



Marchex Reports First Quarter 2005 Financial Results

May 10, 2005

SEATTLE, WA - MAY 10, 2005

Marchex, Inc. (NASDAQ: MCHX, MCHXP), today announced its results for the first quarter ended March 31, 2005.

- Revenue was \$18.4 million for the first quarter of 2005, a 142% increase compared to \$7.6 million for the same period of 2004.
- Adjusted operating income before amortization was \$4.2 million for the first quarter of 2005, a 582% increase compared to \$612,000 for the same period for 2004. A reconciliation of non-GAAP adjusted operating income before amortization to GAAP operating income (loss) and GAAP net income (loss) is attached to the financial tables included in this release.
- GAAP net income applicable to common stockholders was \$388,000 for the first quarter of 2005, or \$0.01 per share, compared to a GAAP net loss of \$1.4 million for the same period of 2004, or a GAAP net loss of \$0.11 per share.
- EBITDA was \$4.7 million in the first quarter of 2005, an increase of 982% compared to \$438,000 for the same period in 2004. A reconciliation of non-GAAP EBITDA to GAAP net cash provided by operating activities is attached to the financial tables included in this release.

"During the quarter, we continued to experience progress in our business as a result of successfully executing several strategic and operational initiatives throughout 2004 and thus far in 2005," said Russell C. Horowitz, Marchex Chairman and CEO. "We took several steps toward becoming a leader in search engine marketing, local search, and direct navigation. Today, we are building an ecosystem in which each of our services can benefit one another to drive growth and expand margins for Marchex as a whole."

Financial Guidance

Marchex announced that it is updating its financial guidance as follows:

2005 consolidated revenue estimate:	More than \$86 million
2005 adjusted operating income before amortization margin target:	More than 28%

The company is also reiterating its long-term adjusted operating income before amortization margin target of 30% or more.

Conference Call and Webcast Information

Management will hold a conference call, starting at 5:00 p.m. EDT on Tuesday, May 10th to discuss these quarterly results and other company updates.

About Marchex, Inc.

Marchex (www.marchex.com) helps merchants sell products and services through multiple online channels. The company connects merchants with consumers who are searching for information, products and services on the Internet. Marchex's platform of integrated performance-based advertising and search marketing services enables merchants to efficiently market and sell their products and services across multiple online distribution channels, including search engines, product shopping engines, directories and selected Web properties.

Forward looking statements

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this press release regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. There are a number of important factors that could cause Marchex's actual results to differ materially from those indicated by such forward-looking statements which are described in the "Risk Factors" section of our most recent periodic report and registration statement filed with the SEC. We disclaim any intention or obligation to update any forward-looking statements.

About non-GAAP financial measures

To supplement Marchex's consolidated financial statements presented in accordance with GAAP, Marchex uses certain non-GAAP measures of financial performance and liquidity. Marchex reports operating income before amortization (OIBA) which represents income (loss) from operations plus (1) stock-based compensation expense and (2) amortization of acquired intangible assets. This measure, among other things, is one of the primary metrics by which Marchex evaluates the performance of its business. Additionally, Marchex's management uses adjusted OIBA (Adjusted OIBA) which excludes both acquisition-related retention consideration, as management views this as part of the earn-out incentives related to the Enhance Interactive acquisition transaction, and a facility relocation expense. Both of these considerations are viewed as non-recurring in nature with the facility relocation expense recognized in calendar year 2004 and the earn-out consideration related to calendar year 2004. Adjusted OIBA is the basis on which Marchex's internal budgets are based and by which Marchex's management is currently evaluated. Marchex believes these measures are useful to investors because they represent Marchex's consolidated operating results, taking into account depreciation and other intangible amortization, which Marchex believes is an ongoing cost of doing business, but excluding the effects of certain other non-cash and non-recurring expenses. Marchex also reports EBITDA, which represents income before interest, income taxes, depreciation, amortization, and stock compensation expense. Marchex believes that EBITDA is another alternative measure of liquidity to GAAP net cash provided by operating activities, that provides

meaningful supplemental information regarding liquidity and is used by Marchex's management to measure its ability to fund operations and its financing obligations.

Marchex's management believes that investors should have access to, and Marchex is obligated to provide, the same set of tools that management uses in analyzing the company's results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, and should not be considered in isolation, as a substitute for or superior to GAAP results. These non-GAAP terms, as defined by Marchex, may not be comparable to similarly titled measures used by other companies.

The accompanying tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures.

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[Click here to view Marchex's First Quarter 2005 Financial Tables](#) (.pdf format)