTON — May 15, 2008** — Liquidity Services, Inc. (LSI), a leading online auction marketplace for wholesale, surplus and salvage assets, today announced that LSI and the Defense Reutilization and Marketing Service (the “DRMS”) of the U.S. Department of Defense entered into a Supplemental Agreement (the “Amendment”) relating to the Commercial Venture II (CV-II) (Surplus Contract) on May 13, 2008. Under the Amendment, the Surplus Contract’s performance period has been extended by 180 days to December 19, 2008 subject to a mutual termination for convenience clause. During this extension period, the DOD will continue to use this contract as the primary channel for the disposition of usable surplus property that is approved for sale to the public. The terms of the contract extension also increase LSI’s profit sharing percentage to 39.5% for property received during the extension period.

The principal terms of the modification to the Surplus Contract are described in an 8-K filed today with the SEC. All other principal terms of the original contract remain in effect.

LSI does not believe the Surplus Contract modification will have a material effect on its fiscal year 2008 results.

**About Liquidity Services, Inc. (LQDT)**

Liquidity Services, Inc. (NASDAQ:LQDT) and its subsidiaries enable corporations and government agencies to market and sell surplus assets and wholesale goods quickly and conveniently using online auction marketplaces and value-added services. The company is based in Washington, D.C. and has 670 employees. Additional information can be found at: [www.liquidityservicesinc.com](http://www.liquidityservicesinc.com).

**Forward-Looking Statements**

This document contains forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding the potential benefits and impact on our fiscal 2008 operating results of the amendment to our Surplus Contract. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from any future results expressed or implied by these forward-looking statements. You can identify forward-looking statements by terminology such as “expects,” or the negative of these terms or other comparable terminology. We cannot guarantee future results, levels of activity, performance or achievements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this document. Important factors that could cause our actual results to differ materially from those expressed as forward looking statements include our dependence on our contracts with the DOD for a significant portion of our revenue and our ability to integrate the Geneva Group into our existing operations, continue the Geneva Group’s seller relationships and buyer network and realize expected benefits of the acquisition, as well as the factors set forth in the Company’s Annual Report on Form 10-K for the year ended September 30, 2007, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, including, but not limited to, those set forth in Part I, Item IA (Risk Factors) as well as our other filings from time to time with the Securities and Exchange Commission. There may be other factors of which we are currently

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unaware that may cause our actual results to differ materially from the forward-looking statements. All forward-looking statements apply only as of the date of this document and are expressly qualified in their entirety by the cautionary statements included in this document. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement occurring after the date of this document.

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**Media and Investor Contact**

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