

**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	
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1. Name and Address of Reporting Person * <u>Williams James Edwin</u>  (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 <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>VP, Gen. Counsel &amp; Secretary</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>07/24/2009</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

**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	07/24/2009		M		11,458	A	\$7	12,158	D	
Common Stock	07/24/2009		s <sup>(1)</sup>		11,458	D	\$11	700	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						Title
Employee Stock Option <sup>(2)</sup>	\$7	07/24/2009		M			11,458	(3)	12/22/2015	Common Stock	11,458	\$7	6,876	D	
Employee Stock Option	\$12.89							(4)	03/30/2016	Common Stock	30,000		30,000	D	
Employee Stock Option	\$10.93							(5)	10/01/2017	Common Stock	30,000		30,000	D	
Employee Stock Option	\$7.48							(6)	10/01/2018	Common Stock	27,000		27,000	D	

**Explanation of Responses:**

- This transaction was effected pursuant to trading instructions placed on June 4, 2009, in accordance with Rule 10b5-1.
- Exercise of Stock Options granted under the 2005 Stock Option and Incentive Plan.
- One-quarter of this option grant vested on November 11, 2006, with the remaining options vesting at 2.083% per month thereafter on the first day of each month for the next 36 months.
- One-quarter of this option grant vested on March 30, 2007, with the remaining options vesting at 2.083% per month thereafter on the first day of each month for the next 36 months.
- One-quarter 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.
- Twenty-five percent of this option grant will vest on October 1, 2009, and thereafter 1/48th of the option grant will vest each month for thirty-six months.

/s/ James E. Williams 07/28/2009

\*\* Signature of Reporting Person Date

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

\* 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.