

Rallo James M
Form 4
February 11, 2013

FORM 4

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

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

**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

OMB APPROVAL

OMB
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(Print or Type Responses)

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

3. Date of Earliest Transaction
(Month/Day/Year)
02/07/2013

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

(Street)
WASHINGTON, DC 20036

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

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D) Price			
Common Stock	02/07/2013		M		2,466	A \$ 7.48	2,466	D	

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

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information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
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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)**

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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. D S (	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option	\$ 7.48	02/07/2013		M		2,466		<u>(1)</u>	10/01/2018	Common Stock	30,334
Employee Stock Grant	\$ 15.47							<u>(2)</u>	10/01/2020	Common Stock	8,343
Employee Stock Option	\$ 15.47							<u>(3)</u>	10/01/2020	Common Stock	12,842
Employee Stock Grant	\$ 15.47							<u>(4)</u>	10/01/2020	Common Stock	6,553
Employee Stock Grant	\$ 31.11							<u>(5)</u>	10/01/2021	Common Stock	5,585
Employee Stock Option	\$ 31.11							<u>(6)</u>	10/01/2021	Common Stock	12,358
Employee Stock Grant	\$ 38.09							<u>(7)</u>	10/01/2022	Common Stock	3,008
Employee Stock Grant	\$ 38.09							<u>(8)</u>	10/01/2022	Common Stock	3,007
Employee Stock Option	\$ 38.09							<u>(9)</u>	10/01/2022	Common Stock	5,330
Employee Stock Option	\$ 38.09							<u>(10)</u>	10/01/2022	Common Stock	5,330

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			CFO, Treasurer	

Signatures

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

02/11/2013

__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.
 - (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 will vest 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 will vest 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.

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

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