

Williams James Edwin
 Form 4
 February 09, 2011

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
 OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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

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

(Print or Type Responses)

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

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 ___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
 VP, Gen. Counsel & Secretary

(Last) (First) (Middle)
 C/O LIQUIDITY SERVICES,
 INC., 1920 L STREET, N.W., 6TH
 FLOOR

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

(Street)
 WASHINGTON, DC 20036

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 Ownership (Instr. 4)
			Code	V	Amount or 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

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

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SEC 1474
(9-02)

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. 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.