
**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 5, 2009

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 below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On November 5, 2009, Marchex, Inc. ("Marchex") is issuing a press release and holding a conference call regarding its financial results for the quarter ended September 30, 2009 (the "Press Release"). The full text of the Press Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 (including Exhibit 99.1) 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.

Marchex is referencing non-GAAP financial information in both the Press Release and on the conference call. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached Press Release. Disclosures regarding definitions of these financial measures used by Marchex and why Marchex's management believes these financial measures provide useful information to investors is also included in the Press Release.

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of the Registrant, dated November 5, 2009.

SIGNATURES

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

Date: November 5, 2009

MARCHEX, INC.

By: _____ /s/ MICHAEL A. ARENDS
Name: Michael A. Arends
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

**Exhibit
No.**

Description

99.1

Press Release of Registrant, dated November 5, 2009.



Marchex Reports Third Quarter 2009 Financial Results

SEATTLE – Nov. 5, 2009—Marchex, Inc. (NASDAQ: MCHX), a leading performance advertising company, today reported its results for the third quarter of 2009 ended September 30, 2009.

Third Quarter 2009 Consolidated Financial Results

- Revenue was \$22.2 million for the third quarter of 2009, compared to \$37.2 million for the same period of 2008.
- GAAP net income applicable to common stockholders was \$743,000 for the third quarter of 2009 or \$0.02 per diluted share. This compares to GAAP net income applicable to common stockholders of \$1.3 million or \$0.04 per diluted share for the same period of 2008. The third quarter 2009 results included non-cash stock-based compensation expense recorded under the fair value method of \$2.3 million, compared to non-cash stock-based compensation expense of \$3.2 million for the same period in 2008.
- 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 third quarter of 2009 was \$0.03, compared to \$0.11 for the same period of 2008. 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 measures.
- Adjusted operating income before amortization was \$1.9 million for the third quarter of 2009, compared to \$6.6 million for the same period of 2008. 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 \$3.4 million in the third quarter of 2009, compared to \$8.9 million for the same period of 2008. A reconciliation of adjusted EBITDA to GAAP net cash provided by operating activities is included in the financial tables attached to this release.

“During the quarter we saw strong internal execution on our core strategic themes: (1) continue to innovate across our product platform, (2) win more customer relationships and grow existing ones, (3) invest in our people and expand our talent base, and (4) continue to find operational efficiencies and maintain discipline around costs. These themes translated to sequential growth in all of our performance advertising products, including Marchex Connect and our call-and click-based products,” said Russell C. Horowitz, Marchex Chairman and Chief Executive Officer. “Our commitment to customers and focus on strong products and operations is laying a solid foundation for growth and puts Marchex in a position to fully realize the benefits of the continued shift in local advertising to performance-based models as the economy and advertiser budgets recover.”

Operating Highlights

Local Advertising Services: For the third quarter of 2009, revenue from Local Advertising Services was \$15.9 million. Marchex ended the third quarter with more than 70,000 advertisers using its products and services. Based on ongoing progress, Marchex expects to add to its advertiser total in 2009.

Publishing (proprietary traffic sources): For the third quarter of 2009, revenue from Publishing was \$6.3 million.

Non-Operating Highlights

During the quarter, Marchex sold a small number of non-strategic domains that yielded more than \$1 million. There is still significant demand for high quality domains and Marchex believes that will remain the case for the foreseeable future.

In addition, during the third quarter of 2009, Marchex purchased 210,000 shares of its outstanding Class B common stock for a total price of \$930,000, bringing its total shares repurchased under its stock repurchase program to 8.1 million shares, or 22% of its outstanding common stock.

Marchex Financial Guidance

“While there are some signs of stabilization and growth in core products, we continue to experience an advertising environment with shorter-term visibility as compared to prior years. As a result, we believe it

prudent to not issue guidance at this time,” said Horowitz. “Despite these factors, Marchex continues to generate cash every quarter and has no debt.”

Conference Call and Webcast Information

Management will hold a conference call, starting at 5:00 p.m. ET on Thurs., November 5, 2009 to discuss its third quarter ended September 30, 2009 financial results, and other company updates. To access the call by live webcast, please log onto the Investor Relations section of the Marchex Web site (www.marchex.com/investors/events.html). An archived version of the webcast will also be available at the same location, beginning two hours after completion of the call.

About Marchex

Marchex, Inc. (www.marchex.com) provides call- and click-based performance advertising products. Marchex’s products support tens of thousands of advertisers, ranging from local businesses to the Fortune 500.

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 Nov. 5, 2009 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.

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 any gain/loss on sales and disposals of intangible assets 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), and less (5) 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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MARCHEX, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,	
	2008	2009
Revenue	\$37,157,530	\$22,171,794
Expenses:		
Service costs (1)	15,443,871	12,048,245
Sales and marketing (1)	8,462,898	3,213,946
Product development (1)	4,750,136	3,369,290
General and administrative (1)	5,156,542	3,997,361
Amortization of intangible assets from acquisitions	3,165,566	1,211,328
Total operating expenses	<u>36,979,013</u>	<u>23,840,170</u>
Gain on sales and disposals of intangible assets, net	1,611,341	1,048,113
Income (loss) from operations	1,789,858	(620,263)
Interest income (expense) and other, net	999,218	(13,643)
Income (loss) before provision for income taxes	2,789,076	(633,906)
Income tax expense (benefit)	1,431,120	(1,376,830)
Net income	1,357,956	742,924
Convertible preferred stock dividends	11,928	—
Net income applicable to common stockholders	<u>\$ 1,346,028</u>	<u>\$ 742,924</u>
Basic net income per share applicable to Class A and Class B common stockholders	\$ 0.04	\$ 0.02
Diluted net income per share applicable to Class A and Class B common stock holders	\$ 0.04	\$ 0.02
Shares used to calculate basic net income per share applicable to common stockholders		
Class A	10,959,216	10,869,216
Class B	25,207,357	22,724,209
Shares used to calculate diluted net income per share applicable to common stockholders		
Class A	10,959,216	10,869,216
Class B	36,852,998	33,930,390
(1) Includes stock-based compensation allocated as follows:		
Service costs	\$ 188,564	\$ 120,505
Sales and marketing	587,014	239,528
Product development	553,013	180,493
General and administrative	1,919,405	1,785,936
Total	<u>\$ 3,247,996</u>	<u>\$ 2,326,462</u>

MARCHEX, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(unaudited)

	Nine Months Ended September 30,	
	2008	2009
Revenue	\$ 111,563,744	\$ 69,823,816
Expenses:		
Service costs (1)	51,745,487	34,934,455
Sales and marketing (1)	23,330,681	14,485,213
Product development (1)	13,189,709	10,969,807
General and administrative (1)	15,190,526	12,055,096
Amortization of intangible assets from acquisitions	10,879,203	4,680,879
Total operating expenses	<u>114,335,606</u>	<u>77,125,450</u>
Gain on sales and disposals of intangible assets, net	3,766,608	2,832,968
Income (loss) from operations	994,746	(4,468,666)
Interest income (expense) and other, net	<u>1,416,624</u>	<u>(17,425)</u>
Income (loss) before provision for income taxes	2,411,370	(4,486,091)
Income tax expense (benefit)	<u>1,824,396</u>	<u>(2,387,821)</u>
Net income (loss)	586,974	(2,098,270)
Convertible preferred stock dividends and discount on preferred stock redemption, net	<u>(32,657)</u>	<u>—</u>
Net income (loss) applicable to common stockholders	<u>\$ 619,631</u>	<u>\$ (2,098,270)</u>
Basic net income (loss) per share applicable to Class A and Class B common stockholders	\$ 0.01	\$ (0.07)
Diluted net income (loss) per share applicable to Class A and Class B common stockholders	\$ 0.01	\$ (0.07)
Shares used to calculate basic net income (loss) applicable to common stockholders		
Class A	10,965,238	10,889,326
Class B	25,860,205	22,971,777
Shares used to calculate diluted net income (loss) applicable to common stockholders		
Class A	10,965,238	10,889,326
Class B	37,484,212	33,861,103
(1) Includes stock-based compensation allocated as follows:		
Service costs	\$ 414,222	\$ 317,561
Sales and marketing	1,443,728	1,222,037
Product development	1,360,011	478,925
General and administrative	5,766,743	5,298,047
Total	<u>\$ 8,984,704</u>	<u>\$ 7,316,570</u>

MARCHEX, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(unaudited)

	December 31, 2008	September 30, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,418,396	\$ 33,022,528
Trade accounts receivable, net	21,734,291	13,109,558
Prepaid expenses and other current assets	2,642,607	2,044,173
Refundable taxes	3,042,288	5,316,130
Deferred tax assets	1,088,872	827,784
Total current assets	55,926,454	54,320,173
Property and equipment, net	5,615,396	4,121,338
Deferred tax assets	56,784,228	53,465,846
Intangibles and other assets, net	6,665,562	4,864,186
Goodwill	35,475,782	35,447,024
Intangible assets from acquisitions, net	9,802,365	5,121,449
Total assets	<u>\$ 170,269,787</u>	<u>\$ 157,340,016</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 12,351,123	\$ 7,518,901
Accrued expenses and other current liabilities	6,331,709	4,737,757
Deferred revenue	2,255,906	2,077,872
Total current liabilities	20,938,738	14,334,530
Other non-current liabilities	23,297	3,427
Total liabilities	20,962,035	14,337,957
Stockholders' equity:		
Class A common stock	112,217	111,317
Class B common stock	286,736	256,022
Treasury stock	(15,392,921)	(1,933,733)
Additional paid-in capital	299,925,762	282,290,765
Accumulated deficit	(135,624,042)	(137,722,312)
Total stockholders' equity	149,307,752	143,002,059
Total liabilities and stockholders' equity	<u>\$ 170,269,787</u>	<u>\$ 157,340,016</u>

MARCHEX, INC. AND SUBSIDIARIES
Reconciliation of GAAP Net Income to Operating Income Before Amortization (OIBA) and
Adjusted Operating Income Before Amortization (Adjusted OIBA)
(unaudited)

	Three Months Ended September 30,	
	2008	2009
Net income applicable to common stockholders	\$ 1,346,028	\$ 742,924
Convertible preferred stock dividends and discount on preferred stock redemption, net	11,928	—
Net income	1,357,956	742,924
Income tax expense (benefit)	1,431,120	(1,376,830)
Income (loss) before provision for income taxes	2,789,076	(633,906)
Interest income and other, net	(999,218)	13,643
Income (loss) from operations	1,789,858	(620,263)
Stock-based compensation	3,247,996	2,326,462
Amortization of intangible assets from acquisitions	3,165,566	1,211,328
Operating income before amortization (OIBA)	8,203,420	2,917,527
Gain on sales and disposals of intangible assets, net	(1,611,341)	(1,048,113)
Adjusted operating income before amortization (Adjusted OIBA)	<u>\$ 6,592,079</u>	<u>\$ 1,869,414</u>

MARCHEX, INC. AND SUBSIDIARIES
Reconciliation of GAAP Net Income (Loss) to Operating Income Before Amortization (OIBA)
and Adjusted Operating Income Before Amortization (Adjusted OIBA)
(unaudited)

	Nine Months Ended September 30,	
	2008	2009
Net income (loss) applicable to common stockholders	\$ 619,631	\$(2,098,270)
Convertible preferred stock dividends and discount on preferred stock redemption, net	(32,657)	—
Net income (loss)	586,974	(2,098,270)
Income tax expense (benefit)	1,824,396	(2,387,821)
Income (loss) before provision for income taxes	2,411,370	(4,486,091)
Interest income and other, net	(1,416,624)	17,425
Income (loss) from operations	994,746	(4,468,666)
Stock-based compensation	8,984,704	7,316,570
Amortization of intangible assets from acquisitions	10,879,203	4,680,879
Operating income before amortization (OIBA)	20,858,653	7,528,783
Gain on sales and disposals of intangible assets, net	(3,766,608)	(2,832,968)
Adjusted operating income before amortization (Adjusted OIBA)	<u>\$17,092,045</u>	<u>\$ 4,695,815</u>

MARCHEX, INC. AND SUBSIDIARIES
Reconciliation from Net Cash provided by Operating Activities to Adjusted EBITDA
(unaudited)

	Three Months Ended September 30,	
	2008	2009
Net cash provided by operating activities	\$ 8,150,565	\$ 5,241,565
Changes in asset and liabilities, net of effects of acquisitions	338,003	(533,169)
Income tax provision (benefit)	1,431,120	(1,376,830)
Other item - facility relocation	54	—
Interest income (expense) and other, net	(998,199)	13,693
Income and excess tax benefits related to stock options	6,722	19,350
Adjusted EBITDA	<u>\$ 8,928,265</u>	<u>\$ 3,364,609</u>
Net cash provided by investing activities	<u>\$ 1,026,715</u>	<u>\$ 632,225</u>
Net cash used in financing activities	<u>\$ (9,067,710)</u>	<u>\$ (1,582,523)</u>
	Nine Months Ended September 30,	
	2008	2009
Net cash provided by operating activities	\$ 19,360,092	\$13,572,609
Changes in asset and liabilities, net of effects of acquisitions	4,816,715	(1,874,810)
Income tax provision (benefit)	1,824,396	(2,387,821)
Other item - facility relocation	(2,918)	—
Interest income (expense) and other, net	(1,413,750)	18,040
Income and excess tax benefits related to stock options	60,263	68,827
Adjusted EBITDA	<u>\$ 24,644,798</u>	<u>\$ 9,396,845</u>
Net cash provided by investing activities	<u>\$ 943,672</u>	<u>\$ 1,553,333</u>
Net cash used in financing activities	<u>\$ (27,671,543)</u>	<u>\$ (9,521,810)</u>

MARCHEX, INC. AND SUBSIDIARIES
Reconciliation of GAAP EPS to Adjusted Non-GAAP EPS
(unaudited)

	Three Months Ended September 30,	
	2008	2009
Adjusted Non-GAAP EPS	\$ 0.11	\$ 0.03
Net income per Class B share applicable to common stockholders - diluted (GAAP EPS)	\$ 0.04	\$ 0.02
Shares used to calculate diluted net income per Class B share applicable to common stockholders	36,852,998	33,930,390
Net income applicable to common stockholders	\$ 1,346,028	\$ 742,924
Stock-based compensation	3,247,996	2,326,462
Amortization of intangible assets from acquisitions	3,165,566	1,211,328
Gain on sales and disposals of intangible assets, net	(1,611,341)	(1,048,113)
Interest income (expense) and other, net	(999,218)	13,643
Estimated impact of income taxes	(942,399)	(2,030,400)
Adjusted Non-GAAP net income applicable to common stockholders	\$ 4,206,632	\$ 1,215,844
Adjusted Non-GAAP EPS	\$ 0.11	\$ 0.03
Shares used to calculate diluted net income per Class B share applicable to common stockholders	36,852,998	33,930,390
Weighted average stock options and warrants and common shares subject to repurchase or cancellation (if applicable)	2,548,206	2,252,300
Shares used to calculate Adjusted Non-GAAP EPS	39,401,204	36,182,690

For Adjusted Non-GAAP EPS, the impact of restricted stock (common shares subject to repurchase or cancellation) is based on the weighted average of restricted stock outstanding as compared with diluted shares for GAAP purposes, which included restricted stock using the treasury stock method.

MARCHEX, INC. AND SUBSIDIARIES
Reconciliation of GAAP EPS to Adjusted Non-GAAP EPS
(unaudited)

	Nine Months Ended September 30,	
	2008	2009
Adjusted Non-GAAP EPS	\$ 0.27	\$ 0.08
Net income (loss) per Class B share applicable to common stockholders - diluted (GAAP EPS)	\$ 0.01	\$ (0.07)
Shares used to calculate diluted net income (loss) per Class B share applicable to common stockholders	37,484,212	33,861,103
Net income (loss) applicable to common stockholders	\$ 619,631	\$ (2,098,270)
Discount on preferred stock redemption	(72,990)	—
Stock-based compensation	8,984,704	7,316,570
Amortization of intangible assets from acquisitions	10,879,203	4,680,879
Gain on sales and disposals of intangible assets, net	(3,766,608)	(2,832,968)
Interest income (expense) and other, net	(1,416,624)	17,425
Estimated impact of income taxes	(4,329,702)	(4,030,518)
Adjusted Non-GAAP net income applicable to common stockholders	<u>\$10,897,614</u>	<u>\$ 3,053,118</u>
Adjusted Non-GAAP EPS	<u>\$ 0.27</u>	<u>\$ 0.08</u>
Shares used to calculate diluted net income (loss) per Class B share applicable to common stockholders	37,484,212	33,861,103
Weighted average common share equivalents for redeemed preferred shares	(8,411)	—
Weighted average stock options and warrants and common shares subject to repurchase or cancellation (if applicable)	<u>2,841,487</u>	<u>2,596,053</u>
Shares used to calculate Adjusted Non-GAAP EPS	<u>40,317,288</u>	<u>36,457,156</u>

For Adjusted Non-GAAP EPS, the impact of restricted stock (common shares subject to repurchase or cancellation) is based on the weighted average of restricted stock outstanding as compared with diluted shares for GAAP purposes, which included restricted stock using the treasury stock method.