
**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): November 19, 2004

Marchex, Inc.

(Exact name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

000-50658
(Commission File Number)

35-2194038
(I.R.S. Employer
Identification No.)

**413 Pine Street
Suite 500
Seattle, Washington 98101**
(Address of Principal Executive Offices)

(206) 331-3300
(Registrant's telephone number, including area code)

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

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

Item 1.01 Entry into a Material Definitive Agreement.

On November 19, 2004, Marchex, Inc., a Delaware corporation (the "Registrant"), entered into a definitive asset purchase agreement (the "Asset Purchase Agreement") with Name Development Ltd., a British Virgin Islands corporation ("Name Development"), Rothschild Trust Cayman Limited as trustee of The SSV Trust (the "Trust") and its nominee, ZRH Nominees (0049) Ltd. (the "Nominee") as the holder of all of the issued and outstanding capital stock of Name Development (the Trust and the Nominee collectively referred to herein as the "Sole Stockholder"), to acquire certain assets of Name Development, a corporation operating in the direct navigation market. The aggregate consideration pursuant to the Asset Purchase Agreement is an amount of cash equal to \$155,150,000.00 and that number of shares of the Registrant's Class B common stock as shall be obtained by dividing \$9,000,000 by the average of the last quoted sale price for shares of the Registrant's Class B common stock on the Nasdaq National Market for the ten trading days immediately prior to the closing.

The Asset Purchase Agreement contains customary representations and warranties and requires the Sole Stockholder to indemnify the Registrant for certain liabilities arising under the Asset Purchase Agreement, subject to certain limitations and conditions. At the closing, the Registrant will deposit for the benefit of the Sole Stockholder into escrow for a period of eighteen months from the closing an amount of cash equal to \$24,600,000 to secure the Sole Stockholder's indemnification and other obligations under the Asset Purchase Agreement.

The asset acquisition is contingent on customary closing conditions, including a financing event to fund the cash consideration. Additionally, in the event that the closing shall not have occurred on or before June 30, 2005, the Registrant has agreed to pay Name Development a termination fee of \$1,500,000 through a combination of cash and shares of Class B common stock, which such shares will be valued based on the average closing price for such shares on the Nasdaq National Market for the ten trading days ending on June 30, 2005.

The Registrant has also agreed to file a registration statement to register the shares of Class B common stock issued as the equity consideration thereunder or any shares of Class B common stock issued in connection with payment of the termination fee for resale on Form S-3 once the Registrant becomes eligible to file such a registration statement with the SEC. The asset acquisition is currently expected to close during the first quarter of 2005.

Item 3.02 Unregistered Sale of Equity Securities.

The disclosures made in response to Item 1.01 above are incorporated herein by reference.

The issuance of the shares of Class B common stock to the Company at closing in connection with the Asset Purchase Agreement will be made in reliance upon an exemption from the registration provisions of the Securities Act of 1933, as amended, as set forth in Section 4(2) thereof and Regulation S promulgated thereunder on the basis that the offer and sale of the shares does not involve a public offering and is an offshore transaction not involving any U.S. person. No underwriters were involved in this transaction.

Item 7.01 Regulation FD Disclosure.

The information in this Item 7.01 and Item 9.01(c) is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. Such information shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

On November 23, 2004, the Registrant issued a press release announcing that it had entered into the Asset Purchase Agreement with Name Development and the Sole Stockholder thereof to acquire certain assets of Name Development, a corporation operating in the direct navigation market. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Management of Registrant will hold a webcast, starting at 6:00 a.m. PST / 9:00 a.m. EST on November 23, 2004 to discuss the transaction. A copy of the presentation to be discussed during this webcast is being furnished as Exhibit 99.2 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.**(c) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of the Registrant, dated November 23, 2004.
99.2	Webcast Presentation.

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.

Date: November 23, 2004

MARCHEX, INC.

By: /s/ Russell C. Horowitz

Name: Russell C. Horowitz
Title: Chairman and
Chief Executive Officer

EXHIBIT INDEX

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Marchex Announces Asset Acquisition*Marchex Announces Updated Financial Guidance and Planned Financing
Event In Connection with Asset Acquisition*

SEATTLE, WA, November 23, 2004 – Marchex, Inc. (NASDAQ: MCHX), a provider of technology-based merchant services that facilitate and drive growth in online transactions, today announced that it has signed a definitive agreement to acquire certain assets of Name Development Ltd., a corporation operating in the direct navigation market, for \$164.2 million, including \$155.2 million in cash and \$9 million in stock (valued based on the 10-day trailing average measured from closing date). The transaction is expected to close during the first quarter of 2005. Details of a planned financing event to provide the cash consideration for the transaction will be announced separately within the next 30 days.

As part of this transaction, Marchex will be acquiring a large base of online user traffic, which Marchex estimates at more than 17 million unique visitors per month in October 2004. This traffic is generated from a portfolio of Web properties, or Internet domains, which are generally reflective of commercially-relevant search terms in many of the Internet's most popular vertical commerce categories, and may include geographically-targeted elements. The total number of Internet domains in the portfolio, including Marchex's existing Internet domains, is more than 100,000. Key vertical commerce categories include: travel, financial services, insurance, real estate, auto, health, technology and electronics, personals, jobs, business, home and garden, Web and telecom services, education, and entertainment. The online user traffic is primarily monetized with pay-per-click listings that are relevant to the Web property. Marchex believes that the acquired assets will build on Marchex's existing portfolio of Internet domains, and that there are several opportunities to grow this traffic base and enhance user utility over time by leveraging Marchex's existing technologies and strategic relationships.

Direct navigation refers to one of the methods that online consumers use to search for information, products or services. Direct navigation is primarily characterized by online users directly accessing a Web site by typing descriptive keywords or keyword strings into the uniform resource locator (URL) address box of an Internet browser or by accessing bookmarked Web sites. It can also include navigating to a Web site through referring link traffic or partner traffic sources. As of August 2004, First Albany Capital estimated that the size of the 2004 global search market is approximately \$4.5 billion, and will grow to \$13.1 billion by 2008. Marchex estimates that the direct navigation market may represent 10% or more of this market. Additionally, recent industry research highlights that in September 2004 more than 67% of daily global Internet users arrived at Web sites by "direct navigation", defined as typing a URL into a browser address bar or using a bookmark – rather than through search engines and Web links, up from approximately 53% in February 2002 (Source: WebSideStory, Inc.'s StatMarket division).

"With today's announcement, we are taking a step forward in executing against our mission to connect merchant advertisers with targeted customers, as we will now have both search engine marketing services and proprietary sources of online traffic in key commerce verticals," said

Russell C. Horowitz, Marchex Chairman and Chief Executive Officer. "We are pleased that these traffic sources will complement our existing business and will help us to build upon our existing partnerships with the major search engines, directories and commerce portals."

Overall, search marketing continues to experience strong growth. According to the *Internet Advertising Revenue Report* generated by the *Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers*, paid search has been growing at accelerated rates when compared to other forms of online advertising. Specifically, search advertising spending accounted for nearly \$1 billion during the second quarter of 2004, which represented 40% of all online ad spending, up from \$515 million and 31% of all online ad spending in the year earlier period. Marchex believes this asset acquisition will further expand its participation in this growing segment of online advertising and in key commerce verticals.

"The use of direct navigation as a means to find products, services and information on the Web has been, and will remain, a valuable and important navigation tool for Internet users," said Horowitz. "This transaction meets many of our key acquisition criteria, has specific catalysts for growth, and expands our access to a dynamic segment within our industry. We look forward to participating in the evolution of the direct navigation market, and working with many of our current partners to drive continued growth in this segment."

Capital Plan and Closing Conditions

Marchex also announced that details of a planned financing event to provide the cash consideration for the proposed asset acquisition and related expenses will be announced separately within the next 30 days.

The transaction is subject to customary closing conditions, is contingent on a financing event that will fund the cash consideration, and provides for the payment of a \$1.5 million break-up fee through a combination of cash and equity in the event the transaction is not completed under certain circumstances by June 30, 2005.

Financial Guidance

- Standalone Guidance for Marchex and the Acquired Assets:
 - Marchex: Marchex is raising its 2004 standalone guidance to \$43 million or more in revenue, up from its previous guidance of more than \$40 million. Marchex previously provided its preliminary 2005 guidance of more than \$60 million in revenue with an adjusted operating income before amortization margin target range of 11% to 15%, which excludes any contribution from the asset acquisition.
 - Acquired Assets: 2004 standalone guidance for the acquired assets is more than \$19 million in revenue with an adjusted operating income before amortization margin target of more than 80%.
- Pro forma Consolidated Guidance:
 - Pro forma Consolidated 2005 Guidance: Although the transaction is currently expected to close during the first quarter of 2005, Marchex is providing a full

year of guidance (as if the asset acquisition would have closed on January 1, 2005) to give the effect for full year pro forma results. Marchex is accordingly providing preliminary pro forma consolidated 2005 guidance of \$84 million or more in revenue with an adjusted operating income before amortization margin target of 28% or more. At the time of closing, Marchex may update 2005 guidance to reflect anticipated partial year contributions from the acquired assets.

- Long-Term Adjusted Operating Income Before Amortization Margin Target: Pro forma with the asset acquisition, Marchex is updating its long-term adjusted operating income before amortization margin target to 30% or more, up from its previous guidance of a long-term adjusted operating income before amortization margin target of 20% or more.

Webcast Information

A Webcast of management's discussion of today's announcement will be available at 6:00 a.m. PT / 9:00 a.m. ET. To access the Webcast, please log onto the Investor Relations section of the Marchex Web site (www.marchex.com/ir.html).

About Marchex, Inc.

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

Safe Harbor Statement

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, certain statements and expectations regarding the asset acquisition, 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 filed with the SEC. We disclaim any intention or obligation to update any forward-looking statements.

This press release refers to adjusted operating income before amortization (Adjusted OIBA) which is considered a non-GAAP financial measure by the Securities and Exchange Commission. Adjusted OIBA is not in accordance with, or an alternative for, generally accepted accounting principals (GAAP), and may be different from non-GAAP measures used by other companies.

Adjusted OIBA 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.

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November 2004

Safe Harbor Statement

During the course of this presentation, we may provide forward-looking statements regarding Marchex's financial results, products and other business developments that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those referred to in the forward-looking statements. The forward-looking statements made in this presentation are based on information known to us today and we do not undertake any obligation to update them.

We refer you to our prospectus and periodic reports on file with the Securities and Exchange Commission. These documents identify important risk factors that could cause actual results to differ materially from those contained in our forward-looking statements.

This presentation refers to adjusted operating income before amortization (Adjusted OIBA) which is considered a non-GAAP financial measure by the Securities and Exchange Commission. Adjusted OIBA is not in accordance with, or an alternative for, generally accepted accounting principals (GAAP), and may be different from non-GAAP measures used by other companies. Adjusted OIBA 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.

There can be no republication or reproduction of this presentation without the express prior written consent of Marchex. Any such republication or reproduction of this presentation or the accounts thereof, without such prior consent, is strictly prohibited.

Our Mission

Marchex provides technology-based merchant services that facilitate and drive growth in online transactions.

Executing on the Marchex Mission



Transaction Highlights

- With this transaction Marchex believes it is establishing a strong position in the direct navigation market, a large and growing segment of the global Internet search market which is estimated at \$4.5 billion for 2004, according to First Albany Capital.
- In September 2004, more than 67% of daily global Internet users arrived at Web sites by "direct navigation", up from approximately 53% in February 2002, according to WebSideStory Inc.'s StatMarket division.
- Marchex is acquiring a proprietary base of online user traffic representing more than 17 million unique visitors per month as of October 2004.
- This traffic is generated from a portfolio of Web properties, or Internet domains, that are generally reflective of commercially-relevant search terms in many of the Internet's most popular vertical commerce categories, and may also include geographically-targeted elements. Example Web properties acquired as part of this transaction include: debts.com, lasvegasvacations.com, rentguide.com, insurancecenter.com and careerinfo.com.
- The total number of Web properties owned by Marchex after this transaction closes, including Marchex's existing Internet domains, will be more than 100,000.
- Key vertical commerce categories include: travel, financial services, insurance, real estate, auto, health, technology and electronics, personals, jobs, business, home and garden, Web and telecom services, education, and entertainment.

Transaction Highlights (cont.)

- Marchex believes that the asset acquisition will build on Marchex's existing portfolio of Internet domains, and that there are several opportunities to grow this traffic base and enhance user utility over time by leveraging its existing technologies and strategic relationships.
- The transaction value is \$164.2 million, consisting of \$155.2 million in cash and \$9 million in shares of Marchex Class B Common Stock (calculated using the 10-day average closing price as quoted by the NASDAQ National Market prior to the transaction closing date).
- Closing of the transaction is currently expected to occur during the first quarter of 2005 and is contingent on a financing event that will be announced separately within the next 30 days.

Impact to Marchex

- Marchex believes it will control the online user traffic of more than 17 million unique visitors per month (as of October 2004) accessing Web properties in the most popular online vertical commerce segments.
- Marchex believes it will be among the leaders in a large and growing market that is dynamic, highly fragmented and presents key opportunities for innovation and consolidation.
- Marchex believes it will have a non-replicable position due to the nature of Internet domain registration, which is similar to owning real-estate in that each domain name is unique.
- Marchex has identified opportunities to grow the base of online user traffic and augment the user utility of the Web properties over time through leveraging its existing technologies and strategic relationships.
- Although the transaction is expected to close during the first quarter of 2005, Marchex is providing a full year of consolidated guidance (as if the asset acquisition would have closed on January 1, 2005) of \$84 million or more in revenue with an adjusted operating income before amortization margin target of 28% or more.
- Pro forma with the asset acquisition, Marchex is updating its long-term adjusted operating income before amortization margin target to 30% or more, up from its prior margin target of 20% or more.

Marchex Search Engine Marketing Platform

Search and Directory Internet Traffic Sources

Marchex distribution includes: Yahoo!, Google, LookSmart and others

Commerce Portals and Shopping Internet Traffic Sources

Marchex distribution includes: Yahoo!Shopping, Shopping.com, Nextag and others

Proprietary Direct Navigation Internet Traffic Sources

Acquired Assets

Proprietary Search Marketing Services Technology Platform

Pay-per-Click

Feed Management

Advertising Campaign Management

- Bid Management
- Detailed Reporting

Search Engine Optimization

Outsourced Search Marketing Services Platform

Small Merchants

Medium-Sized Businesses

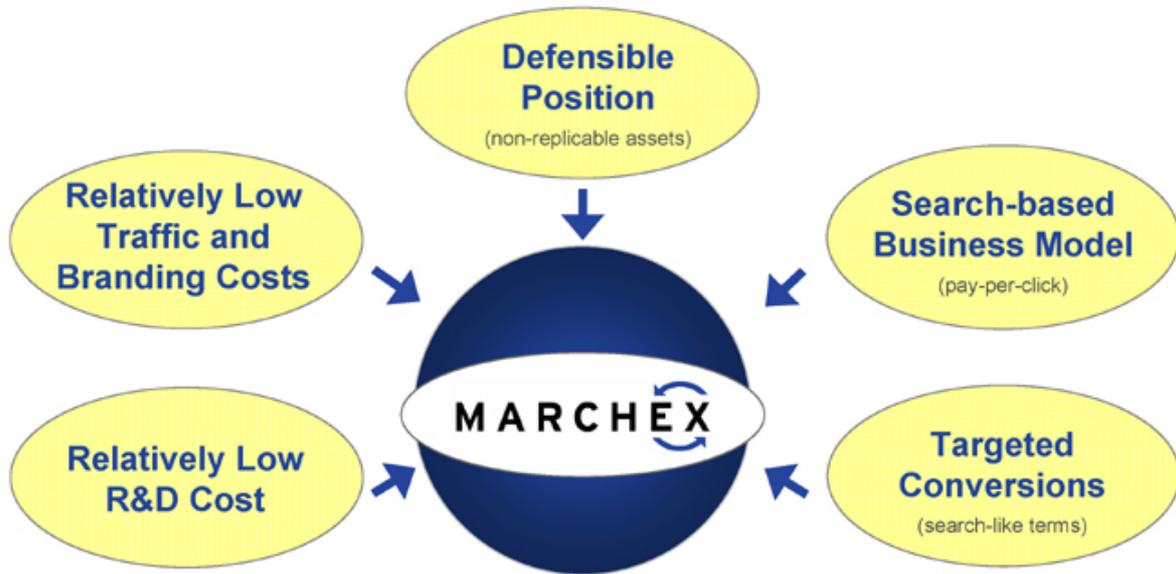
Large Enterprises

Marchex Direct Navigation Focus

Marchex's direct navigation efforts are centered around the ownership of Web properties, or Internet domains, that are based on descriptive, commercially relevant search terms in popular vertical commerce categories.

Direct Navigation Business Characteristics

Keyword Search Terms = Products or Services = Descriptive Web Properties



Direct Navigation Trends

- Online users are increasingly navigating directly to Web properties.
 - *An IDC March 2004 report estimates annual global Internet user growth at 12% during the next three years*
 - *WebSideStory Inc.'s StatMarket division estimated that in September 2004 more than 67% of daily global Internet users arrived at Web sites by "direct navigation", up from approximately 53% in February 2002*
 - *Consumers' online usage patterns:*
 - *Use of the Internet as a resource tool is increasingly becoming more sophisticated*
 - *The depth and breadth of available online information extends to Web sites named by descriptive keywords coupled with an increasing need to quickly find targeted information*
- Direct navigation is a significant and growing percentage of the global Internet search market. Marchex estimates the following:
 - *The direct navigation market currently represents 10% or more of the global Internet search market, which First Albany Capital estimates will grow from \$4.5 billion in 2004 to \$13.1 billion in 2008*
 - *There are millions of Web properties, or Internet domains, that comprise this market*
 - *The quantity of Web properties is less relevant than the quality of the Web properties themselves, which Marchex defines as each property's close correlation to a commercially-relevant search term coupled with associated user traffic to the property*
 - *Monetization of third-party Web properties is currently done primarily through pay-per-click listings*

Possibilities for Future Web Properties

Methods currently (and projected to be) utilized in the direct navigation sector include the following:

Potential Concepts

Users can access:

1. Targeted Web results;
2. Meta-product shopping results; and
3. Geographically-targeted results.

Targeted pay-per-click listings.

Targeted content.

Shopping listings that lead to meta-product shopping pages.

The screenshot shows the homepage of videocamera.com. At the top, there is a search bar and navigation links for 'Web results', 'Products', and 'Local'. A 'Popular Topics' sidebar lists categories like Digital Camera, WebCams, Camcorders, Video Conferencing, PC Cameras, Camcorder Accessories, SLR Photography, Carrying Cases, Webcams, and Flash Memory. The main content area features a banner for 'Your one-stop resource for video cameras online' with an image of a woman smiling. Below the banner are sections for 'Today on Videocamera.com' (dated September 8, 2004), 'Turn old VHS into digital movies', 'The 10 hottest gadgets', 'Featured Product' (listing two RC 1.3 MP Digital Video Cameras for \$89.99), and 'Special Offer' (listing a DV-2002 Mustek Video Camera for \$99.99). A right-hand sidebar contains 'ADVERTISEMENTS' for various video-related products and services, including 'Compare Camcorders & Save', 'Video Security Systems', 'Video camera', 'Video Surveillance Kits', 'Video Camera', 'Compare Camcorder Prices', and 'Camera video'.

Financial Guidance

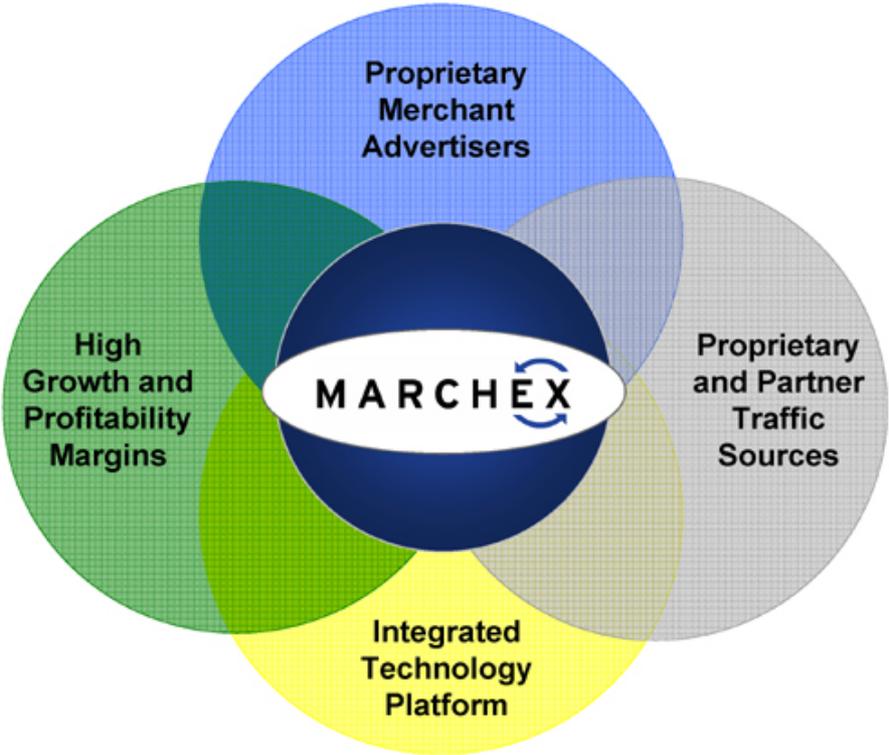
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Marchex Summary





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