

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2004</b>	<b>2005</b>
Revenue	<u>\$ 8,865,178</u>	<u>\$ 21,168,022</u>
Expenses:		
Service costs	5,743,815	10,738,628
Sales and marketing	1,030,710	1,543,895
Product development	528,306	1,290,545
General and administrative	846,680	1,473,561
Acquisition-related retention consideration	122,724	-
Stock-based compensation	235,234	497,169
Amortization of acquired intangible assets	1,034,643	4,949,651
Total operating expenses	<u>9,542,112</u>	<u>20,493,449</u>
Income (loss) from operations	(676,934)	674,573
Other income (expense):		
Interest income	70,329	587,973
Interest expense	<u>(1,488)</u>	<u>(1,600)</u>
	<u>68,841</u>	<u>586,373</u>
Income (loss) before provision for income taxes	(608,093)	1,260,946
Income tax expense (benefit)	<u>(147,103)</u>	<u>470,656</u>
Net income (loss)	(460,990)	790,290
Convertible preferred stock dividends	-	682,813
Accretion to redemption value of redeemable convertible preferred stock	<u>17,751</u>	<u>-</u>
Net income (loss) applicable to common stockholders	<u>\$ (478,741)</u>	<u>\$ 107,477</u>
Net income (loss) per share applicable to common stockholders - basic	\$ (0.02)	\$ 0.00
Net income (loss) per share applicable to common stockholders - diluted	\$ (0.02)	\$ 0.00
Shares used to calculate basic net income (loss) per share applicable to common stockholders	24,174,284	35,308,306
Shares used to calculate diluted net income (loss) per share applicable to common stockholders	24,174,284	37,459,860

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2004</b>	<b>2005</b>
	<u>          </u>	<u>          </u>
Revenue	\$ 16,467,089	\$ 39,564,005
Expenses:		
Service costs	10,523,390	21,407,535
Sales and marketing	2,040,682	2,868,881
Product development	1,033,841	2,065,094
General and administrative	1,541,428	2,925,595
Acquisition-related retention consideration	255,660	-
Facility relocation	230,459	-
Stock-based compensation	595,998	643,707
Amortization of acquired intangible assets	2,069,511	8,032,808
Total operating expenses	<u>18,290,969</u>	<u>37,943,620</u>
Income (loss) from operations	(1,823,880)	1,620,385
Other income (expense):		
Interest income	81,346	856,356
Interest expense	(1,813)	(3,460)
Adjustment to fair value of redemption obligation	55,250	-
Other	3,643	4,000
	<u>138,426</u>	<u>856,896</u>
Income (loss) before provision for income taxes	(1,685,454)	2,477,281
Income tax expense (benefit)	<u>(200,803)</u>	<u>949,589</u>
Net income (loss)	(1,484,651)	1,527,692
Convertible preferred stock dividends	-	1,031,806
Accretion to redemption value of redeemable convertible preferred stock	<u>420,430</u>	<u>-</u>
Net income (loss) applicable to common stockholders	<u>\$ (1,905,081)</u>	<u>\$ 495,886</u>
Net income (loss) per share applicable to common stockholders - basic	\$ (0.10)	\$ 0.02
Net income (loss) per share applicable to common stockholders - diluted	\$ (0.10)	\$ 0.01
Shares used to calculate basic net income (loss) per share applicable to common stockholders	18,810,413	32,790,977
Shares used to calculate diluted net income (loss) per share applicable to common stockholders	18,810,413	35,149,062

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

Assets	<u>December 31, 2004</u>	<u>June 30, 2005</u>
Current assets:		
Cash and cash equivalents	\$ 24,933,066	\$ 71,292,532
Trade accounts receivable, net	4,773,646	7,771,592
Prepaid expenses and other current assets	513,427	1,176,603
Refundable income taxes	902,246	2,509,483
Deferred tax assets	<u>522,754</u>	<u>401,087</u>
Total current assets	31,645,139	83,151,297
Property and equipment, net	1,508,446	1,797,194
Deferred tax assets	-	1,351,690
Intangibles and other assets, net	1,067,896	15,159,314
Goodwill	32,375,966	154,330,158
Intangible assets from acquisitions, net	<u>4,996,289</u>	<u>55,899,422</u>
Total assets	<u>\$ 71,593,736</u>	<u>\$ 311,689,075</u>
 <b>Liabilities and Stockholders' Equity</b>  		
Current liabilities:		
Accounts payable	\$ 6,227,274	\$ 7,671,270
Accrued expenses and other current liabilities	1,170,039	2,065,729
Deferred revenue	1,947,617	2,015,469
Earn-out liability payable	<u>6,237,578</u>	<u>-</u>
Total current liabilities	15,582,508	11,752,468
Deferred tax liabilities	245,657	-
Other non-current liabilities	<u>93,539</u>	<u>50,942</u>
Total liabilities	15,921,704	11,803,410
Stockholders' equity:		
Convertible preferred stock	-	55,205,369
Class A common stock	122,500	122,500
Class B common stock	135,115	237,291
Additional paid-in capital	60,577,997	251,923,499
Deferred stock-based compensation	(521,820)	(3,457,120)
Accumulated deficit	<u>(4,641,760)</u>	<u>(4,145,874)</u>
Total stockholders' equity	<u>55,672,032</u>	<u>299,885,665</u>
Total liabilities and stockholders' equity	<u>\$ 71,593,736</u>	<u>\$ 311,689,075</u>

MARCHEX, INC. AND SUBSIDIARIES  
Reconciliation of Revenue to Pro Forma Revenue  
(unaudited)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Six months ended June 30, 2004	Six months ended June 30, 2005
Revenue, as reported	\$ 8,865,178	\$ 21,168,022	\$ 16,467,089	\$ 39,564,005
goClick pro forma revenue	1,724,887	-	3,060,236	-
Name Development pro forma revenue	4,967,687	-	9,969,335	2,544,459
Pike Street pro forma revenue	610,743	267,296	1,231,244	1,230,494
Pro forma eliminations	<u>(11,534)</u>	<u>-</u>	<u>(17,037)</u>	<u>-</u>
Pro forma Revenue	<u>\$ 16,156,961</u>	<u>\$ 21,435,318</u>	<u>\$ 30,710,867</u>	<u>\$ 43,338,958</u>

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2004</b>	<b>2005</b>
Net income (loss) applicable to common stockholders	\$ (478,741)	\$ 107,477
Convertible preferred stock dividends	-	682,813
Accretion to redemption value of redeemable convertible preferred stock	<u>17,751</u>	<u>-</u>
Net income (loss)	(460,990)	790,290
Income tax expense (benefit)	<u>(147,103)</u>	<u>470,656</u>
Income (loss) before provision for income taxes	(608,093)	1,260,946
Interest income and other, net	<u>(68,841)</u>	<u>(586,373)</u>
Income (loss) from operations	(676,934)	674,573
Stock-based compensation	235,234	497,169
Amortization of acquired intangible assets	<u>1,034,643</u>	<u>4,949,651</u>
Operating income before amortization (OIBA)	592,943	6,121,393
Acquisition-related retention consideration	<u>122,724</u>	<u>-</u>
Adjusted operating income before amortization (Adjusted OIBA)	<u>\$ 715,667</u>	<u>\$ 6,121,393</u>

MARCHEX, INC. AND SUBSIDIARIES  
Reconciliation of GAAP Net Income (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>2004</b>	<b>2005</b>
	<u>          </u>	<u>          </u>
Net income (loss) applicable to common stockholders	\$ (1,905,081)	\$ 495,886
Convertible preferred stock dividends	-	1,031,806
Accretion to redemption value of redeemable convertible preferred stock	420,430	-
	<u>          </u>	<u>          </u>
Net income (loss)	(1,484,651)	1,527,692
Income tax expense (benefit)	(200,803)	949,589
	<u>          </u>	<u>          </u>
Income (loss) before provision for income taxes	(1,685,454)	2,477,281
Interest income and other, net	(138,426)	(856,896)
	<u>          </u>	<u>          </u>
Income (loss) from operations	(1,823,880)	1,620,385
Stock-based compensation	595,998	643,707
Amortization of acquired intangible assets	2,069,511	8,032,808
	<u>          </u>	<u>          </u>
Operating income before amortization (OIBA)	841,629	10,296,900
Acquisition-related retention consideration	255,660	-
Facility relocation	230,459	-
	<u>          </u>	<u>          </u>
Adjusted operating income before amortization (Adjusted OIBA)	<u>\$ 1,327,748</u>	<u>\$ 10,296,900</u>

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2004</b>	<b>2005</b>
Net cash provided by operating activities	\$ (1,072,359)	\$ 4,642,208
Changes in asset and liabilities, net of effects of acquisitions	2,094,325	2,868,681
Provision for income taxes	(147,103)	470,656
Other items - facility relocation (1)	36,528	9,972
Interest income and other, net	(68,841)	(586,373)
Tax benefits from exercise of stock options	(101,092)	(198,319)
EBITDA	<u>\$ 741,458</u>	<u>\$ 7,206,825</u>

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2004</b>	<b>2005</b>
Net cash provided by operating activities	\$ (10,265)	\$ 6,401,034
Changes in asset and liabilities, net of effects of acquisitions	1,768,313	5,754,412
Provision for income taxes	(200,803)	949,589
Other items - facility relocation (1)	(193,931)	18,710
Interest income and other, net	(83,176)	(852,896)
Tax benefits from exercise of stock options	(101,092)	(328,093)
EBITDA	<u>\$ 1,179,046</u>	<u>\$ 11,942,756</u>

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

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2004</b>	<b>2005</b>
	<u>\$</u>	<u>\$</u>
Adjusted Non-GAAP EPS	<u>0.02</u>	<u>0.08</u>
Net income (loss) per share applicable to common stockholders - diluted (GAAP EPS)	\$ (0.02)	\$ 0.00
Shares used to calculate diluted net income (loss) per share applicable to common stockholders	24,174,284	37,459,860
Net income (loss) applicable to common stockholders	\$ (478,741)	\$ 107,477
Acquisition-related retention consideration	122,724	-
Stock-based compensation	235,234	497,169
Amortization of acquired intangible assets	1,034,643	4,949,651
Interest income and other, net	(68,841)	(586,373)
Impact of income taxes	<u>(422,492)</u>	<u>(1,775,283)</u>
Adjusted Non-GAAP Net income applicable to common stockholders	<u>\$ 422,527</u>	<u>\$ 3,192,641</u>
Adjusted Non-GAAP EPS	<u>\$ 0.02</u>	<u>\$ 0.08</u>
Shares used to calculate diluted net income (loss) per share applicable to common stockholders	24,174,284	37,459,860
Weighted average stock options and warrants and common shares subject to repurchase or cancellation (if applicable)	<u>1,924,010</u>	<u>150,633</u>
Shares used to calculate Adjusted Non-GAAP EPS	<u>26,098,294</u>	<u>37,610,493</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 on a treasury stock method basis.

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

	<b>Six Months Ended June 30,</b>	
	<b>2004</b>	<b>2005</b>
	<u>\$</u>	<u>\$</u>
Adjusted Non-GAAP EPS	<u>0.02</u>	<u>0.15</u>
Net income (loss) per share applicable to common stockholders - diluted (GAAP EPS)	\$ (0.10)	\$ 0.01
Shares used to calculate diluted net income (loss) per share applicable to common stockholders	18,810,413	35,149,062
Net income (loss) applicable to common stockholders	\$ (1,905,081)	\$ 495,886
Acquisition-related retention consideration	255,660	-
Facility relocation	230,459	-
Stock-based compensation	595,998	643,707
Amortization of acquired intangible assets	2,069,511	8,032,808
Interest income and other, net	(138,426)	(856,896)
Impact of income taxes	<u>(711,720)</u>	<u>(2,904,541)</u>
Adjusted Non-GAAP Net income applicable to common stockholders	<u>\$ 396,401</u>	<u>\$ 5,410,964</u>
Adjusted Non-GAAP EPS	<u>\$ 0.02</u>	<u>\$ 0.15</u>
Shares used to calculate diluted net income (loss) per share applicable to common stockholders	18,810,413	35,149,062
Weighted average stock options and warrants and common shares subject to repurchase or cancellation	<u>1,614,570</u>	<u>67,414</u>
Shares used to calculate Adjusted Non-GAAP EPS	<u>20,424,983</u>	<u>35,216,476</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 on a treasury stock method basis.