

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2010</b>
Revenue	\$ 21,081,073	\$ 21,393,353
Expenses:		
Service costs (1)	11,024,516	13,655,544
Sales and marketing (1)	3,682,352	3,511,375
Product development (1)	3,446,317	4,326,330
General and administrative (1)	3,987,195	4,289,559
Amortization of intangible assets from acquisitions	1,334,585	710,907
Total operating expenses	<u>23,474,965</u>	<u>26,493,715</u>
Gain on sales and disposals of intangible assets, net	<u>854,616</u>	<u>690,244</u>
Loss from operations	(1,539,276)	(4,410,118)
Interest income (expense) and other, net	<u>(18,939)</u>	<u>36,945</u>
Loss before provision for income taxes	(1,558,215)	(4,373,173)
Income tax benefit	<u>(390,058)</u>	<u>(1,245,557)</u>
Net loss	(1,168,157)	(3,127,616)
Dividends paid to participating securities	<u>(49,846)</u>	<u>(48,115)</u>
Net loss applicable to common stockholders	<u>\$ (1,218,003)</u>	<u>\$ (3,175,731)</u>
Basic and diluted net loss per share applicable to Class A and Class B common stockholders	\$ (0.04)	\$ (0.10)
Dividends paid per share	\$ 0.02	\$ 0.02
Shares used to calculate basic net loss per share applicable to common stockholders		
Class A	10,869,216	10,786,403
Class B	22,454,956	21,995,133
Shares used to calculate diluted net loss per share applicable to common stockholders		
Class A	10,869,216	10,786,403
Class B	33,324,172	32,781,536
(1) Includes stock-based compensation allocated as follows:		
Service costs	\$ 102,546	\$ 205,149
Sales and marketing	524,655	214,437
Product development	115,027	251,971
General and administrative	1,795,853	1,922,140
Total	<u>\$ 2,538,081</u>	<u>\$ 2,593,697</u>

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2010</b>
Revenue	\$ 47,652,022	\$ 45,395,334
Expenses:		
Service costs (1)	22,886,210	26,305,045
Sales and marketing (1)	11,271,267	7,422,083
Product development (1)	7,600,517	8,288,614
General and administrative (1)	8,057,735	8,125,820
Amortization of intangible assets from acquisitions	3,469,551	1,415,373
Total operating expenses	<u>53,285,280</u>	<u>51,556,935</u>
Gain on sales and disposals of intangible assets, net	1,784,855	2,017,548
Loss from operations	(3,848,403)	(4,144,053)
Interest income (expense) and other, net	(3,782)	31,285
Loss before provision for income taxes	(3,852,185)	(4,112,768)
Income tax benefit	(1,010,991)	(917,378)
Net loss	(2,841,194)	(3,195,390)
Dividends paid to participating securities	(90,459)	(91,689)
Net loss applicable to common stockholders	<u>\$ (2,931,653)</u>	<u>\$ (3,287,079)</u>
Basic and diluted net loss per share applicable to Class A and Class B common stockholders	\$ (0.09)	\$ (0.10)
Dividends paid per share	\$ 0.04	\$ 0.04
Shares used to calculate basic net loss applicable to common stockholders		
Class A	10,899,547	10,810,901
Class B	23,094,703	22,077,331
Shares used to calculate diluted net loss applicable to common stockholders		
Class A	10,899,547	10,810,901
Class B	33,994,250	32,888,232
(1) Includes stock-based compensation allocated as follows:		
Service costs	\$ 197,056	\$ 384,632
Sales and marketing	982,509	381,094
Product development	298,432	460,176
General and administrative	3,512,111	3,755,118
Total	<u>\$ 4,990,108</u>	<u>\$ 4,981,020</u>

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

Assets	<u>December 31, 2009</u>	<u>June 30, 2010</u>
Current assets:		
Cash and cash equivalents	\$ 33,638,002	\$ 32,903,472
Trade accounts receivable, net	14,783,429	13,438,343
Prepaid expenses and other current assets	3,463,430	4,775,715
Refundable taxes	5,380,029	6,463,316
Deferred tax assets	950,477	1,135,846
Total current assets	<u>58,215,367</u>	<u>58,716,692</u>
Property and equipment, net	5,051,717	4,871,219
Deferred tax assets	52,690,910	50,742,357
Intangibles and other assets, net	3,667,398	2,811,623
Goodwill	35,438,289	35,419,717
Intangible assets from acquisitions, net	<u>4,309,478</u>	<u>2,894,105</u>
Total assets	<u>\$ 159,373,159</u>	<u>\$ 155,455,713</u>
 <b>Liabilities and Stockholders' Equity</b>  		
Current liabilities:		
Accounts payable	\$ 8,763,090	\$ 8,402,815
Accrued expenses and other current liabilities	6,158,966	6,021,007
Deferred revenue	2,020,728	1,953,753
Total current liabilities	<u>16,942,784</u>	<u>16,377,575</u>
Other non-current liabilities	<u>1,005,444</u>	<u>1,570,324</u>
Total liabilities	<u>17,948,228</u>	<u>17,947,899</u>
Stockholders' equity:		
Class A common stock	111,317	110,489
Class B common stock	251,939	249,262
Treasury stock	(3,204,884)	(1,493,885)
Additional paid-in capital	281,952,605	279,523,383
Accumulated deficit	<u>(137,686,046)</u>	<u>(140,881,435)</u>
Total stockholders' equity	<u>141,424,931</u>	<u>137,507,814</u>
Total liabilities and stockholders' equity	<u>\$ 159,373,159</u>	<u>\$ 155,455,713</u>

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net loss applicable to common stockholders	\$ (1,218,003)	\$ (3,175,731)
Dividends paid to participating securities	<u>(49,846)</u>	<u>(48,115)</u>
Net loss	(1,168,157)	(3,127,616)
Income tax benefit	<u>(390,058)</u>	<u>(1,245,557)</u>
Loss before provision for income taxes	(1,558,215)	(4,373,173)
Interest (income) expense and other, net	<u>18,939</u>	<u>(36,945)</u>
Loss from operations	(1,539,276)	(4,410,118)
Stock-based compensation	2,538,081	2,593,697
Amortization of intangible assets from acquisitions	<u>1,334,585</u>	<u>710,907</u>
Operating income (loss) before amortization (OIBA)	2,333,390	(1,105,514)
Gain on sales and disposals of intangible assets, net	<u>(854,616)</u>	<u>(690,244)</u>
Adjusted operating income (loss) before amortization (Adjusted OIBA)	<u>\$ 1,478,774</u>	<u>\$ (1,795,758)</u>

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b><u>2009</u></b>	<b><u>2010</u></b>
Net loss applicable to common stockholders	\$ (2,931,653)	\$ (3,287,079)
Dividends paid to participating securities	<u>(90,459)</u>	<u>(91,689)</u>
Net loss	(2,841,194)	(3,195,390)
Income tax benefit	<u>(1,010,991)</u>	<u>(917,378)</u>
Loss before provision for income taxes	(3,852,185)	(4,112,768)
Interest (income) expense and other, net	<u>3,782</u>	<u>(31,285)</u>
Loss from operations	(3,848,403)	(4,144,053)
Stock-based compensation	4,990,108	4,981,020
Amortization of intangible assets from acquisitions	<u>3,469,551</u>	<u>1,415,373</u>
Operating income before amortization (OIBA)	4,611,256	2,252,340
Gain on sales and disposals of intangible assets, net	<u>(1,784,855)</u>	<u>(2,017,548)</u>
Adjusted operating income before amortization (Adjusted OIBA)	<u>\$ 2,826,401</u>	<u>\$ 234,792</u>

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

	<b>Three Months Ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net cash provided by operating activities	\$ 4,157,262	\$ 1,251,289
Changes in asset and liabilities, net of effects of acquisitions	(719,510)	(510,617)
Income tax benefit	(390,058)	(1,245,557)
Interest (income) expense and other, net	19,064	(36,945)
Income and excess tax benefits related to stock options	38,413	-
Adjusted EBITDA	<u>\$ 3,105,171</u>	<u>\$ (541,830)</u>
Net cash provided (used) by investing activities	<u>\$ 466,894</u>	<u>\$ (9,447)</u>
Net cash used in financing activities	<u>\$ (1,655,186)</u>	<u>\$ (2,176,681)</u>
	<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2010</b>
Net cash provided by operating activities	\$ 8,331,044	\$ 4,270,333
Changes in asset and liabilities, net of effects of acquisitions	(1,341,641)	(448,136)
Income tax benefit	(1,010,991)	(917,378)
Interest (income) expense and other, net	4,347	(31,267)
Income and excess tax benefits related to stock options	49,477	-
Adjusted EBITDA	<u>\$ 6,032,236</u>	<u>\$ 2,873,552</u>
Net cash provided by investing activities	<u>\$ 921,108</u>	<u>\$ 31,713</u>
Net cash used in financing activities	<u>\$ (7,939,287)</u>	<u>\$ (5,036,576)</u>

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2010</b>
Adjusted Non-GAAP EPS	<u>\$ 0.03</u>	<u>\$ (0.03)</u>
Net loss per Class B share applicable to common stockholders - diluted (GAAP EPS)	\$ (0.04)	\$ (0.10)
Shares used to calculate diluted net loss per Class B share applicable to common stockholders	33,324,172	32,781,536
Net loss applicable to common stockholders	\$ (1,218,003)	\$ (3,175,731)
Stock-based compensation	2,538,081	2,593,697
Amortization of intangible assets from acquisitions	1,334,585	710,907
Gain on sales and disposals of intangible assets, net	(854,616)	(690,244)
Interest (income) expense and other, net	18,939	(36,945)
Dividends paid to participating securities	49,846	48,115
Estimated impact of income taxes	<u>(906,634)</u>	<u>(610,138)</u>
Adjusted Non-GAAP net income (loss) applicable to common stockholders	<u>\$ 962,198</u>	<u>\$ (1,160,339)</u>
Adjusted Non-GAAP EPS	<u>\$ 0.03</u>	<u>\$ (0.03)</u>
Shares used to calculate diluted net loss per Class B share applicable to common stockholders	33,324,172	32,781,536
Weighted average stock options and warrants and common shares subject to repurchase or cancellation (if applicable)	<u>2,781,197</u>	<u>2,828,781</u>
Shares used to calculate Adjusted Non-GAAP EPS	<u>36,105,369</u>	<u>35,610,317</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. The impact of restricted stock units and options subject to performance conditions have or will be included once the performance conditions have been met.

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2010</b>
Adjusted Non-GAAP EPS	<u>\$ 0.05</u>	<u>\$ 0.00</u>
Net loss per Class B share applicable to common stockholders - diluted (GAAP EPS)	\$ (0.09)	\$ (0.10)
Shares used to calculate diluted net loss per Class B share applicable to common stockholders	33,994,250	32,888,232
Net loss applicable to common stockholders	\$ (2,931,653)	\$ (3,287,079)
Stock-based compensation	4,990,108	4,981,020
Amortization of intangible assets from acquisitions	3,469,551	1,415,373
Gain on sales and disposals of intangible assets, net	(1,784,855)	(2,017,548)
Interest (income) expense and other, net	3,782	(31,285)
Dividends paid to participating securities	90,459	91,689
Estimated impact of income taxes	<u>(2,000,118)</u>	<u>(1,001,363)</u>
Adjusted Non-GAAP net income applicable to common stockholders	<u>\$ 1,837,274</u>	<u>\$ 150,807</u>
Adjusted Non-GAAP EPS	<u>\$ 0.05</u>	<u>\$ 0.00</u>
Shares used to calculate diluted net loss per Class B share applicable to common stockholders	33,994,250	32,888,232
Weighted average stock options and warrants and common shares subject to repurchase or cancellation (if applicable)	<u>2,563,898</u>	<u>2,738,314</u>
Shares used to calculate Adjusted Non-GAAP EPS	<u>36,558,148</u>	<u>35,626,546</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. The impact of restricted stock units and options subject to performance conditions have or will be included once the performance conditions have been met.