

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>Burton Thomas B</u>			2. Issuer Name and Ticker or Trading Symbol <u>LIQUIDITY SERVICES INC [ LQDT ]</u>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Pres, COO, Gov't Liquid LLC</u>		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>02/03/2011</u>			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		
C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(Street) <u>WASHINGTON DC 20036</u>								
(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/03/2011		M		25,000	A	\$10.93	29,000	D	
Common Stock	02/03/2011		S <sup>(1)</sup>		25,000	D	\$15.5	4,000	D	
Common Stock	02/04/2011		M		25,000	A	\$10.93	29,000	D	
Common Stock	02/04/2011		S <sup>(1)</sup>		25,000	D	\$16.34	4,000	D	

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
Employee Stock Grant	\$15.47							(2)	10/01/2020	Common Stock	8,498	8,498	D	
Employee Stock Option	\$15.47							(3)	10/01/2020	Common Stock	12,556	12,556	D	
Employee Stock Grant	\$15.47							(4)	10/01/2020	Common Stock	20,000	20,000	D	
Employee Stock Option	\$7.48							(5)	10/01/2018	Common Stock	120,000	120,000	D	
Employee Stock Option	\$10.93	02/03/2011		M		25,000		(6)	10/01/2017	Common Stock	75,000	\$10.93	50,000	D
Employee Stock Option	\$10.93	02/04/2011		M		25,000		(6)	10/01/2017	Common Stock	50,000	\$10.93	25,000	D
Employee Stock Option	\$12.89							(7)	03/30/2016	Common Stock	75,000	75,000	D	

**Explanation of Responses:**

- The transactions reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on February 18, 2010.
- 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.
- 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.
- These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
- 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.
- Twenty-five percent of this option grant vested on October 1, 2008, with the remaining options vesting at 2.083% per month thereafter on the first day of each month for the next 36 months.
- These options became fully vested on March 1, 2010.

/s/ James E. Williams, by power of attorney 02/04/2011

\*\* Signature of Reporting Person Date

\* 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).

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**