

LIQUIDITY SERVICES INC
 Form 5
 October 25, 2013

FORM 5

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

OMB APPROVAL

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 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
Rallo James M

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 09/30/2013

Director 10% Owner
 Officer (give title below) Other (specify below)
 CFO, Treasurer

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

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

WASHINGTON, DC 20036

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) Amount or (D) Price			
Common Stock	02/20/2013	^	G	725 D \$ 0	595	D	^
Common Stock	03/22/2013	^	G	525 D \$ 0	70	D	^
Common Stock	05/23/2013	^	G	35 D \$ 0	35	D	^
	05/28/2013	^	G	35 D \$ 0	0	D	^

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Common
Stock

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

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(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	\$ 7.48	Â	Â	Â	Â Â Â (1)	10/01/2018	Common Stock	2,338
Employee Stock Grant	\$ 15.47	Â	Â	Â	Â Â Â (2)	10/01/2020	Common Stock	4,172
Employee Stock Option	\$ 15.47	Â	Â	Â	Â Â Â (3)	10/01/2020	Common Stock	6,678
Employee Stock Grant	\$ 15.47	Â	Â	Â	Â Â Â (4)	10/01/2020	Common Stock	5,527
Employee Stock Grant	\$ 31.11	Â	Â	Â	Â Â Â (5)	10/01/2021	Common Stock	3,723
Employee Stock Option	\$ 31.11	Â	Â	Â	Â Â Â (6)	10/01/2021	Common Stock	12,358
Employee Stock Grant	\$ 38.09	Â	Â	Â	Â Â Â (7)	10/01/2022	Common Stock	3,753
Employee Stock Grant	\$ 38.09	Â	Â	Â	Â Â Â (8)	10/01/2022	Common Stock	5,003

Employee Stock Option	\$ 38.09	Â	Â	Â	Â	Â	Â	Â ⁽⁹⁾	10/01/2022	Common Stock	3,335
Employee Stock Option	\$ 38.09	Â	Â	Â	Â	Â	Â	Â ⁽¹⁰⁾	10/01/2022	Common Stock	3,335
Employee Stock Grant	\$ 29.47	Â	Â	Â	Â	Â	Â	Â ⁽¹¹⁾	07/18/2023	Common Stock	12,216
Employee Stock Grant	\$ 29.47	Â	Â	Â	Â	Â	Â	Â ⁽¹²⁾	07/18/2023	Common Stock	28,503
Employee Stock Option	\$ 29.47	Â	Â	Â	Â	Â	Â	Â ⁽¹³⁾	07/18/2023	Common Stock	24,871
Employee Stock Option	\$ 29.47	Â	Â	Â	Â	Â	Â	Â ⁽¹⁴⁾	07/18/2023	Common Stock	58,031

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Rallo James M C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR WASHINGTON, DC 20036	Â	Â	Â CFO, Treasurer	Â

Signatures

/s/ James E. Williams, by power of attorney
10/25/2013

__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) Twenty percent of this option grant vested on October 1, 2009 and thereafter 1/60th of the option grant will vest each month for forty-eight months.
 - (2) 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.
 - (3) 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.
 - (4) These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
 - (5) Twenty-five percent of this restricted stock grant vested on October 1, 2012 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.

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- (6) Twenty-five percent of this option grant vested on October 1, 2012 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
- (7) Twenty-five percent of this restricted stock grant vested on October 1, 2013 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
- (8) These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
- (9) Twenty-five percent of this option grant vested on October 1, 2013 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
- (10) This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
- (11) Twenty-five percent of this restricted stock grant will vest on July 1, 2014 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
- (12) These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
- (13) Twenty-five percent of this option grant will vest on July 18, 2014 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
- (14) This option becomes exercisable, 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 provided 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.