

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): **March 13, 2012**

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 Number)

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 1.01 Entry into a Material Definitive Agreement.

On March 13, 2012, Liquidity Services, Inc. (the "Company") and Bank of America, N.A. (the "Lender") entered into the Second Amendment to Financing and Security Agreement (the "Second Amendment") to the Financing and Security Agreement, dated April 30, 2010, as amended, by and between the Company and the Lender (the "Financing Agreement"). The Second Amendment amended the Financing Agreement to, among other changes, increase the revolving credit committed amount from \$30,000,000 to \$75,000,000 and extend the expiration date of the credit facility from May 31, 2013 to May 31, 2014. The Second Amendment additionally amended the covenants contained in the Financing Agreement to require the Company to maintain a ratio of Funded Debt to EBITDA of not more than 2.50 to 1.00.

The above summary is qualified in its entirety by reference to the full text of the Second Amendment, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Second Amendment to Financing and Security Agreement, dated March 13, 2012, by and between Liquidity Services, Inc. and Bank of America, N.A.
10.2	Amended and Restated Revolving Credit Note, dated March 13, 2012, issued by Liquidity Services, Inc. to Bank of America, N.A.

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)

By: /s/ James E. Williams

Name: James E. Williams

Title: Vice President, General Counsel and Corporate Secretary

Date: March 16, 2012

Exhibit Index

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SECOND AMENDMENT TO FINANCING AND SECURITY AGREEMENT

THIS SECOND AMENDMENT TO FINANCING AND SECURITY AGREEMENT (this “**Amendment**”) is made as of the 13th day of March, 2012 (the “**Effective Date**”), by and between LIQUIDITY SERVICES, INC., a corporation organized under the laws of the State of Delaware (“**Borrower**”) and BANK OF AMERICA, N.A., a national banking association, its successors and assigns (“**Lender**”).

RECITALS

- A. Borrower and Lender entered into a Financing and Security Agreement dated April 30, 2010 (the same, as amended, modified, restated, substituted, extended, and renewed at any time and from time to time, the “**Financing Agreement**”).
- B. The Financing Agreement provides for some of the agreements between Borrower and Lender with respect to certain Credit Facilities consisting of (i) a revolving credit facility in the maximum principal amount of Thirty Million Dollars (\$30,000,000) and (ii) a letter of credit facility in the maximum principal amount of Ten Million Dollars (\$10,000,000) as part of that revolving credit facility, to be used by Borrower for the Permitted Uses described in the Financing Agreement.
- C. Borrower has requested that Lender (i) increase the Revolving Loan, (ii) extend the Revolving Credit Expiration Date and (iii) make certain other revisions to the Financing Agreement as more fully set forth herein.
- D. Although the Lender is under no obligation to do so, the Lender has agreed to (i) increase the Revolving Loan, (ii) extend the Revolving Credit Expiration Date and (iii) make certain other revisions to the Financing Agreement as more fully set forth herein, on the condition, among others, that this Amendment be executed and delivered by the Borrower.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, receipt of which is hereby acknowledged, Borrower and Lender agree as follows:

- 1 Recitals.** Borrower and Lender agree that the Recitals above are a part of this Amendment.
- 2 Definitions.** Unless otherwise expressly defined in this Amendment, terms defined in the Financing Agreement shall have the meanings given thereto in the Financing Agreement.
- 3 Defined Terms.** The definitions of “Revolving Credit Expiration Date” and “Permitted Acquisition” set forth in Section 1.1 of the Financing Agreement are hereby amended and restated in their entirety as follows:

“Revolving Credit Expiration Date” means May 31, 2014.

“Permitted Acquisitions” means a transaction or series of transactions whereby Borrower acquires all or substantially all of the assets of a business, or purchases an equity interest in a business (the “Target”), provided, that, (i) the Target shall be in a Permitted Business; (ii) both before and after giving effect to such transaction, no Default or Event of Default shall be continuing or would occur after giving effect to such transaction; (iii) Borrower will be in compliance with all financial covenants after giving pro forma effect to such transaction; (iv) after giving effect to such transaction (A) Borrower’s Pro Forma Calculation of Funded Debt to EBITDA Ratio, for the rolling four (4) quarter period ending on that last day of the most recent fiscal quarter for which financial statements have been, or are required to have been, delivered pursuant to Section 6.1.1, is less than 2.00 to 1.00, and (B) the sum of (1) cash and Cash Equivalents held by the Borrower and its Subsidiaries plus (2) the availability under the Revolving Credit Facility, is not less than Fifteen Million Dollars (\$15,000,000); (v) Lender shall have received evidence satisfactory to Lender in its reasonable discretion that arrangements shall have been made for the termination of all Liens encumbering any asset of the Target other than Permitted Liens; (vi) no Indebtedness shall be assumed by Borrower in connection with such transaction other than unsecured Indebtedness in an aggregate amount which when combined with all other existing Indebtedness of Borrower and its Subsidiaries will not exceed the maximum amount of Indebtedness permitted pursuant to Section 6.2.4(d) of this Agreement and Indebtedness with respect to Capital Leases which when combined with all other existing Indebtedness of Borrower and its Subsidiaries will not exceed the maximum amount of Indebtedness permitted pursuant to clause (e) of the definition of Permitted Liens; (vii) any Indebtedness of Borrower incurred to the sellers pursuant to the financing of such transaction will be subordinated to Lender pursuant to a subordination agreement in form and substance satisfactory to Lender in its reasonable discretion in all material respects; (viii) Lender shall have received complete copies of the Purchase Agreement Documents; and (ix) within thirty (30) days of closing any transaction contemplated hereby, if the Target is a Registered Organization, it shall become a guarantor of the Credit Facilities, deliver to Lender a guaranty of payment agreement for the benefit of Lender in form substantially identical to the Corporate Guaranty, grant to Lender a Lien in all of its assets to the same extent required by the Security Agreements and Borrower shall pledge to Lender, shares or membership interests representing one hundred percent (100%) of the voting and non voting ownership interests of the new Subsidiary; provided, however, subject to the requirements of Section 6.2.2, including the GMV threshold in the proviso thereto, if such Subsidiary is a Foreign Subsidiary, in lieu of such Subsidiary granting to Lender a Lien in all of its assets and guarantying the Obligations, Borrower shall grant, pledge and assign to Lender shares representing sixty-six percent (66%) of the ownership of such Subsidiary.

- 4 Revolving Credit Committed Amount.** The definition of Revolving Credit Committed Amount set forth in Section 2.1.1 (Revolving Credit Facility) of the Financing Agreement is hereby amended and restated in its entirety as follows:

The maximum principal amount of Seventy Five Million Dollars (\$75,000,000) is the “Revolving Credit Committed Amount”.

5 **Funded Debt to EBITDA Ratio.** Section 6.1.13(a) (Funded Debt to EBITDA Ratio) of the Financing Agreement is hereby amended and restated in its entirety as follows:

(a) **Funded Debt to EBITDA Ratio.** Borrower will maintain, tested as of the last day of each of the Borrower's fiscal quarters for the rolling four (4) quarter period ending on that date, a ratio of Funded Debt to EBITDA of not more than 2.50 to 1.00.

6 **Subsidiaries.** Section 6.2.2 (Subsidiaries) of the Financing Agreement is hereby amended and restated in its entirety as follows:

Other than in connection with a Permitted Acquisition, Borrower will not create any Subsidiaries other than the Subsidiaries identified on the Collateral Disclosure List. Notwithstanding the foregoing, so long as an Event of Default has not occurred and is continuing, Borrower may create a Subsidiary provided promptly after the creation of each such Subsidiary, Borrower shall pledge to Lender, shares or membership interests representing one hundred percent (100%) of the voting and non voting ownership interests of such Subsidiary, such Subsidiary shall become a guarantor of the Credit Facilities, and shall grant to Lender a Lien in all of its assets, which assets shall be not be encumbered by any Lien in favor of any other Person (in each case, to the extent such Subsidiary is permitted to do so by its contractual obligations and requirements of law); provided, however, to the extent such Subsidiary is a Foreign Subsidiary, in lieu of such Foreign Subsidiary granting to Lender a Lien in all of its assets and guarantying the Obligations, if at any time such Foreign Subsidiary's EBITDA is at least five percent (5%) of the consolidated EBITDA of the Borrower and its Subsidiaries, taken as a whole, over the previous four (4) fiscal quarters, then Borrower shall grant, pledge and assign to Lender shares or membership interests representing sixty-six percent (66%) of the voting and non-voting ownership interests of such Foreign Subsidiary.

7 **Purchase or Redemption of Securities, Dividend Restrictions.** Section 6.2.3 of the Financing Agreement is hereby amended and restated in its entirety as follows:

6.2.3 Purchase or Redemption of Securities, Dividend Restrictions.

(a) Borrower will not purchase, redeem or otherwise acquire any shares of its capital stock or warrants now or hereafter outstanding, declare or pay any dividends thereon (other than stock dividends), apply any of its property or assets to the purchase, redemption or other retirement of, set apart any sum for the payment of any dividends on, or for the purchase, redemption, or other retirement of, make any distribution by reduction of capital or otherwise in respect of, any shares of any class of capital stock of Borrower, or any warrants, permit any Subsidiary to purchase or acquire any shares of any class of capital stock of, or warrants issued by, Borrower, make any distribution to stockholders or set aside any funds for any such purpose, and not voluntarily prepay any Indebtedness for Borrowed Money under Section 6.2.4(e) and purchase or redeem any Indebtedness for Borrowed Money other than the Obligations.

(b) Notwithstanding the foregoing, Borrower:

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(x) may repurchase its common stock on the open market and the stock of employees, directors or consultants, so long as:

(i) a Default or an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect thereto on a pro forma basis, and

(ii) either (A) the proceeds of Revolving Loans are not used to make such repurchase or (B) both (I) Borrower's Pro Forma Calculation of Funded Debt to EBITDA Ratio, for the rolling four (4) quarter period ending on that last day of the most recent fiscal quarter for which financial statements have been, or are required to have been, delivered pursuant to Section 6.1.1, is less than 2.00 to 1.00 and (II) the sum of (aa) cash and Cash Equivalents held by the Borrower and its Subsidiaries after giving effect to such repurchase plus (bb) availability under the Revolving Credit Facility is not less than Fifteen Million Dollars (\$15,000,000).

(y) may exercise offset under Section 10 of the Jacobs Trading Subordinated Note.

(z) may voluntarily prepay, in whole or in part, the Jacobs Trading Subordinated Note if each of the following conditions is met at the time of such prepayment and after giving effect thereto:

(i) a Default or an Event of Default does not exist at the time of any such prepayment and would not exist after giving effect thereto on a pro forma basis, and

(ii) either (A) the proceeds of Revolving Loans are not used to make such prepayment or (B) both (I) Borrower's Pro Forma Calculation of Funded Debt to EBITDA Ratio, for the rolling four (4) quarter period ending on that last day of the most recent fiscal quarter for which financial statements have been, or are required to have been, delivered pursuant to Section 6.1.1, is less than 2.00 to 1.00 and (II) the sum of (aa) cash and Cash Equivalents held by the Borrower and its Subsidiaries after giving effect to such prepayment plus (bb) availability under the Revolving Credit Facility is not less than Fifteen Million Dollars (\$15,000,000).

8 **Investments, Loans and Other Transactions.** Section 6.2.5(c) of the Financing Agreement is hereby amended and restated in its entirety as follows:

(c) loans, advances, or extensions of credit to Foreign Subsidiaries, provided that the aggregate amount of all such loans, advances, or extensions of credit made by Borrower to its Foreign Subsidiaries in any fiscal year of Borrower in an aggregate amount not to exceed Ten Million Dollars (\$10,000,000) and during the term of this Agreement in an aggregate amount not to exceed Twenty Five Million Dollars (\$25,000,000), provided, that at all times that any loans, advances or other extensions of credit are outstanding to any Foreign Subsidiary, such Foreign Subsidiary shall not have any Indebtedness which is secured by a Lien on any of its assets, other than in connection

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with any Capital Leases, in an aggregate amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000);

9 Representations and Warranties. Borrower represents and warrants to Lender as follows:

9.1 Borrower (a) is a Registered Organization and is in good standing under the laws of the State of Delaware, (b) has the power to own its property and to carry on its business as now being conducted, and (c) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, except in each case referred to in clause (c), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect;

9.2 Borrower has full power and authority to execute and deliver this Amendment, and to incur and perform the Obligations under this Amendment, all of which have been duly authorized by all proper and necessary action. No consent or approval of owners or any creditors of Borrower, and no consent, approval, filing or registration with or notice to any Governmental Authority on the part of Borrower, is required as a condition to the execution, delivery, validity or enforceability of this Amendment;

9.3 The Financing Agreement, as heretofore amended and as amended by this Amendment, and the other Financing Documents remains in full force and effect, and constitutes the valid and legally binding obligation of Borrower, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties, and general principles of equity regardless of whether applied in a proceeding in equity or at law;

9.4 All of Borrower's representations and warranties contained in the Financing Agreement and the other Financing Documents are true and correct on and as of the date of Borrower's execution of this Amendment (unless expressly stated to be made as of a specified earlier date, in which case such representations and warranties were true and correct on and as of such earlier date); and

9.5 No Event of Default and Default, has occurred and is continuing under the Financing Agreement or the other Financing Documents which has not been waived in writing by Lender.

10 Limitation of Amendments.

10.1 The amendments set forth above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Financing Document, or (b) otherwise prejudice any right or remedy which Lender may now have or may have in the future under or in connection with any Financing Document.

10.2 This Amendment shall be construed in connection with and as part of the Financing Documents and all terms, conditions, representations, warranties, covenants and

agreements set forth in the Financing Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

11 Novation. Borrower agrees that this Amendment is not intended to and shall not cause a novation with respect to any or all of the Obligations.

12 Acknowledgements. Borrower acknowledges and agrees that Lender has acted in good faith and has conducted in a commercially reasonable manner its relationships with Borrower in connection with this Amendment and generally in connection with the Financing Agreement and the Obligations, Borrower hereby waiving and releasing any claims to the contrary.

13 Amendment Fee. In consideration of the Lender's agreement to enter into this Amendment, the Borrower agrees to pay to the Lender on the Effective Date, a fully earned amendment fee in the amount of One Hundred Twenty Thousand Dollars (\$120,000) (the "**Amendment Fee**"). The Amendment Fee is considered earned when paid and is not refundable.

14 Fees and Expenses. The Borrower shall pay to the Lender (i) on the Effective Date, to the extent Lender provides Borrower with invoices therefore not later than the Business Day prior to the Effective Date, or (ii) otherwise, on the Business Day after any such invoices are provided, the Amendment Fee and all fees, commissions, costs, charges, taxes and other expenses incurred by Lender and its counsel in connection with the negotiation and preparation of this Amendment, the Amended and Restated Note, the Reaffirmations and the transactions contemplated thereby.

15 Conditions Precedent. This Amendment shall be effective on the date (the "**Effective Date**") on which the Lender shall have received:

- (a) this Amendment duly executed by each party hereto;
- (b) the Amended and Restated Revolving Credit Note duly executed by the Borrower and the Lender (the "**Amended and Restated Note**");
- (c) a Reaffirmation of Guaranty in form and substance satisfactory to Lender in its reasonable discretion, duly executed by each Guarantor (collectively, the "**Reaffirmations**");
- (d) the Pledge, Assignment and Security Agreement (Asset Recovery Division, LLC) duly executed by Surplus Acquisition Venture, LLC;
- (e) the duly executed (1) Guaranty of Payment Agreement by Jacobs Trading, LLC for the benefit of Lender, (2) Security Agreement by Jacobs Trading, LLC for the benefit of Lender, and (3) the Pledge, Assignment and Security Agreement (JTC Prison Industries) by Jacobs Trading, LLC for the benefit of Lender;
- (f) the Pledge, Assignment and Security Agreement (Jacobs Trading, LLC) duly executed by Surplus Acquisition Venture, LLC;

(g) the duly executed (1) Guaranty of Payment Agreement by JTC Prison Industries, LLC for the benefit of Lender, (2) Security Agreement by JTC Prison Industries, LLC for the benefit of Lender;

(h) proof that Borrower has paid all costs and expenses to Lender payable to Lender on the Effective Date pursuant to Sections 13 and 14 of this Amendment; and

(i) Such other information, instruments, documents, certificates and reports as Lender may reasonably request.

16 Counterparts. This Amendment may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument. Borrower agrees that Lender may rely on a telecopy of any signature of Borrower. Lender agrees that Borrower may rely on a telecopy of this Amendment executed by Lender.

17 Financing Documents; Governing Law; Etc. This Amendment is one of the Financing Documents defined in the Financing Agreement and shall be governed and construed in accordance with the laws of the State of New York. The headings and captions in this Amendment are for the convenience of the parties only and are not a part of this Amendment.

18 Modifications. This Amendment may not be supplemented, changed, waived, discharged, terminated, modified or amended, except by written instrument executed by the parties.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower and Lender have executed this Amendment under seal as of the date and year first written above.

WITNESS/ATTEST:

LIQUIDITY SERVICES, INC.

/s/ James E. Williams

By: /s/ James M. Rallo (Seal)
James M. Rallo
Chief Financial Officer & Treasurer

WITNESS:

BANK OF AMERICA, N.A.

/s/ Cynthia Thompson

By: /s/ Michael J. Radcliffe (Seal)
Michael J. Radcliffe
Senior Vice President

AMENDED AND RESTATED REVOLVING CREDIT NOTE

\$75,000,000

New York, New York
March 13, 2012

FOR VALUE RECEIVED, LIQUIDITY SERVICES, INC., a corporation organized under the laws of the State of Delaware (the "Borrower"), promises to pay to the order of BANK OF AMERICA, N.A., a national banking association, its successors and assigns (the "Lender"), the principal sum of SEVENTY FIVE MILLION DOLLARS (\$75,000,000) (the "Principal Sum"), or so much thereof as has been or may be advanced or re-advanced to or for the account of the Borrower pursuant to the terms and conditions of the Financing Agreement (as hereinafter defined), together with interest thereon at the rate or rates hereinafter provided, in accordance with the following:

1. Interest.

Commencing as of the date hereof and continuing until repayment in full of all sums due hereunder, the unpaid Principal Sum shall bear interest at a fluctuating rate of interest per annum equal to the BBA LIBOR Daily Floating Rate, plus one and one quarter of one percent (1.25%).

All interest payable under the terms of this Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

2. Payments and Maturity.

The unpaid Principal Sum, together with interest thereon at the rate provided above, shall be payable as follows:

(a) Interest only on the unpaid Principal Sum shall be due and payable monthly, commencing March 31, 2012, and on the last day of each month thereafter to maturity; and

(b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on the Revolving Credit Expiration Date.

The fact that the balance hereunder may be reduced to zero from time to time pursuant to the Financing Agreement will not affect the continuing validity of this Note or the Financing Agreement, and the balance may be increased to the Principal Sum after any such reduction to zero.

Borrower hereby authorizes Lender to automatically deduct from Borrower's account numbered _____ the amount of each payment of principal (including without limitation the principal payment due on the final maturity date) and/or interest on the dates such payments become due. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate automatic payments as provided in this paragraph.

3. Default Interest.

Upon the occurrence of an Event of Default (as hereinafter defined), the unpaid Principal Sum shall bear interest thereafter at the Post-Default Rate until such Event of Default is cured.

4. Late Charges.

If the Borrower shall fail to make any payment under the terms of this Note within ten (10) days after the date such payment is due, the Borrower shall pay to the Lender on demand a late charge equal to two and one half of one percent (2.50%) of such payment.

5. Application and Place of Payments.

All payments, made on account of this Note shall be applied first to the payment of any late charge then due hereunder, second to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of the Lender at its principal office in Rockville, Maryland or at such other times and places as the Lender may at any time and from time to time designate in writing to the Borrower.

6. Financing Agreement and Other Financing Documents.

This Note is the "Amended and Restated Note" described in that certain Second Amendment to Financing and Security Agreement by and between the Borrower and the Lender dated of even date herewith, which amends that certain Financing and Security Agreement dated April 30, 2010 by and between the Borrower and the Lender (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement"). This Note increases, amends and restates in its entirety that certain Revolving Credit Note dated April 30, 2010 (the "Prior Note") in the original principal amount of Thirty Million Dollars (\$30,000,000) from the Borrower in favor of the Lender and shall be the Revolving Credit Note for purposes of the Financing Documents. It is expressly agreed that the indebtedness evidenced by the Prior Note has not been extinguished or discharged hereby. The indebtedness evidenced by this Note is included within the meaning of the term "Obligations" as defined in the Financing Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Financing Agreement.

7. Security.

This Note is secured as provided in the Financing Agreement.

8. Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default (individually, an “Event of Default” and collectively, the “Events of Default”) under the terms of this Note:

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(a) The failure of the Borrower to pay to the Lender when due any and all amounts payable by the Borrower to the Lender under the terms of this Note; or

(b) The occurrence of an Event of Default under the terms and conditions of any of the other Financing Documents.

9. Remedies.

Upon the occurrence of an Event of Default, at the option of the Lender, all amounts payable by the Borrower to the Lender under the terms of this Note shall immediately become due and payable by the Borrower to the Lender without notice to the Borrower or any other Person, and the Lender shall have all of the rights, powers, and remedies available under the terms of this Note, any of the other Financing Documents and all applicable laws. The Borrower and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower, guarantors and endorsers.

10. Expenses.

The Borrower promises to pay to the Lender on demand by the Lender all costs and expenses incurred by the Lender in connection with the collection and enforcement of this Note, including, without limitation, reasonable attorneys’ fees and expenses and all court costs.

11. Notices.

Any notice, request, or demand to or upon the Borrower or the Lender shall be deemed to have been properly given or made when delivered in accordance with Section 8.1 of the Financing Agreement.

12. Miscellaneous.

Each right, power, and remedy of the Lender as provided for in this Note or any of the other Financing Documents, or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or any of the other Financing Documents or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Note or any of the other Financing Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under

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the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

13. Partial Invalidity.

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

14. Captions.

The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

15. Applicable Law.

The Borrower acknowledges and agrees that this Note shall be governed by the laws of the State, even though for the convenience and at the request of the Borrower, this Note may be executed elsewhere.

16. Consent to Jurisdiction.

The Borrower irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof over any suit, action, or proceeding arising out of or relating to this Note or any of the other Financing Documents. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection that the Borrower may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action, or proceeding brought in any such court shall be conclusive and binding upon the Borrower and may be enforced in any court in which the Borrower is subject to

jurisdiction by a suit upon such judgment, provided that service of process is effected upon the Borrower as provided in this Note or as otherwise permitted by applicable law.

17. Service of Process.

The Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Borrower. The Borrower irrevocably agrees that such service shall be deemed in every respect effective service of process upon the Borrower in any such suit, action or proceeding, and shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the Borrower. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the

Lender otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

18. WAIVER OF TRIAL BY JURY.

THE BORROWER AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE BORROWER AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (A) THIS NOTE OR (B) THE FINANCING DOCUMENTS. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE.

THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE BORROWER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed by its duly authorized officer as of the date first written above.

WITNESS/ATTEST:

LIQUIDITY SERVICES, INC.

/s/ James E. Williams

By: /s/ James M. Rallo (Seal)
James M. Rallo
Chief Financial Officer & Treasurer

WITNESS:

BANK OF AMERICA, N.A.

/s/ Cynthia Thompson

By: /s/ Michael J. Radcliffe (Seal)
Michael J. Radcliffe
Senior Vice President