

LIQUIDITY SERVICES INC
 Form 5
 November 14, 2007

FORM 5

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

OMB APPROVAL

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

(Last) (First) (Middle)

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

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 09/30/2007

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

(City) (State) (Zip)

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 at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|---|
| | | | | (A) or (D) Amount Price | | | |
| Common Stock | 12/22/2006 | | G | 130,000 D \$ 0 | 20,000 | D | |
| Common Stock | 12/22/2006 | | G | 1,250 D \$ 0 | 18,750 | D | |
| Common Stock | 12/22/2006 | | G | 1,250 D \$ 0 | 17,500 | D | |

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| | | | | | | | | | |
|--------------|------------|---|---|---------|---|------|---------|---|------------------------------|
| Common Stock | 08/23/2007 | Â | G | 10,000 | D | \$ 0 | 7,500 | D | Â |
| Common Stock | 12/22/2006 | Â | G | 130,000 | A | \$ 0 | 150,000 | I | By wife |
| Common Stock | 12/22/2006 | Â | G | 1,250 | A | \$ 0 | 26,250 | I | By the Stephanie Gross Trust |
| Common Stock | 12/22/2006 | Â | G | 1,250 | A | \$ 0 | 26,250 | I | By the Geoffrey Gross Trust |

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

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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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|-----|--|-----------------|---|-------------------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | | |
| Employee Stock Option | \$ 12.89 | Â | Â | Â | Â | Â | Â (1) | 04/03/2016 | Common Stock | 20,000 |
| Employee Stock Option | \$ 14.75 | Â | Â | Â | Â | Â | Â (2) | 10/02/2016 | Common Stock | 11,271 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| GROSS PATRICK W C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR | Â X | Â | Â | Â |

WASHINGTON, DC 20036

Signatures

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

11/14/2007

__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) These options vest over a two-year period starting on the date of grant, April 3, 2006, and were 50% vested after 12 months.
 - (2) These options became fully vested on October 2, 2007.

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.