

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

	Quarter ended March 31, 2004	Quarter ended March 31, 2005
	<u>                    </u>	<u>                    </u>
Revenue	\$ 7,601,911	\$ 18,395,983
Expenses:		
Service costs	4,779,575	10,668,907
Sales and marketing	1,009,972	1,324,986
Product development	505,535	774,549
General and administrative	694,748	1,452,034
Acquisition-related retention consideration	132,936	-
Facility relocation	230,459	-
Stock-based compensation	360,764	146,538
Amortization of acquired intangible assets	1,034,868	3,083,157
	<u>8,748,857</u>	<u>17,450,171</u>
 Income (loss) from operations	 (1,146,946)	 945,812
Other income (expense):		
Interest income	11,016	268,383
Interest expense	(325)	(1,860)
Adjustment to fair value of redemption obligation	55,250	-
Other	3,644	4,000
	<u>69,585</u>	<u>270,523</u>
 Income (loss) before provision for income taxes	 (1,077,361)	 1,216,335
 Income tax expense (benefit)	 <u>(53,700)</u>	 <u>478,933</u>
 Net income (loss)	 (1,023,661)	 737,402
 Convertible preferred stock dividends	 -	 348,993
Accretion to redemption value of redeemable convertible preferred stock	<u>402,679</u>	<u>-</u>
 Net income (loss) applicable to common stockholders	 <u>\$ (1,426,340)</u>	 <u>\$ 388,409</u>
 Net income (loss) per share applicable to common stockholders - basic	 \$ (0.11)	 \$ 0.01
Net income (loss) per share applicable to common stockholders - diluted	\$ (0.11)	\$ 0.01
 Shares used to calculate basic net income (loss) per share applicable to common stockholders	 13,446,542	 30,245,678
 Shares used to calculate diluted net income (loss) per share applicable to common stockholders	 13,446,542	 32,920,472

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

<b>Assets</b>	<u>December 31, 2004</u>	<u>March 31, 2005</u>
Current assets:		
Cash and cash equivalents	\$ 24,933,066	\$ 86,465,826
Trade accounts receivable, net	4,773,646	6,005,845
Prepaid expenses and other current assets	513,427	1,046,059
Refundable income taxes	902,246	1,509,531
Deferred tax assets	<u>522,754</u>	<u>415,469</u>
Total current assets	31,645,139	95,442,730
Property and equipment, net	1,508,446	1,542,106
Deferred tax assets	-	402,484
Intangibles and other assets	1,067,896	9,159,167
Goodwill	32,375,966	142,482,696
Intangible assets from acquisitions, net	<u>4,996,289</u>	<u>55,756,253</u>
Total assets	<u>\$ 71,593,736</u>	<u>\$ 304,785,436</u>
 <b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 6,227,274	\$ 6,180,961
Accrued expenses and other current liabilities	1,170,039	1,979,509
Deferred revenue	1,947,617	1,908,869
Earn-out liability payable	<u>6,237,578</u>	<u>-</u>
Total current liabilities	15,582,508	10,069,339
Deferred tax liabilities	245,657	-
Other non-current liabilities	<u>93,539</u>	<u>76,564</u>
Total liabilities	15,921,704	10,145,903
Stockholders' equity:		
Convertible preferred stock	-	55,205,369
Class A common stock	122,500	122,500
Class B common stock	135,115	231,618
Additional paid-in capital	60,577,997	243,708,679
Deferred stock-based compensation	(521,820)	(375,282)
Accumulated deficit	<u>(4,641,760)</u>	<u>(4,253,351)</u>
Total stockholders' equity	<u>55,672,032</u>	<u>294,639,533</u>
Total liabilities and stockholders' equity	<u>\$ 71,593,736</u>	<u>\$ 304,785,436</u>

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

	Quarter ended March 31, 2004	Quarter ended March 31, 2005
Adjusted operating income before amortization (Adjusted OIBA)	\$ 612,081	\$ 4,175,507
Acquisition-related retention consideration	(132,936)	-
Facility relocation	(230,459)	-
Operating income before amortization (OIBA)	248,686	4,175,507
Stock-based compensation	(360,764)	(146,538)
Amortization of acquired intangible assets	(1,034,868)	(3,083,157)
Income (loss) from operations	(1,146,946)	945,812
Interest income and other, net	69,585	270,523
Income (loss) before provision for income taxes	(1,077,361)	1,216,335
Income tax expense (benefit)	(53,700)	478,933
Net income (loss)	(1,023,661)	737,402
Convertible preferred stock dividends	-	348,993
Accretion to redemption value of redeemable convertible preferred stock	402,679	-
Net income (loss) applicable to common stockholders	<u>\$ (1,426,340)</u>	<u>\$ 388,409</u>

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

	Quarter ended March 31, 2004	Quarter ended March 31, 2005
Net cash provided by operating activities	\$ 1,062,094	\$ 1,758,826
Changes in asset and liabilities, net of effects of acquisitions	(326,012)	2,885,731
Provision for income taxes	(53,700)	478,933
Other items - facility relocation (1)	(230,459)	8,738
Interest income and other, net	(14,335)	(266,523)
Tax benefits from exercise of stock options	-	(129,774)
EBITDA	<u>\$ 437,588</u>	<u>\$ 4,735,931</u>

(1) Other items consist of a facility relocation charge.