

**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 11, 2014**

**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 11, 2014, Liquidity Services, Inc. (the "Company") and Bank of America, N.A. (the "Lender") entered into the Third Amendment to Financing and Security Agreement (the "Third Amendment") which amends the Financing and Security Agreement, dated April 30, 2010, as amended, by and between the Company and the Lender (the "Financing Agreement"). The Third Amendment amended the Financing Agreement to, among other changes, increase the facility for letters of credit from \$10,000,000 to \$15,000,000 and extended the expiration date of the credit facility from May 31, 2014 to May 31, 2015.

*The above summary is qualified in its entirety by reference to the full text of the Third 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

<b>Exhibit No.</b>	<b>Description</b>
10.1	Third Amendment to Financing and Security Agreement, dated March 11, 2014, by and between Liquidity Services, Inc. and Bank of America, N.A.
10.2	Second Amended and Restated Revolving Credit Note, dated March 11, 2014, issued by Liquidity Services, Inc. to Bank of America, N.A.

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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)

By: /s/ James E. Williams

Name: James E. Williams

Title: Vice President, General Counsel and Corporate Secretary

Date: March 11, 2014

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**Exhibit Index**

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THIRD AMENDMENT TO FINANCING AND SECURITY AGREEMENT

THIS THIRD AMENDMENT TO FINANCING AND SECURITY AGREEMENT (this “**Amendment**”) is made as of the 11<sup>th</sup> day of March, 2014 (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 current maximum principal amount of Seventy Five Million Dollars (\$75,000,000) and (ii) a letter of credit facility in the current 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 letter of credit facility, (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 letter of credit facility, (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.** (a) The definition of “Revolving Credit Expiration Date” set forth in Section 1.1 of the Financing Agreement is hereby amended and restated in its entirety as follows:

“Revolving Credit Expiration Date” means May 31, 2015.

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(b) The definition of “BBA LIBOR Daily Floating Rate” is deleted in its entirety and from and after the date hereof all references in the Financing Agreement to the “BBA LIBOR Daily Floating Rate” are hereby replaced with the term “LIBOR Daily Floating Rate”.

(c) The following definition of “LIBOR Daily Floating Rate” is added to Section 1.1 of the Financing Agreement:

“LIBOR Daily Floating Rate” is a fluctuating rate of interest which can change on each Business Day. The rate will be adjusted on each Business Day to equal the London Interbank Offered Rate (or a comparable or successor rate which is approved by the Lender) for U.S. Dollar deposits for delivery on the date in question for a one month term beginning on that date. The Lender will use the London Interbank Offered Rate as published by Bloomberg (or other commercially available source providing quotations of such rate as selected by the Lender from time to time) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, as adjusted from time to time in the Lender’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Lender. A “London Banking Day” is a day on which Lenders in London are open for business and dealing in offshore dollars.

**4 Letters of Credit.** Section 2.2.1 (Letters of Credit) of the Financing Agreement is hereby amended and restated in its entirety as follows:

**2.2.1 Letters of Credit.**

Subject to and upon the provisions of this Agreement, and as a part of the Revolving Credit Commitment, Borrower, upon the prior approval of Lender, may obtain standby letters of credit (as the same may from time to time be amended, supplemented or otherwise modified, each a “Letter of Credit” and collectively the “Letters of Credit”) from Lender from time to time from the Closing Date until the Business Day preceding the Revolving Credit Termination Date. Borrower will not be entitled to obtain a Letter of Credit hereunder unless (a) after giving effect to the request, the outstanding principal balance of the Revolving Loan and of the Letter of Credit Obligations would not exceed the Revolving Credit Committed Amount, (b) the sum of the aggregate face amount of the then outstanding Letters of Credit (including the face amount of the requested Letter of Credit) does not exceed Fifteen Million Dollars (\$15,000,000) and (c) the term of the requested Letter of Credit is not greater than three hundred sixty-five (365) days (it being understood that the Letters of Credit hereunder may contain “evergreen” automatic renewal provisions).

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

**5.1** 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;

**5.2** 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;

**5.3** 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;

**5.4** 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

**5.5** 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.

## **6 Limitation of Amendments.**

**6.1** 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.

**6.2** 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.

**7 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.

**8 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.

**9 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 Fifty Thousand Dollars (\$50,000) (the "**Amendment Fee**"). The Amendment Fee is considered earned when paid and is not refundable.

**10 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 Reaffirmations (as hereinafter defined) and the transactions contemplated thereby.

**11 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) a second amended and restated revolving credit note from the Borrower in favor of the Lender in the maximum principal amount of Seventy Five Million Dollars (\$75,000,000);

(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) proof that Borrower has paid all costs and expenses to Lender payable to Lender on the Effective Date pursuant to Sections 9 and 10 of this Amendment; and

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

**12 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.

**13 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.

**14 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.

LIQUIDITY SERVICES, INC.

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

BANK OF AMERICA, N.A.

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

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SECOND AMENDED AND RESTATED REVOLVING CREDIT NOTE

\$75,000,000

New York, New York  
March 11, 2014

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 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, 2014, 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 [XXXX] 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 "Second Amended and Restated Note" described in that certain Third 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 amends and restates in its entirety that certain Amended and Restated Revolving Credit Note dated April 30, 2010 (the "Prior Note") in the original principal amount of Seventy Five Million Dollars (\$75,000,000) 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.

LIQUIDITY SERVICES, INC.

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