

**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)

**September 5, 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))

**Item 8.01. Other Events.**

Effective as of August 25, 2008, Mr. G. Charles Roy was appointed Executive Vice President and President, Asset Recovery Division, LSI. He will report to LSI's President and Chief Operating Officer, Jaime Mateus-Tique.

In connection with his appointment as Executive Vice President and President, Asset Recovery Division, LSI, Mr. Roy entered into an executive employment agreement with LSI, which provides for an annual base salary of \$250,000. The employment agreement also provides for the issuance of options to Mr. Roy to purchase 280,000 shares of Common Stock at a per share purchase price of \$10.82 (which is equivalent to the market value on the date Mr. Roy's employment commenced) which options will vest over a four-year period, and the issuance of options to Mr. Roy to purchase 320,000 shares of Common Stock at a per share purchase price of \$10.82, which options will vest based on the Asset Recovery Division's achievement of certain financial milestones. Mr. Roy is eligible under the executive employment agreement to receive an annual bonus, targeted at \$125,000 for the first year of his employment. The foregoing description does not purport to be complete and is qualified in its entirety by reference to the executive employment agreement between Mr. Roy and LSI, which is filed herewith.

The Executive Employment Agreement by and between LSI and Mr. Roy is attached hereto as Exhibit 99.1. The press release announcing this appointment is attached hereto as Exhibit 99.2.

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

(d) Exhibits

The following exhibits are filed as part of this report:

- 99.1 Executive Employment Agreement by and between LSI and G. Charles Roy.
- 99.2 Press Release, dated September 5, 2008

**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: September 5, 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	Executive Employment Agreement by and between LSI and G. Charles Roy.
99.2	Press Release, dated September 5, 2008.

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**LIQUIDITY SERVICES, INC.**  
EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (“**Agreement**”) is entered into as of August 25, 2008 with an effective date of August 25, 2008 (the “**Effective Date**”), by and between Liquidity Services, Inc., a Delaware corporation (“**LSI**” or the “**Company**”), and G. Charles Roy (the “**Executive**”).

1. **Employment Agreement.** On the terms and conditions set forth in this Agreement, the Company agrees to employ the Executive and the Executive agrees to be employed by the Company for the Employment Period set forth in Section 2 hereof and in the position and with the duties set forth in Section 3 hereof. Terms used herein with initial capitalization are defined in Section 10.12 below.
2. **Term.** The term of employment under this Agreement shall be the period set forth in Schedule 1 attached hereto commencing on the Effective Date (the “**Employment Period**”).
3. **Position and Duties.** The Executive shall serve in the position and with the duties and title set forth in Schedule 1 attached hereto during the Employment Period. In such capacity, the Executive shall have the normal duties, responsibilities, and authority of such position, subject to the power of the Executive’s “**Reporting Officer**” as designated in Schedule 1, the Company’s Chairman of the Board of Directors (the “**Board**”) or the Board to reasonably expand or limit such duties, responsibilities and authority. The Executive shall report to the Reporting Officer designated in Schedule 1. The Executive shall devote the Executive’s best efforts and full business time and attention to the business and affairs of the Company; *provided, however*, that Executive may, to the extent such participation or service does not materially interfere with the performance of the obligations described in this Agreement, (i) participate in charitable, civic, political, social, trade, or other non-profit organizations and (ii) with the consent of the Board such consent not to be unreasonably withheld, serve as a non-management director of business corporations (or in a like capacity in other for-profit organizations).
4. **Place of Performance.** In connection with the Executive’s employment by the Company, the Executive shall be based at the principal executive offices of the Company in Washington D.C., except as otherwise agreed by the Executive and the Company and except for reasonable travel on Company business.
5. **Compensation.**
  - 5.1. **Base Salary.** During the Employment Period, the Company shall pay to the Executive an annual base salary (the “**Base Salary**”), which initially shall be at the rate per year as set forth in Schedule 1. The Base Salary shall be payable semi-monthly or in such other installments as shall be consistent with the Company’s payroll procedures. The Base Salary may be increased at any time or from time to time, but it may not be decreased without the consent of the Executive.
  - 5.2. **Bonus.** The Executive shall be eligible for a performance bonus as set forth in Schedule 1.
  - 5.3. **Benefits.** During the Employment Period, the Executive will be entitled to receive such other benefits approved by the Reporting Officer and made available to

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similarly situated senior executives of the Company, including health insurance, disability insurance, and 401-K benefits. At all times the Company agrees to maintain Director’s and Officer’s Liability coverage for the Executive. Nothing contained in this Agreement shall prevent the Company from changing insurance carriers.

- 5.4. **Employee Leave.** The Executive shall be entitled to all public holidays observed by the Company, in addition to a total of 26 days of paid time off (“**PTO**”) in accordance with the applicable policies of the Company, which shall be taken at a reasonable time or times per year.
6. **Expenses.**
  - 6.1. **Business Expenses.** The Executive is expected and is authorized to incur reasonable expenses in the performance of his duties hereunder, including the costs of entertainment, travel, and similar business expenses incurred in the performance of his duties. Company shall reimburse the Executive for all such expenses promptly upon periodic presentation by the Executive of an itemized account of such expenses and appropriate receipts.
  - 6.2. **Relocation Expenses.** Executive will be reimbursed for expenses related to his relocation to the Washington, D.C. area up to \$60,000 to include the moving and transportation of personal belongings, and the reasonable travel, lodging and incidental expenses incurred by the Executive, his spouse and children. In addition, the Company will reimburse the Executive for reasonable commuting expenses until the earlier of the Executive’s actual date of relocation or November 15, 2008. As an LSI employee and following the Executive’s relocation to the Washington DC area, the Executive will be reimbursed up to \$7,000 per month for temporary housing for up to a 12 month period, or through the date of the Executive’s purchase of and move into a principal residence in the Washington D.C. area, if earlier.

7. **Termination of Employment.**
  - 7.1. **Termination.** The Executive’s employment by the Company during the Employment Period will continue until Executive’s death, Disability, resignation or until Executive’s termination by the Board at any time.
  - 7.2. **Notice of Termination.** Any termination of the Executive’s employment by the Company or the Executive (other than because of the Executive’s death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 10.1 hereof. For purposes of this Agreement, a “**Notice of Termination**” shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Termination of the Executive’s employment shall take effect on the Date of Termination.

**Compensation Upon Termination.**

8.1. **Death.** If the Executive's employment is terminated during the Employment Period as a result of the Executive's death, the Company shall pay to the Executive's estate, or as may be directed by the legal representatives of such estate, the Executive's full Base Salary through the next full calendar month following the Date of Termination and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.3 and expenses pursuant to Section 6. Subject to Section 8.5 below, the payments contemplated by this Section 8.1 shall be paid at the time they are due, and the Company shall have no further obligations to the Executive or his or her estate under this Agreement.

8.2. **Disability.** If the Company terminates the Executive's employment during the Employment Period because of the Executive's Disability, the Company shall pay the Executive the Executive's full Base Salary through the third full calendar month following the Date of Termination and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.3 and expenses pursuant to Section 6. Subject to Section 8.5 below, the payments contemplated by this Section 8.2 shall be paid at the time they are due, and the Company shall have no further obligations to the Executive under this Agreement; *provided, however*, that the Base Salary shall be reduced by the amount of any disability benefit payments made to the Executive during a period of Disability from any insurance or other policies provided by the Company.

8.3. **By the Company with Cause or by the Executive without Good Reason.** If the Company terminates the Executive's employment during the Employment Period for Cause or if the Executive voluntarily terminates the Executive's employment during the Employment Period other than for Good Reason, the Company shall pay the Executive the Executive's full Base Salary through the Date of Termination and all other unpaid amounts, if any, to which Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.3 and expenses pursuant to Section 6. Subject to Section 8.5 below, the payments contemplated by this Section 8.3 shall be paid at the time such payments are due, and the Company shall have no further obligations to the Executive under this Agreement.

8.4. **By the Company without Cause or by the Executive for Good Reason.** If the Company terminates the Executive's employment during the Employment Period other than for Cause, Death, or Disability or the Executive terminates his employment during the Employment Period for Good Reason, the Company shall pay the Executive: (A) the Executive's full Base Salary through the Date of Termination and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.2 and expenses pursuant to Section 6; and (B) a lump-sum severance package equal to six months of the Executive's Base Salary plus an amount equal to six months of the average annual bonus earned by the Executive for the previous two fiscal years, or in the absence of two fiscal years of tenure the average annualized bonus, (collectively the "**Severance Payment**"). Subject to Section 8.5 below, the Severance Payment shall be payable to the Executive within 30 days of the Notice of Termination.

8.5. **8.5 Code Section 409A Matters.** Anything in this Agreement to the contrary notwithstanding, if (A) on the date of Executive's "separation from service" (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code")) with the Company, Executive is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code) and (B) as a result of such separation from service, Executive would receive any payment under this Agreement that, absent the application of this Section 8.5, would be subject to the additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(2)(B)(i) of the Code, then no such payment shall be payable prior to the date that is the earliest of (1) six months after the Executive's separation from service, (2) the Executive's death or (3) such other date as will cause such payment not to be subject to such additional tax. Any payments which are required to be delayed as a result of this Section 8.5 shall be accumulated and paid as a lump-sum on the earliest possible date determined in accordance the preceding sentence.

9. **Other Agreements.** As a pre-condition to the effectiveness of this Agreement, Executive agrees to execute the Employee Agreement attached hereto as Exhibit A (the "**Employee Agreement**"), the terms and conditions of which are specifically incorporated herein by reference.

**10. Miscellaneous.**

10.1. **Notices.** All notices, demands, requests or other communications required or permitted to be given or made hereunder shall be in writing and shall be delivered, telecopied or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

10.1.1 If to the Company:

Liquidity Services, Inc.  
1920 L Street NW, 6<sup>th</sup> Floor  
Washington DC 20036  
ATTN: James E. Williams, General Counsel  
Fax: (202) 467-5881  
Phone: (202) 558-6279

10.1.2. If to the Executive:

at the address set forth in Schedule 1.

or to such other address as may be designated by either party in a notice to the other. Each notice, demand, request or other communication that shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes three days after it is deposited in the U.S. mail, postage prepaid, or at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, the answer back, the confirmation (if telecopy) or the affidavit of messenger being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

10.2. **Representations.** Executive agrees to execute any proper oath or verify any proper and material document required to carry out the terms of this Agreement. Executive represents that performance of all the terms of this Agreement and the Employee Agreement will not breach any non-compete or similar agreement. Executive has not entered into, and Executive agrees not to enter into, any oral or written agreement in conflict herewith.

10.3. **Severability.** The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect.

10.4. **Survival.** It is the express intention and agreement of the parties hereto that the provisions of Sections 8 and 10 hereof shall survive the termination of employment of the Executive. In addition, all obligations of the Company to make payments hereunder shall survive any termination of this Agreement on the terms and conditions set forth herein.

10.5. **Assignment.** The rights and obligations of the parties to this Agreement shall not be assignable or delegable, except that (i) in the event of the Executive's death, the personal representative or legatees or distributees of the Executive's estate, as the case may be, shall have the right to receive any amount owing and unpaid to the Executive hereunder and (ii) the rights and obligations of the Company hereunder shall be assignable and delegable to any Affiliate of the Company or in connection with any subsequent merger, consolidation, sale of all or substantially all of the assets of the Company or similar reorganization of a successor corporation.

10.6. **Binding Effect.** Subject to any provisions hereof restricting assignment, this Agreement shall be binding upon the parties hereto and shall inure to the benefit of the parties and their respective heirs, devisees, executors, administrators, legal representatives, successors and assigns.

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10.7. **Amendment; Waiver.** This Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by the parties hereto; provided, that the parties may amend Schedule 1 hereto by executing and delivering a revised version of Schedule 1 and attaching such revised version to this Agreement. Neither the waiver by either of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

10.8. **Headings.** Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

10.9. **Governing Law.** This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the District of Columbia not including the choice of law rules thereof.

10.10. **Entire Agreement.** This Agreement, including Schedule 1 hereto and the Employee Agreement, constitute the entire agreement between the parties respecting the employment of Executive, there being no representations, warranties or commitments except as set forth herein.

10.11. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which shall be deemed to constitute one and the same instrument.

10.12. **Definitions.**

“**Affiliate**” means as to a specified Person any other person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

“**Agreement**” means this Executive Employment Agreement.

“**Base Salary**” is defined in Section 5.1 above.

“**Beneficial Owner**” means a beneficial owner within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

“**Cause**” means (i) the commission of a felony or a crime involving moral turpitude (specifically excluding felonies or crimes under any applicable state or federal vehicle code) or the commission of any other act or omission involving dishonesty or fraud with respect to the Company or any of its Subsidiaries or any of their customers or suppliers, or (ii) recurring violations of material Company rules, regulations policies or any material provisions of this Agreement (which are not inconsistent with or in violation of any of the provisions of this Agreement) after written notice to Executive from the Company specifically enumerating all of the facts and circumstances constituting the violation, the conduct or action which can be taken by Executive to cure the violation, and a reasonable opportunity for Executive to take corrective action, (iii) gross negligence or willful misconduct with respect to the Company or any of its Subsidiaries or (iv) Executive's failure to use his reasonable best efforts to permanently relocate to the metropolitan Washington D.C. area on or about November 15, 2008, provided that if Executive is working in good faith to

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accomplish the relocation and requires an extension of this deadline, such reasonable extension shall be provided by the Company.

“**Company**” means Liquidity Services, Inc. and its successors and assigns.

“**Date of Termination**” means (i) if the Executive's employment is terminated by the Executive's death, the date of the Executive's death; (ii) if the Executive's employment is terminated because of the Executive's Disability, 30 days after Notice of Termination; (iii) if the Executive's employment is terminated by the Company for Cause or by the Executive for Good Reason, the date specified in the Notice of Termination; or

(iv) if the Executive's employment is terminated during the Employment Period other than pursuant to Section 7, the date on which Notice of Termination is given.

**"Disability"** means the Executive's inability to perform all of the Executive's duties hereunder by reason of illness, physical or mental disability or other similar incapacity, as determined by a competent medical doctor appointed by the Reporting Officer after a complete and thorough medical examination and evaluation, which inability shall continue for more than three consecutive months or for such shorter periods that when aggregated exceed six (6) months in any twelve (12) month period.

**"Effective Date"** means the date as of which this Agreement is executed as set out above.

**"Employee Agreement"** is defined in Section 9 above.

**"Employment Period"** is defined in Section 2 above.

**"Good Reason"** means (i) the Company's failure to perform or observe any of the material terms or provisions of this Agreement (including the provisions of Schedule 1) or the Employee Agreement, and the continued failure of the Company to cure such default within 30 days after written demand for performance has been given to the Company by the Executive, which demand shall describe specifically the nature of such alleged failure to perform or observe such material terms or provisions; or (ii) a material reduction in the scope of the Executive's responsibilities and duties without the written consent of Executive; or (iii) any change to the job title given to Executive without his written consent; (iv) any reduction in Base Salary or any other benefits provided to Executive hereunder; (v) any constructive termination of Executive; (vi) any request, instruction, directive or order, whether direct or indirect, to Executive by the Board, the Company or any executive officer of the Company to perform any act which is unlawful; or (vii) a requirement by the Company for the Executive to relocate outside of the Washington DC metropolitan region to retain his position without the written consent of the Executive.

**"Notice of Termination"** is defined in Section 7.2 above.

**"Person"** means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

**"Severance Payments"** is defined in Section 8.4 above.

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IN WITNESS WHEREOF, the undersigned have duly executed this Agreement, or have caused this Agreement to be duly executed on their behalf, as of the day and year first hereinabove written.

LIQUIDITY SERVICES, INC.

By: /s/ William P. Angrick, III  
William P. Angrick, III  
Chairman and CEO

EXECUTIVE:

/s/ G. Charles Roy  
G. Charles Roy

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**Liquidity Services, Inc. Announces Appointment of Cayce Roy As President of its Asset Recovery Division**

Friday September 5, 9:22 am ET

**Roy Brings Extensive E-Commerce and Retail Supply Chain Expertise to LSI**

WASHINGTON—(BUSINESS WIRE)—Liquidity Services, Inc. (NASDAQ:[LQDT](#) - [News](#)), a leading online auction marketplace for wholesale surplus and salvage assets, is pleased to announce the appointment of Cayce Roy to its executive management team as Executive Vice President and President of its Asset Recovery Division. Mr. Roy will be responsible for scaling the current leadership position of LSI's commercial asset recovery business to drive its market expansion and capitalize on the substantial growth opportunities within the \$60 billion reverse supply chain market.

Mr. Roy brings to LSI over 20 years of experience managing sophisticated and high performance e-commerce, business-to-business services and logistics organizations. From 2000 to 2007 Mr. Roy led some of the fastest growing and largest business units within Amazon.com, Inc. that were responsible for driving Amazon's rapid growth into the world's largest online retailer. Most recently, Mr. Roy served as Vice President and General Manager of Amazon Services, LLC, focused on providing e-commerce, marketplace, fulfillment, and technology solutions to Fortune 1000 and small business customers. During his tenure, the group became one of Amazon's largest and fastest growing units by serving large traditional and online retailers and small and mid-size merchants. Prior to this, Mr. Roy led Amazon's North American fulfillment operations through a critical period of growth and development, delivering significant innovations that enabled it to achieve the highest quality service levels at far greater efficiencies and scale. In this role, Cayce was responsible for all aspects of Amazon's fulfillment operations spanning 20 facilities, up to 10,000 employees at peak operation and over ten million units shipped annually. During most of the 1990's Mr. Roy served with TNT Post Group in Europe overseeing global field operations and business process improvement for TNT's Express Division, a global leader in distribution, logistics and parcel delivery, with over \$3 billion in revenue and over 1000 depots in 200 countries.

"Cayce is a fine addition to our management team and brings a tremendous amount of knowledge, experience and leadership that will be invaluable to supporting LSI's future growth. Throughout his career, he has achieved impressive results by fostering a culture of operational excellence, team building and continuous improvement for the customer, making him an ideal addition to our executive management team," stated Bill Angrick, Chairman and CEO of LSI. "His proven ability to deliver innovative solutions and achieve sustainable growth will help drive the expansion of our Asset Recovery Division and online auction marketplace, [www.liquidation.com](#)."

"I am excited to join LSI and a team that has built a strong foundation and is poised to scale the business to meet the growing needs of our customers and to attain the truly remarkable opportunity for growth and positive impact on a large and relatively untouched element of the global supply chain." stated Mr. Roy. "Many of the opportunities remind me of when I joined Amazon in early 2000 and I look forward to building something remarkable for our customers, investors, and team members."

Mr. Roy earned a Bachelor of Science degree in Industrial Engineering from Lehigh University and has completed the financial management executive education program at Stanford University's Graduate School of Business.

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

Liquidity Services, Inc. (NASDAQ:[LQDT](#) - [News](#)) 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 685 employees. Additional information can be found at: [www.liquidityservicesinc.com](#).

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*Contact:*

Liquidity Services, Inc.  
Julie Davis, 202-558-6234  
[julie.davis@liquidityservicesinc.com](mailto:julie.davis@liquidityservicesinc.com)

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