

Williams James Edwin
Form 4
December 12, 2011

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

OMB APPROVAL
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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)
12/08/2011

(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

(City) (State) (Zip)

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 | 12/08/2011 | | M | | 626 A \$ 10.93 | 1,326 | D |
| Common Stock | 12/08/2011 | | M | | 1,687 A \$ 7.48 | 3,013 | D |
| Common Stock | 12/08/2011 | | M | | 1,521 A \$ 9.05 | 4,534 | D |
| Common Stock | 12/08/2011 | | M | | 2,913 A \$ 15.47 | 7,447 | D |
| | 12/08/2011 | | S | | 6,747 D | 700 | D |

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Common Stock \$ 37.13

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 | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option | \$ 10.93 | 12/08/2011 | | M | 626 | <u>(1)</u> | 10/01/2017 | Common Stock | 626 |
| Employee Stock Option | \$ 7.48 | 12/08/2011 | | M | 1,687 | <u>(2)</u> | 10/01/2018 | Common Stock | 7,313 |
| Restricted Stock Grant | \$ 9.05 | | | | | <u>(3)</u> | 10/01/2019 | Common Stock | 3,889 |
| Employee Stock Option | \$ 9.05 | 12/08/2011 | | M | 1,521 | <u>(4)</u> | 10/01/2019 | Common Stock | 12,676 |
| Employee Stock Grant | \$ 15.47 | | | | | <u>(5)</u> | 10/01/2020 | Common Stock | 5,070 |
| Employee Stock Option | \$ 15.47 | 12/08/2011 | | M | 2,913 | <u>(6)</u> | 10/01/2020 | Common Stock | 9,988 |
| Employee Stock Grant | \$ 15.47 | | | | | <u>(7)</u> | 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
12/12/2011

**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 October 1, 2011.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) Twenty-five percent of this restricted stock grant vested on October 1, 2011 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
- (6) Twenty-five percent of this option grant vested on October 1, 2011 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
- (7) 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.