

Burton Thomas B
 Form 4
 February 14, 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 *
 Burton Thomas B

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)
 Pres, COO, Gov't Liquid LLC

(Last) (First) (Middle)

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

3. Date of Earliest Transaction (Month/Day/Year)
 02/10/2011

WASHINGTON, DC 20036

(City) (State) (Zip)

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	(A) or (D)	Price
Common Stock	02/10/2011			M	6,000	A	\$ 10.93
Common Stock	02/10/2011			S ⁽¹⁾	6,000	D	\$ 16.35

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

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SEC 1474 (9-02)

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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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Grant	\$ 15.47					<u>(2)</u>	10/01/2020	Common Stock	8,498
Employee Stock Option	\$ 15.47					<u>(3)</u>	10/01/2020	Common Stock	12,556
Employee Stock Grant	\$ 15.47					<u>(4)</u>	10/01/2020	Common Stock	20,000
Employee Stock Option	\$ 7.48					<u>(5)</u>	10/01/2018	Common Stock	120,000
Employee Stock Option	\$ 10.93	02/10/2011		M	6,000	<u>(6)</u>	10/01/2017	Common Stock	25,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Burton Thomas B C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR WASHINGTON, DC 20036			Pres, COO, Gov't Liquid LLC	

Signatures

/s/ James E. Williams, by power of attorney

02/14/2011

__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) 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.
 - (2) 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.
 - (3) 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.
 - (4) These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
 - (5) 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.
 - (6) Twenty-five percent of this option grant will vest 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.

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.