



## News Release

For Immediate Release

### **Liquidation World Announces Private Placement, Acquisition of U.S. Wholesale Business and Change in Inventory Accounting Method**

Brantford, Ontario (January 27, 2009) – Liquidation World Inc. (TSX: LQW) today announced that it had entered into a definitive purchase agreement (the "**Purchase Agreement**") with Talon Merchant Capital, LLC ("**Talon**") and TCP Co-Investment Partners, LLC ("**TCP**"), an affiliate of Talon, pursuant to which Talon and TCP will be issued from treasury an aggregate of 7,600,000 common shares of Liquidation World at a value of CDN\$1.00 per common share, for an aggregate issuance price of CND\$7.6 million.

The issuance price for the 7,600,000 shares is to be paid as to CDN\$4,750,000 in cash and the balance as satisfaction of the purchase price payable by Liquidation World to Talon in connection with the acquisition by Liquidation World of the U.S. Wholesale Business currently carried on by Talon.

Talon's U.S. Wholesale Business is complementary to the current business carried on by Liquidation World primarily in Canada. The acquisition of substantially all of the operating assets of the U.S. Wholesale Business includes inventory and leased premises as well as the assumption of certain liabilities and employees.

On the unanimous recommendation of the Special Committee of the Board of Directors of the Company, the Board members entitled to vote on the matter unanimously determined that the transactions with Talon and TCP are fair to the Company and its shareholders, and are in the best interests of the Company and its shareholders.

The Chairman of Liquidation World's Board of Directors and its interim Chief Executive Officer and President, Craig Graham, stated: "The transactions with Talon bring stability to our business by providing significant management depth in liquidation operations, enhancing our ability to source product in the United States and strengthening our balance sheet."

The transactions are expected to close on or about February 4, 2009, subject to obtaining all required regulatory and other customary approvals including, the approval of the TSX. The Purchase Agreement contains customary representations, warranties, covenants, closing conditions and indemnification provisions for a transaction of a similar size and nature. In addition, for so long as Talon and TCP, collectively, hold at

least 20% of the Company's outstanding common shares, they have the right, on two occasions, subject to certain customary restrictions, to require the Company to effect a public offering in Canada of the common shares held by Talon and TCP.

After closing, it is anticipated that the Board of Directors of Liquidation World will be reorganized such that the Board of Directors will consist of Messrs. Craig Graham (the current Chairman of the Board and interim Chief Executive Officer and President of Liquidation World), Jeffrey Mandel (currently a director of Liquidation World), Seth Marks, Robert Wiens (currently a director of Liquidation World) and William Wolf.

On closing, it is also anticipated that the Board of Directors will reorganize the executive complement at Liquidation World such that Seth Marks will become President and Chief Executive Officer and Charles Howze will become Chief Operating Officer. Ken Wightman will continue as Chief Financial Officer.

Mr. Marks has spent his entire working career in the consumer products industry and has developed a unique perspective and expertise working on all sides of the consumer products food chain, primarily as a "merchant liquidator". He founded Talon Merchant Capital in October 2007 and, as President and Chief Executive Officer, is responsible for sourcing new investment opportunities and running the U.S. Wholesale Business. Prior to Talon Merchant Capital, Mr. Marks co-founded Big Lots Capital, a division of Big Lots Stores Inc., a Fortune 500 company. In addition to leading the special acquisitions group, Mr. Marks was an integral part of the management team and a key contributor to Big Lot's successful turnaround that began in 2005. Prior to Big Lots, he co-founded Hilco Wholesale Trading where he was responsible for deal origination, valuation, acquisition and disposition strategies.

Mr. Howze has spent 25 years in the discount retail business, most recently as Vice-President of Operations (West Coast Region) for Big Lots Stores Inc. Previous to his time at Big Lots Stores Inc., he held various executive merchandising and operational positions with K-Mart and TJX Corp. In these positions, Mr. Howze gained extensive experience in turnarounds, expansion initiatives and developing and implementing operational controls.

Under the rules of the TSX, the issuance of common shares to Talon and TCP under the Purchase Agreement would normally require the approval of holders of greater than 50% of Liquidation World's outstanding common shares at a special meeting of Liquidation World shareholders. Liquidation World intends to rely on an exemption available under the TSX rules from this requirement having obtained the written consent of holders of more than 50% of its outstanding common shares in lieu of obtaining such approval at a special meeting. Holders of approximately 59% of the outstanding common shares have provided such written consent.

Neither Talon nor TCP currently holds any shares in Liquidation World. Upon closing of the transactions, Talon, together with TCP, will become Liquidation World's largest single shareholder, holding approximately 48% of the issued and outstanding common shares. The issuance of the 7,600,000 common shares from treasury represents an

issuance of approximately 92% of Liquidation World's current outstanding share capital. As a public company, the issuance of the common shares to Talon and TCP represents a material change of control of Liquidation World.

Talon and TCP have each acquired the common shares for investment purposes only, but depending on market and other conditions, Talon and TCP may each, from time to time, in the future, acquire or dispose of securities of Liquidation World through market transactions, private agreements or otherwise, in each case in accordance with applicable securities laws.

The closing price of the common shares on the Toronto Stock Exchange on January 26, 2009, the last trading day prior to execution of the Purchase Agreement, was \$0.75. The weighted average trading price of the common shares for the 20-day period ended January 26, 2009 was \$0.75.

#### Change to Inventory Accounting Method

In order to make reporting for accounting and banking purposes more consistent, management has changed Liquidation World's inventory accounting method for SKU inventory from the retail inventory method to weighted average cost, and for lot inventory has refined the retail inventory method calculation to the level of individual lots by location. These changes are expected to provide management with more useful information. These changes are to be applied in the first quarter of fiscal 2009. In connection with these changes, management anticipates a downward adjustment in the carrying value of Liquidation World's inventory.

#### About Talon Merchant Capital

Talon is a private equity firm based in Chicago, Illinois, with an expertise in the acquisition of consumer product goods and companies. Talon's head office is located at 400 West Erie, Suite 301, Chicago, Illinois 60654.

#### **About Liquidation World**

Liquidation World liquidates consumer merchandise through 98 stores in Canada and the United States. The Company solves asset recovery problems in a professional manner for the financial services industry, insurance companies, manufacturers, wholesalers and other organizations. Liquidation World is based in Brantford, Ontario and maintains a number of regional buying offices in Canada and the United States. The Company opened its first store in Calgary, Alberta in 1986 and today, with more than 1,200 employees, is Canada's largest liquidator.

#### **Forward-Looking Statements**

This release includes forward-looking statements and potential future circumstances and developments. Forward-looking statements regarding future performance are subject to risks and uncertainties, and actual results may differ materially.

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