

LIVEDEAL INC
Form PRE 14A
January 16, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934(Amendment No.)

Filed by the Registrant ☒ T
Filed by a Party other than the Registrant ☐ F

Check the appropriate box:

<input checked="" type="checkbox"/> T	Preliminary Proxy Statement
<input type="checkbox"/> F	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
<input type="checkbox"/> F	Definitive Proxy Statement
<input type="checkbox"/> F	Definitive Additional Materials
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LIVEDEAL, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

<input checked="" type="checkbox"/> T	No fee required.
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1)	Title of each class of securities to which transaction applies:
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3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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1) Amount Previously Paid:

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4)

Date Filed:

LIVEDEAL, INC.

4840 East Jasmine Street
Suite 105
Mesa, Arizona 85205-3321
(480) 654-9646

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON FEBRUARY 28, 2008

January __, 2008
Mesa, Arizona

To Our Stockholders:

The 2008 Annual Meeting of Stockholders of LiveDeal, Inc. ("LiveDeal") will be held at 2240 Village Walk Drive, Building 3, Second Floor, Henderson, Nevada 89052, on February 28, 2008, beginning at 10:00 a.m. local time. The Annual Meeting is being held to:

1. elect seven directors to our Board of Directors;
2. approve an amendment to the LiveDeal, Inc. Amended and Restated 2003 Stock Plan to increase the number of shares authorized for issuance under the 2003 Stock Plan from 800,000 shares to 1,100,000 shares;
3. ratify the appointment of Mayer Hoffman McCann P.C. as LiveDeal's independent registered public accounting firm for the fiscal year ending September 30, 2008; and
4. transact such other business that may properly come before the meeting and any adjournments thereof.

Only stockholders of record at the close of business on January 7, 2008 are entitled to receive notice of and to vote at the meeting or any adjournment thereof. Your vote is important. Note that we have enclosed with this notice (i) our Annual Report on Form 10-K for the fiscal year ended September 30, 2007 and (ii) a Proxy Statement.

Your proxy is being solicited by LiveDeal's Board of Directors. All stockholders are cordially invited to attend our Annual Meeting and vote in person. In order to assure your representation at the Annual Meeting, however, we urge you to complete, sign and date the enclosed proxy as promptly as possible and return it to us either (i) via facsimile to the attention of Gary L. Perschbacher at 480-324-2507, or (ii) in the enclosed postage-paid envelope. If you attend the Annual Meeting in person, you may vote in person even if you previously have returned a proxy.

By Order of the Board of Directors

/s/ Joseph F. Cunningham, Jr.

Joseph F. Cunningham, Jr.
Chairman of the Board

PLEASE VOTE – YOUR VOTE IS IMPORTANT

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LIVEDEAL, INC.
4840 East Jasmine Street
Suite 105
Mesa, Arizona 85205-3321
(480) 654-9646

PROXY STATEMENT FOR
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON FEBRUARY 28, 2008

This Proxy Statement relates to the 2008 Annual Meeting of Stockholders of LiveDeal, Inc. (“LiveDeal” or the “Company”). The Annual Meeting will be held on February 28, 2008 at 10:00 a.m. local time, at 2240 Village Walk Drive, Building 3, Second Floor, Henderson, Nevada 89052, or at such other time and place to which the Annual Meeting may be adjourned or postponed. The enclosed proxy is solicited by our Board of Directors. The proxy materials relating to the Annual Meeting are first being mailed to stockholders entitled to vote at the meeting on or about January __, 2008.

ABOUT THE MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will act upon the matters outlined in the accompanying Notice of Annual Meeting and this Proxy Statement, including (i) the election of seven directors to our Board; (ii) a proposal to increase the number of shares authorized for issuance under the LiveDeal, Inc. Amended and Restated 2003 Stock Plan (the “2003 Stock Plan”) from 800,000 shares to 1,100,000 shares; and (iii) the ratification of the appointment of our independent registered public accounting firm. In addition, management will report on our most recent financial and operating results and respond to questions from stockholders.

Who is entitled to attend and vote at the Annual Meeting?

Only stockholders of record at the close of business on the record date, January 7, 2008, or their duly appointed proxies, are entitled to receive notice of the Annual Meeting, attend the meeting and vote the shares that they held on that date at the meeting or any postponement or adjournment of the meeting. At the close of business on January 7, 2008, there were issued, outstanding and entitled to vote 6,612,366 shares of our common stock, par value \$.001 per share, each of which is entitled to one vote. You may not cumulate votes in the election of directors.

How do I vote?

You may vote on matters to come before the meeting in two ways: (i) you can attend the meeting and cast your vote in person; or (ii) you can vote by completing, signing and dating the enclosed proxy card and returning it to us via mail or facsimile. If you do so, you will authorize the individuals named on the proxy card, referred to as the proxy holders, to vote your shares according to your instructions or, if you provide no instructions, according to the recommendations of our Board of Directors.

What if I vote and then change my mind?

You may revoke your proxy at any time before it is exercised by either (i) filing with our Corporate Secretary a notice of revocation; (ii) sending in another duly executed proxy bearing a later date; or (iii) attending the meeting and casting your vote in person. Your last vote will be the vote that is counted.

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What are the Board's recommendations?

Unless you give other instructions on your proxy card, the persons named on the proxy card will vote in accordance with the recommendations of our Board of Directors. Our Board's recommendations are set forth together with a description of such items in this Proxy Statement. In summary, our Board recommends a vote FOR election of the nominated slate of directors; FOR the proposed increase in the number of shares authorized for issuance under our 2003 Stock Plan from 800,000 shares to 1,100,000 shares; and FOR the ratification of our independent registered public accounting firm.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by our Board of Directors or, if no recommendation is given, in their own discretion.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the issued and outstanding shares on the record date will constitute a quorum, permitting us to conduct our business at the Annual Meeting. Proxies received but marked as abstentions and broker non-votes (defined below) will be included in the calculation of the number of shares considered to be present at the meeting for purposes of determining whether a quorum is present.

What vote is required to approve each item?

Election of Directors. Election of a director requires the affirmative votes of the holders of a plurality of the shares for which votes are cast at a meeting at which a quorum is present. The seven persons receiving the greatest number of votes will be elected as directors. Since only affirmative votes count for this purpose, a properly executed proxy marked "WITHHOLD AUTHORITY" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Stockholders may not cumulate votes in the election of directors.

Amendment to our 2003 Stock Plan. The approval of the proposed amendment to our 2003 Stock Plan will require the affirmative vote of a majority of the shares for which votes are cast at a meeting at which a quorum is present. A properly executed proxy marked "ABSTAIN" with respect to any such matter will not be voted, although it will be treated as a vote cast and will be counted for purposes of determining whether a quorum is present. Accordingly, an abstention will have the effect of a vote against the proposal to amend our 2003 Stock Plan. Brokers are not entitled to use their discretion to vote uninstructed proxies with respect to approval of the proposed amendment to our 2003 Stock Plan and are not deemed a vote cast.

Ratification of Auditors. The ratification of the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm will require the affirmative vote of the holders of a majority of the shares for which votes are cast at a meeting at which a quorum is present. A properly executed proxy marked "ABSTAIN" with respect to any such matter will not be voted, although it will be treated as a vote cast and will be counted for purposes of determining whether a quorum is present. Accordingly, an abstention will have the effect of a negative vote. Brokers are entitled to use their discretion to vote uninstructed proxies with respect to ratification of our independent auditors.

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Effect of Broker Non-Votes. If your shares are held by your broker in “street name,” you are receiving a voting instruction form from your broker or the broker’s agent asking you how your shares should be voted. Please complete the form and return it in the envelope provided by the broker or agent. No postage is necessary if mailed in the United States. If you do not instruct your broker how to vote, your broker may vote your shares at its discretion or, on some matters, may not be permitted to exercise voting discretion. Votes that could have been cast on the matter in question if the brokers have received their customers’ instructions, and as to which the broker has notified us on a proxy form in accordance with industry practice or has otherwise advised us that it lacks voting authority, are referred to as “broker non-votes.” Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted as a vote cast in determining the number of shares necessary for approval. Shares represented by such “broker non-votes,” however, will be counted in determining whether there is a quorum.

Can I dissent or exercise rights of appraisal?

Under Nevada law, holders of our voting stock are not entitled to dissent from any of the proposals to be presented at the Annual Meeting or to demand appraisal of their shares as a result of the approval of any of the proposals.

Who pays for this proxy solicitation?

The Company will bear the entire cost of this proxy solicitation, including the preparation, assembly, printing, and mailing of this Proxy Statement, the proxy card and any additional solicitation materials furnished to the stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation material to such beneficial owners.

ELECTION OF DIRECTORS (Proposal No. 1)

General

Our Board of Directors is currently comprised of seven directors, each of whom is elected annually. Accordingly, stockholders will elect seven directors at the Annual Meeting. Each director is to be elected to hold office until the next annual meeting of stockholders or until his successor is elected and qualified. If a director resigns or otherwise is unable to complete his term of office, the Board may elect another director for the remainder of the departing director’s term.

The Board has no reason to believe that the nominees will not serve if elected, but if they should become unavailable to serve as a director, and if the Board designates a substitute nominee, the persons named as proxies will vote for the substitute nominee designated by our Board.

Vote Required

If a quorum is present and voting, the seven nominees receiving the highest number of votes will be elected to our Board of Directors.

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Nominees for Director

The Board's nominees are:

Joseph F. Cunningham, Jr.	Mr. Cunningham has served as a director of our Company since January 2006 and as Chairman of the Audit Committee since January 8, 2006. Mr. Cunningham founded and has been the President and Chief Executive Officer of Liberty Mortgage Acceptance Corporation since 1992. Liberty Mortgage Acceptance Corporation is a nationwide commercial mortgage lender. From March 1985 to 1992, Mr. Cunningham was the Chief Executive Officer of his own mortgage banking firm. Mr. Cunningham was the Chief Operating Officer of Colwell Financial Corporation, which serviced over \$5 billion and employed over 1,500 people, and was the Executive Vice President and Chief Financial Officer of Granite Financial Corporation, which was the first company to securitize subprime residential mortgages. Earlier, Mr. Cunningham practiced as a CPA in the Boston office of PricewaterhouseCoopers for six years. Mr. Cunningham received a B.S. in Accounting from Boston College in 1969. Age: 59.
Daniel L. Coury, Sr.	Mr. Coury has served as a director of our Company since February 2000, and served as our acting Chief Executive Officer from January 2006 until his permanent appointment as Chief Executive Officer in September 2006. Since 1990, Mr. Coury has served as President and Chairman of Mesa Cold Storage, Ltd., which owns and operates the largest cold storage facilities in Arizona. Before Mr. Coury purchased Mesa Cold Storage, he had experience in international trade, real estate development, real estate exchanges and serving as a consultant to various family businesses, including five General Motors dealerships, numerous commercial and residential developments and mortuary services. Age: 54.
Richard Butler	Mr. Butler has served as a director of our Company since August 2006. From 1999 to the present, Mr. Butler has worked as an independent consultant, advising clients with regards to credit and investment analysis, real estate lending and commercial mortgage banking, corporate and real estate workouts/restructurings, and placing financing in a broad range of markets. Mr. Butler is a veteran savings and loan and mortgage banking executive. He co-founded and was a major shareholder of Aspen Healthcare, Inc. and Ref-Razzer Corporation, was President and CEO of Mt. Whitney Savings Bank, CEO of First Federal Mortgage Bank, CEO of Trafalgar Mortgage, and was Executive Officer and Member of the President's Advisory Committee at American (formerly State) Savings & Loan Association, which at its peak had assets of \$34 billion. Mr. Butler co-developed a \$200 million affordable housing consortium with First Bank, Federal Home Loan Mortgage Corporation, HUD, Radian Guaranty and Lloyds of London. Mr. Butler attended Bowling Green University in Ohio, San Joaquin Delta College in California and Southern Oregon

State College. Age: 58.

Thomas J. Clarke, Jr.

Mr. Clarke has served as a director of our Company since November 2007. Mr. Clarke is currently the Chairman and Chief Executive Officer of TheStreet.com. Prior to joining that company in 1999, Mr. Clarke was Chief Executive Officer of Thomson Financial Investor Relations. At that company, Mr. Clarke oversaw the sale of what was then Technimetrics Inc. from Knight-Ridder to Thomson Corporation in 1998. Mr. Clarke has also held management positions at companies such as McAuto Systems Corp. and Media Records. Additionally, Mr. Clarke serves as a business information advisor for Plum Holdings L.P., an institutional venture capital firm specializing in early stage investments in media companies. He serves on the University of Albany's executive advisory board of the Center for Comparative Functional Genomics, and on the board of Standing Stone, Inc., developers of disease state management solutions. Mr. Clarke holds an MBA from Hofstra University and a Bachelor's Degree in Marketing from St. John's University. Age: 51.

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John Evans	Mr. Evans has served as a director of our Company since June 2007. Since 2002, Mr. Evans has served as a business strategy consultant and investment analyst in the information services and media industry. Previously, he was a fixed income and equity analyst and portfolio manager for various funds and family offices. Mr. Evans has performed strategic consulting for various companies, including Bankrate, Inc. He studied American and Ancient History at Columbia University. Age: 44.
Benjamin Milk	Mr. Milk is an independent management consultant specializing in communications and strategic planning and has served as a director of our Company since September 2006. For the 13 years prior to becoming a director, Mr. Milk served as Vice President of the International Association of Refrigerated Warehouses, where he was responsible for government relations, education programs, board support and member services. Mr. Milk also served at the Securities and Exchange Commission for nine years, during which time he served as the Executive Director for five years. In that role, Mr. Milk assisted in the restructuring of the Division of Corporation Finance, the largest division of the SEC. Since 1981, Mr. Milk has served as a senior officer for several organizations. Among other positions, he was Executive Vice President of a large non-profit organization. Mr. Milk holds a Master's Degree in Public Administration from the University of Pittsburgh. Age: 69.
Rajesh Navar	Mr. Navar has served as a director and as President of our Company since June 2007, when the Company acquired LiveDeal, Inc., a company that Mr. Navar founded. Prior to founding LiveDeal, Mr. Navar joined eBay in 1998, a start-up at that time, as a senior member of the engineering team. Mr. Navar founded and built eBay's search technology, helping build eBay into one of the world's most successful and profitable e-commerce companies. In September 2005, Mr. Navar was honored among Silicon Valley Business Journal's chronicle of "40 under 40" people to watch. Mr. Navar holds a Master's in Business Management (Sloan Fellow) from Stanford University's Graduate School of Business, a M.S. in Electrical Engineering from Iowa State University and a Bachelor of Engineering in Electronics Engineering from Bangalore University in Bangalore, India. Age: 40.

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Our Board of Directors recommends a vote FOR the election of each of the director nominees.

BOARD INFORMATION AND DIRECTOR NOMINATION PROCESS

How are directors compensated?

Our directors receive a base fee of \$36,000 per year for their service on the board, which is payable in monthly installments. Additionally, committee chairpersons are paid an additional \$10,000 per year, payable monthly. Upon election to the Board, directors are generally awarded 10,000 shares of restricted common stock.

How often did the Board meet during fiscal 2007?

Our Board of Directors met eight times during fiscal 2007, either telephonically or in person, and acted several times by unanimous written consent. None of our directors attended fewer than 75% of the meetings of the Board held during the director's service or of any committee on which the director served during fiscal 2007.

What committees has the Board established?

Our Board of Directors has a Corporate Governance and Nominating Committee, a Compensation Committee, and an Audit Committee.

Corporate Governance and Nominating Committee. The purpose of the Corporate Governance and Nominating Committee is to (a) identify individuals who are qualified to become members of our Board of Directors, consistent with criteria approved by the Board, and to select, or to recommend that the Board select, the director nominees for the next annual meeting of stockholders or to fill vacancies on the board; (ii) develop and recommend to the Board a set of corporate governance principles applicable to our Company; and (iii) oversee the evaluation of the Board and our Company's management. Messrs. Cunningham, Butler and Milk currently serve on the Corporate Governance and Nominating Committee. Each member of the committee satisfies the independence standards specified in Rule 4200(a)(15) of the NASDAQ Marketplace Rules and the related rules of the SEC. Our Board of Directors has adopted a charter for the Corporate Governance and Nominating Committee, a copy of which is posted on our website at www.livedeal.com. The committee met two times during fiscal 2007.

Compensation Committee. The purpose of the Compensation Committee is to discharge the Board's responsibilities relating to compensation of the Company's directors and executives, to produce an annual report on executive compensation for inclusion in the Company's proxy statement, as necessary, and to oversee and advise the Board on the adoption of policies that govern the Company's compensation programs including stock and benefit plans. Messrs. Cunningham, Butler and Milk currently serve on the Compensation Committee, which is chaired by Mr. Butler. Each member of the committee satisfies the independence standards specified in Rule 4200(a)(15) of the NASDAQ Marketplace Rules and the related rules of the SEC. Our Board of Directors has adopted a charter for the Compensation Committee, a copy of which is posted on our website at www.livedeal.com. The committee met one time during fiscal 2007.

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Audit Committee. The purpose of the Audit Committee is to assist our Board of Directors in overseeing (i) the integrity of our Company's accounting and financial reporting processes, the audits of our financial statements, as well as our systems of internal controls regarding finance, accounting, and legal compliance; (ii) our Company's compliance with legal and regulatory requirements; (iii) the qualifications, independence and performance of our independent public accountants; (iv) our Company's financial risk; and (v) our Company's internal audit function. In carrying out this purpose, the Audit Committee maintains and facilitates free and open communication between the Board, the independent public accountants, and our management. Messrs. Cunningham, Butler and Milk currently serve on the Audit Committee. Each member of the committee satisfies the independence standards specified in Rule 4200(a)(15) of the NASDAQ Marketplace Rules and the related rules of the SEC. Mr. Cunningham serves as the committee's chairman and is the "audit committee financial expert" as defined under Item 401(h) of Regulation S-K. Our Audit Committee reports its findings directly to the full Board. Our Board of Directors has adopted a charter for the Audit Committee, a copy of which is posted on our website at www.livedeal.com. The Audit Committee met one time during fiscal 2007.

Compensation Committee Interlocks and Insider Participation. There were no interlocking relationships between our Company and other entities that might affect the determination of the compensation of our executive officers.

What are the procedures of the Governance and Nominating Committee in making nominations?

The Corporate Governance and Nominating Committee will establish and periodically reevaluate the criteria and qualifications for board membership and the selection of candidates to serve as directors of our Company. In determining whether to nominate a candidate for director, the Corporate Governance and Nominating Committee will consider the candidate's independence standards, experience relevant to the needs of our Company, leadership qualities, diversity, and the ability to represent our stockholders. The committee, if it so chooses, has the authority to retain a search firm to identify director candidates and to approve any fees and retention terms of the search firm's engagement.

The committee shall formulate a process to identify candidates for nomination or to be recommended to the Board for nomination as directors. The process, at a minimum, shall

- reflect the minimum qualifications that in the view of the committee are required for membership on the board;
- reflect any additional qualifications that in the view of the Committee are required of one or more members of the board;
- provide for the consideration of the qualifications, performance, and contributions of incumbent board members who consent to re-election;
- provide for the identification and evaluation of potential nominees for positions for which the Committee does not select qualified incumbents for re-election; and
- provide for appropriate documentation of the nominations process.

Our Board of Directors is of the view that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, giving our Company the benefit of the familiarity and insight into our Company's affairs that its directors have accumulated during their tenure, while contributing to the Board's ability to work as a collective body. Accordingly, the process of the Corporate Governance and Nominating Committee for identifying nominees reflects the practice of re-nominating incumbent directors who continue to satisfy the committee's criteria for membership on the Board, who the committee believes will continue to make important contributions to the Board,

and who consent to continue their service on the Board.

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What are our policies and procedures with respect to director candidates who are nominated by security holders?

The Corporate Governance and Nominating Committee shall formulate and recommend for adoption to the full Board a policy regarding consideration of nominees for election to the Board who are recommended by security holders of the Company. The policy shall state at a minimum that the committee will consider candidates nominated by stockholders of the Company. The policy shall contain any other elements that the committee deems appropriate. These elements may include requirements relating to minimum share ownership of recommending security holder; qualifications of recommended candidates; and compliance with procedures for submission of recommendations.

The committee shall adopt procedures for the submission to the committee of stockholder recommendations of nominees for election to the Board, consistent with the policy adopted by the Board. These procedures, at a minimum, shall include requirements and specifications relating to the following:

- the timing for the submission of recommendations;
- the manner of submission of recommendations;
- information required to be provided concerning the recommending security holder;
- information required to be provided concerning proposed nominee;
- the consent of the proposed nominee to be contacted and interviewed by the committee;
- and the consent of the proposed nominee to serve if nominated and elected.

What is our policy on director attendance at our Annual Meetings?

The Corporate Governance and Nominating Committee of the Board of Directors shall formulate and recommend to the Board for adoption a policy regarding attendance of directors at annual meetings of the Company's stockholders. The policy may provide for attendance of directors by appropriate means of electronic conferencing.

All of our directors attended our 2007 Annual Meeting of Stockholders. All current directors anticipate attending the 2008 Annual Meeting.

How can investors communicate with the Board of Directors?

Stockholders and other parties interested in communicating with the Board of Directors may do so by writing to Board of Directors, LiveDeal, Inc., 4840 East Jasmine Street, Suite 105, Mesa, Arizona 85205-3321.

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Does the Company have a code of ethics?

We have adopted a code of ethics that applies to all directors, officers, and employees of our Company, including the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. We have filed our code of ethics as an exhibit to our quarterly report on Form 10-QSB for the period ended March 31, 2004. In addition, our code of ethics is posted under “Investor Relations” on our Internet website at www.livedeal.com. We will mail a copy of our code of ethics at no charge upon request submitted to LiveDeal, Inc., Attention: Investor Relations, 4840 East Jasmine Street, Suite 105, Mesa, Arizona, 85205. If we make any amendment to, or grant any waivers of, a provision of the code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller where such amendment or waiver is required to be disclosed under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefor on Form 8-K or on our Internet website at www.livedeal.com.

PROPOSAL TO AMEND OUR 2003 STOCK PLAN (Proposal No. 2)

General Information

At the 2008 Annual Meeting there will be presented to stockholders a proposal to approve an amendment to our 2003 Stock Plan, which would increase the number of shares authorized for issuance under the 2003 Stock Plan from 800,000 to 1,100,000. As of January 7, 2008, 173,743 shares remained available for future grants under the 2003 Stock Plan. On January 14, 2008, the Board of Directors, acting as the Plan Committee, unanimously approved the proposed amendment subject to stockholder approval at the Annual Meeting. The amendment to the 2003 Stock Plan increasing the number of shares authorized for issuance will not be effective unless and until stockholder approval is obtained.

The Board of Directors believes that the Company’s ability to grant awards under the 2003 Stock Plan, and under the amended 2003 Stock Plan, will promote the success and enhance the value of the Company by linking the personal interest of participants to those of the Company’s stockholders and by providing participants with an incentive for outstanding performance. The Board of Directors believes that the 2003 Stock Plan helps the Company attract, retain and motivate employees, officers and directors. In addition, the Board of Directors believes the proposed increase in the number of shares available for issuance under the 2003 Stock Plan is appropriate in light of the fact that the Company has repurchased or otherwise retired approximately 300,000 shares of its common stock in recent months. The resulting decrease in the number of shares of our common stock that are issued and outstanding will mitigate any dilutive impact on current stockholders that this proposal would otherwise have. For those reasons, the Board of Directors believes that an increase in the number of shares available for issuance in future years, as proposed, is in the best interests of the Company and its stockholders.

The 2003 Stock Plan provides for the granting of restricted stock, performance share awards and performance-based awards to eligible individuals. A summary of the principal provisions of the 2003 Stock Plan, as amended, is set forth below. The summary is qualified by reference to the full text of the 2003 Stock Plan, which is included as Appendix A to this Proxy Statement.

Administration

The 2003 Stock Plan is to be administered by a committee of the Board of Directors (the “Committee”). If the Board does not appoint a Committee, the 2003 Stock Plan is to be administered by the Board of Directors and all references

in the 2003 Stock Plan to the Committee shall refer to the Board. The Committee shall have the exclusive authority to administer the 2003 Stock Plan, including the power to determine eligibility; the types and sizes of awards; the price and timing of awards; and any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an award, and accelerations or waivers thereof.

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Eligibility

Persons eligible to participate in the 2003 Stock Plan include all employee and non-employee service providers of the Company or any subsidiary, as determined by the Committee.

Limitation on Awards and Shares Available

An aggregate of 1,100,000 shares of our common stock would be available for grant under the 2003 Stock Plan, as amended (of which, 626,257 shares have been granted). The maximum number of shares of common stock payable in the form of performance-based awards to any one participant for a performance period is 100,000 shares, or in the event the performance-based award is paid in cash, the maximum is determined by multiplying 100,000 by the fair market value of one share of stock as of the date of grant of the performance-based award.

Awards

The 2003 Stock Plan provides for the grant of restricted stock, performance shares and performance-based awards. No determination has been made as to the types or amounts of awards that will be granted to specific individuals under the 2003 Stock Plan.

A restricted stock award is the grant of shares of common stock at a price determined by the Committee (including zero), that is nontransferable and subject to substantial risk of forfeiture until specific conditions are met. Conditions may be based on continuing employment or achieving performance goals. During the period of restriction, participants holding shares of restricted stock may have full voting and dividend rights with respect to such shares. The restrictions will lapse in accordance with a schedule or other conditions determined by the Committee. A grant of performance shares gives the recipient rights that are valued and payable to or exercisable by the recipient as established by the Committee upon the grant or thereafter.

Grants of performance-based awards under the 2003 Stock Plan enable the Committee to treat restricted stock awards and performance share awards granted under the 2003 Stock Plan as “performance-based compensation” under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) and preserve the deductibility of these awards for federal income tax purposes. Because Section 162(m) of the Code only applies to those employees who are “covered employees,” as defined in Section 162(m) of the Code, only individuals who are, or could be, covered employees are eligible to receive performance-based awards.

Participants are only entitled to receive payment for a performance-based award for any given performance period to the extent that pre-established performance goals set by the Committee for the period are satisfied. These pre-established performance goals must be based on one or more of the following performance criteria: pre- or after-tax net earnings, sales or revenue, operating earnings, operating cash flow, return on net assets, return on shareholders’ equity, return on assets, return on capital, shareholder returns, gross or net profit margin, earnings per share, price per share, and market share. These performance criteria may be measured in absolute terms or as compared to any incremental increase or as compared to results of a peer group. With regard to a particular performance period, the Committee shall have the discretion to select the length of the performance period, the type of performance-based awards to be granted, and the goals that will be used to measure the performance for the period. In determining the actual size of an individual performance-based award for a performance period, the Committee may reduce or eliminate (but not increase) the award. Generally, a participant will have to be employed on the date the performance-based award is paid to be eligible for a performance-based award for that period.

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Amendment and Termination

The Committee, subject to approval of the Board of Directors, may terminate, amend, or modify the 2003 Stock Plan at any time; provided, however, that stockholder approval must be obtained for any amendment to the extent necessary to comply with any applicable law, regulation or stock exchange rule.

Federal Income Tax Consequences

A participant receiving restricted stock, performance shares or performance-based awards will not recognize taxable income at the time of grant. At the time the restrictions lapse, the participant will recognize ordinary taxable income in an amount equal to the difference between the amount paid for such award and fair market value of the stock or amount received on the date of the lapse of restriction. The Company will be entitled to a concurrent deduction equal to the ordinary income recognized by the participant.

Vote Required for Approval of Amendment

Approval of the amendment to the 2003 Stock Plan requires the affirmative vote of a majority of the shares for which votes are cast, in person or by valid proxy, at a meeting at which a quorum is present.

Our Board of Directors recommends a vote FOR the proposal to amend our 2003 Stock Plan to increase the number of shares eligible for grant under the 2003 Stock Plan from
800,000 shares to 1,100,000 shares.

RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(Proposal No. 3)

Audit Committee Appointment – Mayer Hoffman McCann P.C.

Our Audit Committee, pursuant to authority granted to it by our Board of Directors, has selected Mayer Hoffman McCann P.C., certified public accountants, as independent auditors to examine our annual consolidated financial statements for the fiscal year ending September 30, 2008. Our Board is submitting this proposal to the vote of the stockholders in order to ratify the Audit Committee's selection. If stockholders do not ratify the selection of Mayer Hoffman McCann P.C., the Audit Committee will reconsider its selection of our independent registered public accounting firm for fiscal 2008 although the Audit Committee will be under no obligation to change its selection.

Former Engagement of Epstein, Weber & Conover, P.L.C. and Moss Adams LLP

Our annual consolidated financial statements for the fiscal year ending September 30, 2007 were audited by Mayer Hoffman McCann P.C. Our annual consolidated financial statements for the fiscal years ending September 30, 2006 and 2005 were audited by Moss Adams LLP ("Moss Adams"). Effective March 29, 2007, the Company dismissed Moss Adams as its independent registered public accounting firm. Also on March 29, 2007, the Company engaged Mayer Hoffman McCann P.C. to replace Moss Adams. Both actions were approved by the Audit Committee.

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Moss Adams became the Company's independent registered public accounting firm when it combined with the Company's previous independent public accountant, Epstein, Weber & Conover, P.L.C. ("EWC"), effective January 1, 2007. As such, Moss Adams was only involved in reviewing the Company's financial statements for its fiscal quarter ended on December 31, 2006. The reports issued by EWC with respect to the Company's financial statements for the past two fiscal years, which ended on September 30, 2005 and September 30, 2006, respectively, did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended September 30, 2005 and September 30, 2006 (during which time EWC was the Company's independent public accountant) and the subsequent interim period preceding the Company's dismissal of Moss Adams (during which time Moss Adams was the Company's independent public accountant), there were no disagreements between the Company and EWC or Moss Adams on any matters relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure. In addition, there were no "reportable events" as defined in Item 304(a)(1)(v) of Regulation S-K during such periods.

During the fiscal years ended September 30, 2005 and September 30, 2006 and the subsequent interim period preceding the Company's engagement of Mayer Hoffman McCann P.C., neither the Company nor anyone on its behalf consulted MHM regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered by Mayer Hoffman McCann P.C. with respect to the Company's financial statements; or (ii) any matter that was either the subject of a disagreement between the Company and Moss Adams or a "reportable event" as defined in Item 304(a)(1)(v) of Regulation S-K.

Audit and Other Fees

We have paid or expect to pay the following fees to our independent registered public accounting firm for work performed in 2007 and 2006 or attributable to the audit of our 2007 and 2006 consolidated financial statements:

	2007	2006
Audit Fees	\$ 135,150	\$ 80,035
Audit-Related Fees	73,500	0
Tax Fees	16,800	0
All Other Fees	2,500	0
Total	227,950	80,035

Each year, the Audit Committee approves the annual audit engagement in advance. The Audit Committee also has established procedures to pre-approve all non-audit services provided by the Company's independent registered public accounting firm. All 2007 and 2006 non-audit services listed above were pre-approved.

Audit Fees: This category includes the audit of our annual financial statements and review of financial statements included in our annual and period reports that are filed with the SEC, the audit of internal control over financial reporting and services that are normally provided by the independent registered public accounting firm in connection with regulatory filings or engagements for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements, and the preparation of an annual "management letter" on internal control and other matters. In fiscal 2007, the Company paid \$64,400 to EWC; \$23,250 to Moss Adams; and \$47,500 to Mayer Hoffmann McCann P.C. for audit fees.

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Audit-Related Fees: This category consists of assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under “Audit Fees.” In fiscal 2007, these fees included the payment of \$73,500 to Mayer Hoffman McCann P.C. for services that it rendered in connection with the Company’s acquisition of LiveDeal, Inc. (California).

Tax Fees: This category consists of professional services rendered by Mayer Hoffman McCann P.C. for tax compliance and tax advice in fiscal 2007. The services for the fees disclosed under this category include technical tax advice.

All Other Fees: These fees were related to the Company’s transition from Moss Adams to Mayer Hoffman McCann P.C.

Attendance of Mayer Hoffman McCann P.C. at 2008 Annual Meeting

Representatives of Mayer Hoffman McCann P.C. are expected to be present at the Annual Meeting. The representatives will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Vote Required to Ratify Appointment of Mayer Hoffman McCann P.C.

The affirmative vote of a majority of the shares for which votes are cast, in person or by valid proxy, at the Annual Meeting is required to ratify the selection of Mayer Hoffmann McCann P.C. as the Company’s independent registered public accounting firm for fiscal 2008. An abstention counts as a vote cast and, therefore, effectively counts as a vote against this proposal.

Our Board of Directors recommends a vote FOR ratification of
Mayer Hoffman McCann P.C.
as our independent registered public accounting firm for fiscal 2008.

EXECUTIVE OFFICERS

Our executive management consists of the following personnel:

Daniel L. Coury, Sr.
Chief Executive Officer

Mr. Coury has served as a director of our Company since February 2000, and served as our acting Chief Executive Officer from January 2006 until his permanent appointment as Chief Executive Officer in September 2006. Since 1990, Mr. Coury has served as President and Chairman of Mesa Cold Storage, Ltd., which owns and operates the largest cold storage facilities in Arizona. Before Mr. Coury purchased Mesa Cold Storage, he had experience in international trade, real estate development, real estate exchanges and serving as a consultant to various family businesses, including General Motors dealerships, numerous commercial and residential developments and mortuary services. Age: 54.

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<p>Rajesh Navar President</p>	<p>Mr. Navar has served as a director and as President of our Company since June 2007, when the Company acquired LiveDeal, Inc., a company that Mr. Navar founded. Prior to founding LiveDeal, Mr. Navar joined eBay in 1998, a start-up at that time, as a senior member of the engineering team. Mr. Navar founded and built eBay's search technology, helping build eBay into one of the world's most successful and profitable e-commerce companies. In September 2005, Mr. Navar was honored among Silicon Valley Business Journal's chronicle of "40 under 40" people to watch. Mr. Navar holds a Master's in Business Management (Sloan Fellow) from Stanford University's Graduate School of Business, a M.S. in Electrical Engineering from Iowa State University and a Bachelor of Engineering in Electronics Engineering from Bangalore University in Bangalore, India. Age: 40.</p>
<p>Gary L. Perchbacher Chief Financial Officer</p>	<p>Mr. Perschbacher has 35 years of management experience. He joined our Company in November 2005 as Special Assistant to the Chairman of the Board, working with the Chairman in implementing cost reduction and revenue enhancement programs, and was appointed to serve as Chief Financial Officer in February 2006. Since June 2000, Mr. Perschbacher has been a financial leadership partner in the executive services and consulting firm, Tatum LLC, and in that capacity has worked with several emerging growth companies. Mr. Perschbacher has a BBA, with a concentration in finance, from the University of Wisconsin- Milwaukee, and an MBA from Keller Graduate School of Management. Age: 59.</p>
<p>John Raven Chief Operating Officer</p>	<p>Mr. Raven has served as our Chief Operating Officer since July 2005. Mr. Raven has over 11 years of experience in the technology arena and 16 years of overall leadership experience working with companies such as Perot Systems (PER), where he worked in 2003 and managed 640 staff members, Read-Rite Corp (RDRT), where he worked from 2000 to 2003, and as Cap Gemini Ernst & Young (CAPMF), where he worked from 2000 to 2002. Mr. Raven also served as Director of Information Technology at Viacom's ENG Network division, where he worked from 1996 to 1999. Mr. Raven has experience in software engineering, data and process architecture, systems development, and database management systems. At NASA's Jet Propulsion Laboratory, where he worked from 1993 to 1996, Mr. Raven was a team member and information systems engineer for the historic 1997 mission to Mars conducted with the Pathfinder space vehicle and the Sojourner surface rover. Mr. Raven received his Bachelors of Science in Computer Science from the California Institute of Technology in 1991. His certifications include Cisco Internetwork Engineer, Project Management from the Project Management Institute, Certified Project Manager from Perot Management Methodology Institute, Microsoft Certified System Engineer, and Certified Novel Engineer. Age: 43.</p>

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

The purpose of this Compensation Discussion and Analysis (“CD&A”) is to provide material information about the Company’s compensation philosophy, objectives and other relevant policies and to explain and put into context the material elements of the disclosure that follows in this Proxy Statement with respect to the compensation of our Named Executive Officers. For fiscal 2007, the Company’s Named Executive Officers were:

Daniel L. Coury, Sr., Chief Executive Officer;
Rajesh Navar, President;
Gary L. Perschbacher, Chief Financial Officer; and
John Raven, Chief Operating Officer.

The Compensation Committee

The Compensation Committee annually reviews the performance and compensation of the Chief Executive Officer and the Company’s other executive officers. Additionally, the Compensation Committee reviews compensation of outside directors for service on the Board and for service on committees of the Board, and administers the Company’s stock plans.

Role of Executives in Determining Executive Compensation

The Chief Executive Officer provides input to the Compensation Committee regarding the performance of the other Named Executive Officers and offers recommendations regarding their compensation packages in light of such performance. The Compensation Committee is ultimately responsible, however, for determining the compensation of the Named Executive Officers, including the Chief Executive Officer.

Compensation Philosophy and Objectives

The Compensation Committee and the Board of Directors believe that the Company’s compensation programs for its executive officers should reflect the Company’s performance and the value created for its stockholders. In addition, we believe the compensation programs should support the goals and values of the Company and should reward individual contributions to the Company’s success. Specifically, the Company’s executive compensation program is intended to:

- attract and retain the highest caliber executive officers;
- drive achievement of business strategies and goals;
- motivate performance in an entrepreneurial, incentive-driven culture;
- closely align the interests of executive officers with the interests of the Company’s stockholders;
- promote and maintain high ethical standards and business practices; and
- reward results and the creation of stockholder value.

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Factors Considered in Determining Compensation; Components of Compensation

The Compensation Committee makes executive compensation decisions on the basis of total compensation, rather than on separate freestanding components. We attempt to create an integrated total compensation program structured to balance both short and long-term financial and strategic goals. Our compensation should be competitive enough to attract and retain highly skilled individuals. In this regard, we utilize a combination of between two to four of the following types of compensation to compensate our executive officers:

- base salary, which increases by 10% each year during the term of their employment agreement;
- performance bonuses, which may be earned annually depending on the Company's achievement of pre-established goals;
- cash bonuses given at the discretion of the Board; and
- equity compensation, consisting of restricted stock.

The Compensation Committee periodically reviews each executive officer's base salary and makes appropriate recommendations to the Board of Directors. Salaries are based on the following factors:

- the Company's performance for the prior fiscal years and subjective evaluation of each executive's contribution to that performance;
- the performance of the particular executive in relation to established goals or strategic plans; and
- competitive levels of compensation for executive positions based on information drawn from compensation surveys and other relevant information.

Performance bonuses and equity compensation are awarded based upon the recommendation of the Compensation Committee. Restricted stock is generally granted annually under the 2003 Stock Plan and is priced at 100% of the closing price of the Company's common stock on the date of grant. These grants are made with a view to linking executives' compensation to the long-term financial success of the Company.

Use of Benchmarking and Compensation Peer Groups

The Compensation Committee did not utilize any benchmarking measure in fiscal 2007 and traditionally has not tied compensation directly to a specific profitability measurement, market value of the Company's common stock or benchmark related to any established peer or industry group. Salary increases are based on the terms of the Named Executive Officers' employment agreements and correlated with the Board's and the Compensation Committee's assessment of each Named Executive Officer's performance. The Company also generally seeks to increase or decrease compensation, as appropriate, based upon changes in an executive officer's functional responsibilities within the Company.

Compensation of Chief Executive Officer

As Chief Executive Officer of the Company, Mr. Coury's compensation is based on his employment agreement with the Company, which provides for a minimum base salary, the minimum benefits to which he is entitled under the compensation plans available to the Company's senior executive officers and payments or other benefits he is entitled to receive upon termination of his employment. Mr. Coury's employment agreement, as described more fully below, was entered into on September 19, 2006, shortly before the end of fiscal 2006. Prior to that time, Mr. Coury acted as the interim Chief Executive Officer.

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The Compensation Committee determined the amount of Mr. Coury's base salary and the number of restricted stock shares to be awarded to him in fiscal 2007 after considering the competitive levels of compensation for chief executive officers managing companies of similar size, complexity and performance level, current trends in the Company's growth, Mr. Coury's contributions to the Company's business success in fiscal 2007 and the conclusion that Mr. Coury has the vision and executive capabilities to continue to lead the growth of the Company.

Other Compensation Policies and Considerations

The intention of the Company has been to compensate the Named Executive Officers in a manner that maximizes the Company's ability to deduct such compensation expenses for federal income tax purposes. However, the Compensation Committee has the discretion to provide compensation that is not "performance-based" under Section 162(m) of the Internal Revenue Code it determines that such compensation is in the best interests of the Company and its stockholders. For fiscal 2007 the Company expects to deduct all compensation expenses paid to the Named Executive Officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Non-Equity Incentive Compensation				All Other Compensation (\$)	Total (\$)
					Option Awards (\$)	Nonqualified Deferred Compensation (\$)	Change in Pension Value and Other Deferred Compensation (\$)	Change in Pension Value and Other Deferred Compensation (\$)		
Daniel L. Coury, Sr., Chief Executive Officer	2007	458,931	150,000(2)	88,000	-	-	-	-	90,284(3)	787,215
Rajesh Navar, President	2007	92,750(4)	-	-	-	-	-	-	-	92,750
Gary L. Perschbacher, Chief Financial Officer	2007	203,052(5)	-	-	-	-	-	-	-	203,052
John Raven, Chief Operating Officer	2007	244,808	5,000	-	-	-	-	-	-	249,808

(1) The amounts reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended September 30, 2007, in accordance with Financial Accounting Standards Board Statement 123(R), or SFAS No. 123(R), of restricted stock awards issued pursuant to the 2003 Stock Plan (i.e., grant date fair value amortized over the requisite service period, but disregarding any estimate of forfeitures relating to service based vesting conditions). For restricted stock awards, fair value is calculated using the closing price on the grant date as if these

awards were vested and issued on the grant date. These amounts reflect LiveDeal's accounting expense for these awards, and do not correspond to the actual value that may be recognized by the named executive officers.

(2) This amount was paid during fiscal 2007 but accrued and related to Mr. Coury's performance in fiscal 2006.

(3) This amount represents the fair market value of an automobile that was provided to Mr. Coury in part because of his role in facilitating the Company's Attorneys' General Settlement.

(4) Mr. Navar joined the Company as President on June 6, 2007, at an annual salary of \$300,000.

(5) Of this amount, \$168,049 was paid to Mr. Perschbacher directly and \$35,003 was paid to Tatum LLC, an executive services and consulting firm in which Mr. Perschbacher is a partner.

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SEVERANCE AND CHANGE IN CONTROL PAYMENTS

As discussed elsewhere in this Proxy Statement, we have employment agreements with certain of our Named Executive Officers that provide severance benefits to the Named Executive Officers upon termination following a change in control or without cause. In the table below, we summarize the estimated payments that will be made to each of our current Named Executive Officers upon a termination of employment without cause or in connection with a change in control of LiveDeal. The major assumptions that we used in creating the table are set forth directly below. The table includes an estimate of the compensation that would accrue for each executive if the triggering event occurred on September 30, 2007 (LiveDeal's fiscal year-end) and, unless otherwise noted, is based on each executive's compensation on that date. Calculations requiring a per share stock price are made on the basis of the closing price of \$6.99 per share of our common stock on the Over-The-Counter Bulletin Board on September 28, 2007.

Change in Control