Williams James Edwin
Form 4
February 09, 2011

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
Williams James Edwin

(Last) (First) (Middle)

C/O LIQUIDITY SERVICES, INC., 1920 L STREET, N.W., 6TH FLOOR

(Street)

WASHINGTON, DC 20036

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
LIQUIDITY SERVICES INC [LQDT]

3. Date of Earliest Transaction (Month/Day/Year)
02/07/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP, Gen. Counsel & Secretary

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/07/2011		M		1,125	A	$ 7.48	1,825	D	
Common Stock	02/07/2011		S		1,125	D	$ 16.89	700	D	
Common Stock	02/07/2011		M		1,014	A	$ 9.05	1,714	D	
Common Stock	02/07/2011		S		1,014	D	$ 16.89	700	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8 D S (
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Employee Stock Option	$ 12.89							(1)	03/30/2016	Common Stock	30,000	
Employee Stock Option	$ 10.93							(2)	10/01/2017	Common Stock	6,251	
Employee Stock Option	$ 7.48	02/07/2011		M			1,125	(3)	10/01/2018	Common Stock	12,376	
Restricted Stock Grant	$ 9.05							(4)	10/01/2019	Common Stock	5,834	
Employee Stock Option	$ 9.05	02/07/2011		M			1,014	(5)	10/01/2019	Common Stock	17,239	
Employee Stock Grant	$ 15.47							(6)	10/01/2020	Common Stock	6,759	
Employee Stock Option	$ 15.47							(7)	10/01/2020	Common Stock	9,988	
Employee Stock Grant	$ 15.47							(8)	10/01/2020	Common Stock	5,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Williams James Edwin C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR WASHINGTON, DC 20036			VP, Gen. Counsel & Secretary	

Signatures

/s/ James E. Williams	02/09/2011
**Signature of Reporting Person	Date

Explanation of Responses:

***** If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These options became fully vested on March 1, 2010.

(2) One-quarter of this option grant vested on October 1, 2008, with the remaining options vesting at 2.083% per month on the first day of each month for the next 36 months.

(3) Twenty-five percent of this option grant vested on October 1, 2009 and thereafter 1/48th of the option grant will vest each month for thirty-six months.

(4) Twenty-five percent of this restricted stock grant vested on October 1, 2010 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.

(5) Twenty-five percent of this option grant vested on October 1, 2010 and thereafter 1/48th of the option grant will vest each month for thirty-six months.

(6) Twenty-five percent of this restricted stock grant will vest on October 1, 2011 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.

(7) Twenty-five percent of this option grant will vest on October 1, 2011 and thereafter 1/48th of the option grant will vest each month for thirty-six months.

(8) These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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