



Marchex Reports Second Quarter 2008 Financial Results

August 5, 2008

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Marchex, Inc. (NASDAQ: MCHX, MCHXP), a local search and advertising company, today reported its results for the second quarter ended June 30, 2008.

Second Quarter 2008 Consolidated Financial Results

- Revenue was \$37.4 million for the second quarter of 2008, compared to \$34.7 million for the same period of 2007.
- GAAP net income applicable to common stockholders was \$509,000 for the second quarter of 2008 or \$0.01 per diluted share. This compares to GAAP net income applicable to common stockholders of \$354,000 or \$0.01 per diluted share for the same period of 2007. The second quarter 2008 results included non-cash stock-based compensation expense recorded under the fair value method of \$2.7 million, compared to non-cash stock-based compensation expense of \$2.3 million for the same period in 2007.
- We provide a reconciliation of GAAP diluted EPS to Adjusted Non-GAAP EPS in the financial tables attached to this press release and encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures. Adjusted non-GAAP EPS for the second quarter of 2008 was \$0.09, compared to \$0.10 for the same period of 2007. Some Wall Street analysts use non-GAAP measures to analyze our operating results, which may include adjusted non-GAAP EPS, adjusted operating income before amortization and adjusted EBITDA. We present GAAP measures with equal or greater prominence than non-GAAP measures and such non-GAAP measures should not be considered a substitute for, or superior to, GAAP results.
- Adjusted operating income before amortization was \$5.4 million for the second quarter of 2008, compared to \$6.4 million for the same period of 2007. A reconciliation of non-GAAP adjusted operating income before amortization to GAAP operating income and GAAP net income is included in the financial tables attached to this release.
- Adjusted EBITDA was \$8.0 million in the second quarter of 2008, compared to \$8.6 million for the same period of 2007. A reconciliation of operating income before taxes, depreciation, amortization and gain/loss on sales and disposals of intangible assets to GAAP net cash provided by operating activities is included in the financial tables attached to this release.

"Marchex's execution on our local mission continues to drive growth in our business, which led to our positive financial results in the second quarter," said Russell C. Horowitz, Marchex Chairman and CEO. "We remain laser-focused on making Marchex the most relevant integration point for connecting local advertisers - large and small - to consumers with local intent. Continued execution on our operational, strategic and financial goals will drive our growth for the balance of 2008 and beyond, and further position Marchex as a leader in the online local advertising market."

Operating Highlights

Local Advertising Services: For the second quarter of 2008, revenue from Local Advertising Services was \$20.8 million. In the second quarter, Marchex added more than 10,000 new advertisers through its local aggregator partnerships and direct sales channel. Marchex now has more than 75,000 advertisers using its products and services and, based on current growth rates, is ahead of pace to reach its previously stated goal of 100,000 advertisers using Marchex products and services by the end of 2009.

Local Search Network (proprietary traffic sources): For the second quarter of 2008, revenue from Marchex's Local Search Network was \$16.6 million. Additionally, Marchex attracted more than 32 million unique visitors for the month of June 2008 and delivered more than 125 million revenue-generating events and referrals in the second quarter. Unique visitor statistics are based on internal traffic logs, which calculate unique IP (Internet protocol) addresses on an unduplicated basis during a given month.

Non-Operating Highlights

Marchex today announced that it is increasing its stock repurchase program by 1 million shares. This allows Marchex to purchase up to a total of 6 million shares, which is up from the 5 million shares previously authorized, less shares repurchased to date.

During the second quarter of 2008, Marchex purchased 845,000 shares of its outstanding Class B common stock for a total price of \$10.0 million, bringing its total shares repurchased under its stock repurchase program to 3.8 million shares, or 10% of its outstanding common stock.

Marchex Financial Guidance

The following forward-looking statements reflect Marchex's expectations as of August 5, 2008.

Marchex is reiterating its guidance for fiscal year 2008 (Year ending December 31, 2008):

Revenue estimate:	\$152 million or more
Adjusted operating income before amortization estimate:	\$22 million or more

Adjusted EBITDA: For adjusted EBITDA, Marchex anticipates add-backs of \$9 million or more in additional depreciation and amortization to its adjusted operating income before amortization range, implying an adjusted EBITDA of \$31 million or more for 2008.

Guidance for third quarter 2008:

Revenue estimate:	\$37.5 million to \$38.5 million
Adjusted operating income before amortization estimate:	Approximately \$5.5 million

Adjusted EBITDA: For adjusted EBITDA, Marchex anticipates add-backs of approximately \$2.5 million in additional depreciation and amortization to its adjusted operating income before amortization range, implying an adjusted EBITDA of approximately \$8.0 million for the third quarter 2008.

For the third quarter of 2008, Marchex anticipates revenue from proprietary traffic sources will be in a similar range to or slightly better than the second quarter of 2008.

Conference Call and Webcast Information

Management will hold a conference call, starting at 5:00 p.m. EDT on Tuesday, August 5, 2008 to discuss its second quarter 2008 financial results and other company updates.

About Marchex, Inc.

Marchex (www.marchex.com) is a local search and advertising company. Marchex's innovative advertising platform delivers search- and call-based marketing products and services for local and national advertisers. Marchex's local search network, one of the largest online, helps consumers make better, more informed local decisions through its content-rich Web sites that reach tens of millions of unique visitors each month.

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 and other financial guidance, acquisitions, 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. All of the information provided in this release is as of August 5, 2008 and Marchex undertakes no duty to update the information provided herein.

Non-GAAP Financial Information

To supplement Marchex's consolidated financial statements presented in accordance with GAAP and to provide clarity internally and externally, Marchex uses certain non-GAAP measures of financial performance and liquidity, including OIBA, Adjusted OIBA, Adjusted EBITDA and Adjusted non-GAAP EPS. Marchex also provides Pro Forma Revenue information for the three and six months ended June 30, 2007 and 2008 as if the VoiceStar acquisition in September 2007 occurred as of January 1, 2007.

OIBA 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 which excludes (1) any gain/loss on sales and disposals of intangible assets and (2) facility relocation as these are viewed as non-recurring in nature. 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. Adjusted EBITDA represents income before interest, income taxes, depreciation, amortization, stock compensation expense, and gain/loss on sales of intangible assets. Marchex believes that Adjusted 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.

Adjusted non-GAAP EPS represents Adjusted Net Income divided by weighted average fully diluted shares outstanding for Adjusted non-GAAP EPS purposes. Adjusted Net Income generally captures those items on the statement of operations that have been, or ultimately will be, settled in cash exclusive of certain non-recurring items and represents net income (loss) available to common stockholders plus: (1) stock based compensation expense, (2) amortization of acquired intangible assets, (3) gain/loss on sales and disposals of intangible assets, (4) other income (expense), (5) facility relocation and less (6) discount on preferred stock redemption. Adjusted non-GAAP EPS includes dilution from options and warrants per the treasury stock method, includes the weighted average number of all potential common shares relating to convertible preferred stock and restricted stock and excludes the weighted average common share equivalents for redeemed preferred shares. Shares outstanding for Adjusted non-GAAP EPS purposes are therefore higher than shares outstanding for GAAP EPS purposes. Financial analysts and investors may use Adjusted non-GAAP EPS to analyze Marchex's financial performance since these groups have historically used EPS related measures, along with other measures, to estimate the value of a company, to make informed investment decisions and to evaluate a company's operating performance compared to that of other companies in its industry.

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. Marchex endeavors to compensate for the limitations of the non-GAAP measures presented by providing the comparable GAAP measure with equal or greater prominence, GAAP financial statements and detailed descriptions of the reconciling items and adjustments, including quantifying such items, to derive the non-GAAP measure.

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[Click here to view Marchex's Second Quarter 2008 Financial Tables](#) (.pdf format)