



Liquidity Services, Inc. Selected as Exclusive Partner for Scrap Venture Program with U.S. Department of Defense

August 16, 2005

Washington, DC, August 16, 2005 — Liquidity Services, Inc. (LSI) today announced the details of its Scrap Venture (SV) program with the Defense Reutilization and Marketing Service (DRMS), a field activity of the U.S. Department of Defense (DoD). Following a competitive offering process, LSI was awarded an exclusive contract on June 9, 2005 by the DRMS to manage the receipt, marketing and sale of virtually all surplus scrap property generated by DoD installations throughout the United States. The contract has a base term of seven years and three one-year renewal options. The SV contract provides LSI with exclusive access to nearly all DoD surplus scrap property, including steel, iron, aluminum, brass, copper, titanium, high-temperature alloys, electronics, glass, rubber, plastics, wood, cardboard and paper stock.

Under the terms of the contract, LSI will enter into a net proceeds sharing arrangement with the DRMS in which it will purchase scrap property for .01 cents per pound and share with DRMS 80% of the net proceeds resulting from LSI's sales activities after deducting its direct costs for managing the program. DoD surplus scrap property will be offered for sale through LSI's online auction marketplace www.govliquidation.com. Over a quarter of a billion pounds of surplus scrap property will be made available each year to the public through this program.

This contract is unique in that DRMS and LSI share in the risk, expenses and revenue of surplus scrap property disposition. This innovative financial arrangement aligns the interests of LSI and the DRMS to maximize revenues and minimize costs, resulting in a partnership attitude concerning the overall business relationship. Through its online auction sales channels, LSI will enable the sale of DoD surplus scrap property at higher rates of return, significantly lower costs, and faster sales cycle times than those historically experienced by the government.

"Teaming with LSI will enable the DoD to implement commercial best practices and cutting-edge technology to improve its business processes and reduce costs," said Bill Angrick, Chairman and CEO of Liquidity Services, Inc. "The sale of surplus scrap property will leverage our robust online auction marketplace and proven marketing methods to provide the most efficient solution for connecting buyers with available property. Revenue collected from closed auctions will be returned to the U.S. Treasury as a direct benefit to taxpayers."

LSI will also manage and provide transparent reporting regarding the details of the program, including receipts, payments, accounting systems, cash flow management, audits and cash distributions.

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 auction 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 285 people. Additional information can be found at: www.liquidityservicesinc.com