

Approved December 4, 2018

Executive Stock Ownership Policy

Purpose:

A best practice for publicly traded companies is to require executive officers to own company stock. This practice aligns the interest of the executive officers with the interests of the shareholders. By aligning interests, the intention of the policy is to positively effect company stock price. This policy implements the practice for Liquidity Services, Inc. (the “**Company**”).

Policy:

1. **Covers Named Executive Officers:** All Company executive officers who are named executive officers in the Company’s annual proxy (“**NEOs**”) have an obligation to own Company stock. The Chief Executive Officer has an obligation to own shares with a value equaling 600% of his or her annual base salary. Each other NEO has an obligation to own shares with a value equaling 150% of his or her annual base salary. Once an executive officer becomes a NEO, such individual shall remain subject to this Policy until such individual ceases to be a NEO in the next annual proxy.
2. **Deadline for Full Compliance:** A NEO employed by the Company on or before January 1, 2014 must fully comply with this policy by January 1, 2019. For NEOs hired or identified as NEOs after January 1, 2014, a NEO must fully comply with this policy within five (5) years of his or her designation as a NEO at the end of a fiscal year.
3. **Share Ownership:** Shares directly owned by a NEO (excluding any unvested restricted shares) and shares owned by an immediate family member will be counted as equity held by a NEO. In addition, shares held in a 401(k) plan or shares held in trust economically to benefit the NEO, or an immediate family member of a NEO, will be counted as equity held. NEOs may purchase no financial instrument or enter any transaction designed to hedge or offset any decrease in the market value of the Company’s stock held for this Policy (including, but not limited to prepaid variable forward contracts, equity swaps, collars, or exchange funds).
4. **Progress Towards Compliance Required:**
 - a. NEOs hired or identified as NEOs on and after January 1, 2019. A NEO hired or identified on or after January 1, 2019 will be automatically restricted by the Company from selling shares in future vesting beyond what is required to meet tax obligations (*i.e.*, “automatic sell-to-cover”) until the NEO reaches his or her full compliance requirement for holding shares. A NEO may also elect, in his or her discretion, to retain all shares and cover taxes.

- b. NEOs hired or identified as NEOs before January 1, 2019. NEOs are expected to acquire shares at a consistent rate. A new NEO should own 1/5th of the required shares no later than their 1st anniversary of becoming a NEO, 2/5th of the required shares no later than their 2nd anniversary, 3/5th of the required shares no later than their 3rd anniversary, 4/5th of the required shares no later than their 4th anniversary and meet their entire obligation by the 5th anniversary. The Company will compute all progress calculations on a periodic basis using the NEO's salary and a closing stock price within 30 days before any eligible vesting date. If a NEO fails to make proportionate progress, the NEO will be notified and the NEO will be automatically restricted by the Company from selling shares in future vesting beyond what is required to meet tax obligations (*i.e.*, "automatic sell-to-cover") until the required proportionate progress toward ownership has been attained. If a determination is made that automatic sell-to-cover is warranted, the entire vest shall be subject to this requirement.
- 5. Maintaining Compliance & Stock Price Fluctuation:** Once a NEO comes into compliance with this Policy, the NEO shall be deemed to remain in compliance with the policy notwithstanding any fluctuation in stock price provided that a NEO may not sell shares and fall out of compliance except as provided below.
- 6. Loss of Compliance Due to Hardship or Divorce:** A NEO may not sell or transfer shares that would cause a NEO to be no longer in compliance with this policy, except:
- cases of hardship reasonably approved by the Compensation Committee; or
 - transfers of shares due to a final divorce decree assigning shares to an ex-spouse or selling shares as part of the overall divorce settlement.

If a NEO sells shares for the foregoing reasons, the NEO will be retested for compliance and have 3 years in which to return to compliance. For a NEO in compliance with the policy prior to an event of hardship or divorce, a return to compliance shall be deemed to mean acquiring the value of the shares sold. For example, if a NEO purchased 12,000 shares at \$12.00 per share and then later sold such shares due to a divorce, the NEO is required to acquire \$144,000 worth of shares in order to replace the shares sold or transferred.

Specifically, a NEO will have 3 years from the later of (i) December 31, 2018; or (ii) the date of the finalization of the divorce decree to return his or her ownership to the required level. Proportionate progress toward coming back into compliance is required as described above except the time permitted is 3 years. The same original requirements of progress towards compliance apply except that one-third of the shares will be obtained by the first anniversary of such date, 2/3 required shares will be obtained by the second anniversary and all shares will be obtained by the third anniversary. Automatic sell-to-cover rules and calculation methodologies remain the same as above. The Compensation Committee will exercise discretion to set the time period for a return to compliance for

cases of hardship and may set a shorter or longer period for returning to compliance for cases of hardship depending on the facts and circumstances.

7. **Other Remedies:** Besides automatic sell-to-cover remedies, the Compensation Committee may direct other additional corrective actions to be taken. Such corrective actions may include, but are not limited to, disallowing sales of Company stock or requiring future cash bonuses be awarded in equity. Also, the Compensation Committee may, at its sole discretion, approve exceptions to this policy with individual NEOs.
8. **Reporting:** The VP, Human Resources will provide periodic updates to the Compensation Committee based on the progress of NEOs in complying with this policy.
9. **Administration and Compliance:** This policy initially became effective January 1, 2014 and was most recently amended and restated effective December 4, 2018. The Vice President of Human Resources is responsible for the administration of this policy. The Compensation Committee of the Board of Directors of Liquidity Services, Inc. is responsible for governance of this policy.