

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

June 8, 2010

LIQUIDITY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-51813

(Commission
File Number)

52-2209244

(IRS Employer
Identification No.)

1920 L Street, N.W., 6th Floor, Washington, D.C.

(Address of principal executive offices)

20036

(Zip Code)

Registrant's telephone number, including area code

(202) 467-6868

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On June 8, 2010, Liquidity Services, Inc., a Delaware corporation ("LSI"), and Leon Kennedy Acquisition Corp., a Delaware Corporation and a wholly-owned subsidiary of LSI ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire Network International, Inc., a Delaware corporation ("Network"). Under the terms of the Merger Agreement, Merger Sub will be merged with and into Network (the "Merger") at the closing of the Merger (the "Closing"), with Network continuing as the surviving corporation and a wholly-owned subsidiary of LSI. The Closing is expected to take place in June 2010.

The aggregate consideration to be paid to the shareholders of Network (the "Sellers"), subject to certain adjustments and conditions in the Merger Agreement, will consist of a cash payment to the Sellers of approximately \$7.5 million. In addition, the Sellers will be eligible to receive contingent earn-out payments of up to approximately \$7.5 million, payable over an 18 month period following the Closing, based on Network's operating results during such period. Ten percent of the amount payable to the Sellers will be held in escrow following the Closing and will be used to fund any downward adjustment in the purchase price and to fund any indemnification obligations owed by Sellers under the Merger Agreement.

The Merger Agreement contains customary representations, warranties and covenants by the Sellers, as well as indemnification by the Sellers subject to the limitations contained in the Merger Agreement. The Closing is subject to satisfaction of customary closing conditions. The Merger Agreement contains customary termination provisions.

Prior to the Acquisition, there were no material relationships between LSI or its affiliates, on the one hand, and Network or the Sellers, on the other hand.

A press release announcing the Merger, issued on June 9, 2010, is attached as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release, dated June 9, 2010, with respect to the Merger.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIQUIDITY SERVICES, INC.
(Registrant)

Date: June 9, 2010

By: /s/ James E. Williams
Name: James E. Williams
Title: Vice President, General Counsel and Corporate Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated June 9, 2010, with respect to the Merger.

Liquidity Services, Inc. to Acquire Network International, Inc.

- Acquisition Adds 22 Fortune 500 Energy Company Sellers and Thousands of Professional Buyers of Capital Assets to LSI's Online Marketplace Business -

WASHINGTON—(BUSINESS WIRE)—June 9, 2010—Liquidity Services, Inc. (LSI), which provides business and government clients and buying customers transparent, innovative and effective online marketplaces for surplus assets, today announced it has agreed to acquire Network International, Inc. (Network) in an all cash transaction. Based in Houston, TX, Network is a leading online marketplace for the sale of idle, surplus and used equipment in the oil and gas, petrochemical and power generation industries. Network conducts sales of client assets on a consignment basis using its online marketplace (www.NetworkIntl.com), an extensive global buyer base and product domain expertise. LSI will retain the current Network management team and employees post closing and Network will operate as a part of LSI's Commercial Asset Recovery Division.

The acquisition strengthens LSI's business by adding 22 Fortune 500 corporations and 8 of the world's largest multinationals across the energy supply chain as new clients along with a critical mass of buyers and relationships to further expand LSI's commercial capital assets business.

"We believe that the acquisition of Network is an exciting vertical expansion of our marketplace and a winning proposition for LSI's and Network's established base of clients and buyers," said Bill Angrick, Chairman and CEO of LSI. "The sale of capital assets comprises approximately one-third of our business today and clients with idle and used capital equipment within the energy sector will benefit from the opportunity to leverage LSI's technology, innovative value-added services and existing global buyer base."

"The demonstrated expertise of Network in understanding and meeting the needs of its clients, combined with our commitment to building a best-in-class industry solution, will help further establish LSI as the leading marketplace for the sale of surplus capital assets to a growing base of professional buyers and commercial clients," added Cayce Roy, President of LSI's Commercial Asset Recovery Division.

"We are excited by the opportunity to partner with LSI and bring more value to the energy industry in the management and sale of surplus capital assets. This strategic transaction will allow Network's clients to increase their financial recovery and improve cycle times for a broader range of assets by accessing LSI's menu of value added services and leveraging its base of over 400,000 registered buyers of capital assets, ranging from heavy machinery to rolling stock and scrap metal," stated Boyd Heath, President and CEO of Network International, Inc.

LSI expects the deal to add approximately \$45 million of annual Gross Merchandise Volume (GMV) and, excluding one-time deal expenses, to be neutral to its fiscal year 2010 earnings results and two cents per diluted share accretive to its fiscal 2011 results.

The acquisition is expected to close in June 2010 and is subject to customary closing conditions and post-closing price adjustments related to working capital items. Terms of the deal include an up front payment of approximately \$7.5 million in cash plus additional cash payments of up to \$7.5 million based on Network's future earnings before interest, taxes, depreciation and amortization (EBITDA) performance over an 18 month period after closing.

About Liquidity Services, Inc. (LQDT)

Liquidity Services, Inc. (NASDAQ: LQDT) provides leading corporations, public sector agencies and buying customers the world's most transparent, innovative and effective online marketplaces and integrated services for surplus assets. On behalf of its clients, LSI has completed the sale of over \$1.5 billion of surplus, returned and end-of-life assets, in over 500 product categories, including consumer goods, capital assets and industrial equipment. The company is based in Washington, D.C. and has approximately 700 employees. Additional information can be found at: www.liquidityservicesinc.com.

About Network International, Inc.

Network International, Inc. is the world's most extensive global online marketplace for surplus energy equipment for the oil and gas, petrochemical, and power generation industries. Through Auctions, Private Sales, and Equipment Inventory Analysis for both buyers and sellers, the company provides total asset management for some of the most well-known companies in the energy sector. Based in Houston, Texas, the company serves over 50,000 buyers and sellers throughout more than 60 countries. For more information, visit www.NetworkIntl.com.

Forward-Looking Statements

This document contains forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding the potential benefits, impact on fiscal 2010 and 2011 operating results and expected closing date, of the acquisition of the Network business by LSI. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from any future results expressed or implied by these forward-looking statements. You can identify forward-looking statements by terminology such as "expects," or the negative of these terms or other comparable terminology. We cannot guarantee future results, levels of activity, performance or achievements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this document. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2009, including, but not limited to, those set forth in Part I, Item IA (Risk Factors). There may be other factors of which we are currently unaware that may cause our actual results to differ materially from the forward-looking statements. All forward-looking statements apply only as of the date of this document and are expressly qualified in their entirety by the cautionary statements included in this document. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement occurring after the date of this document.

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SOURCE: Liquidity Services, Inc.
