

Marchex Reports Third Quarter 2004 Financial Results

SEATTLE, WA - October 28, 2004 - Marchex, Inc. (NASDAQ: MCHX), a provider of technology- based services to merchants engaged in online transactions, today announced its results for the third quarter ended September 30, 2004.

- Revenue was \$12.2 million for the third quarter of 2004, a 128% increase compared to \$5.4 million for the same period of 2003.
- Adjusted operating income before amortization was \$1.8 million for the third quarter of 2004, which is after the reduction of \$161,000 for depreciation charges. Adjusted operating income before amortization increased 182% compared to \$625,000 for the same period for 2003, which was after the reduction of \$77,000 for depreciation charges. A reconciliation of non-GAAP adjusted operating income before amortization to GAAP operating income (loss) and GAAP net income (loss) is attached to the financial tables included in this release.
- GAAP net income applicable to common stockholders was \$144,000 for the third quarter of 2004, or \$0.01 per share, compared to (\$765,000) GAAP net loss for the same period of 2003, or (\$.06) per share.

"The third quarter represented significant progress, as we continued to see growth accelerate as a result of our successful execution of several strategic and operational initiatives put in place in 2003 and so far in 2004," said Russell C. Horowitz, Marchex Chairman and CEO. "Our focus to-date has been dedicated to building a comprehensive suite of search-based marketing products and services that deliver the highest value to online merchant advertisers. We believe we are very well positioned to continue growing our business, and to selectively expand the scope of our services to meet emerging needs and opportunities in the marketplace."

Recent Events

During the quarter, Marchex announced agreements with two of the Internet's leading shopping services, designed to provide expanded marketing and distribution opportunities for its merchant advertisers. Under separate shopping agreements with Yahoo! Shopping (<http://shopping.yahoo.com/>), and Shopping.com (www.shopping.com), merchant advertisers will have their products and services delivered in search results through each shopping partner, based on the relevance of their offerings to users' search queries, using managed search feeds provided by TrafficLeader. Combined with relationships already in place with CNET's MySimon (www.mysimon.com) and NexTag (www.nextag.com), Marchex now has agreements in place with what are widely recognized as four of the Internet's leading shopping providers.

Marchex also announced that it has signed a distribution and marketing agreement with LookSmart (www.looksmart.com), a leader in commercial search services. Under the agreement, LookSmart's online merchant advertisers will gain access to distribution and advertising

opportunities, through Enhance Interactive's distribution network of search engines and directories.

Financial Guidance

Marchex also announced that it is releasing initial financial guidance for 2005, as follows:

2005 revenue estimate: More than \$60 million

2005 Q3 2004 adjusted operating income before amortization margin: 14%

2005 adjusted operating income before amortization margin target range: 11% to 15%

Long-term adjusted operating income before amortization margin target: 20% or more

Conference Call and Webcast Information

Management will hold a conference call, starting at 5:00 p.m. EDT on Thursday, October 28, 2004, to discuss these quarterly 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/ir.html). An archived version of the Webcast will also be available, beginning two hours after completion of the call, at the same location.

About Marchex, Inc.:

Marchex (www.marchex.com) provides technology-based services to merchants engaged in online transactions. Currently, the company delivers the following services in support of its partners: pay-per-click listings, search inclusion, paid inclusion, natural search engine optimization, local search marketing applications, and conversion tracking and analysis. Marchex's operating businesses include Enhance Interactive (<http://www.enhance.com/>) and TrafficLeader® (<http://www.trafficleader.com/>).

Safe Harbor Statement

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included on this press release regarding our strategy, future operations, future financial position, future revenues, 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 the final prospectus relating to our initial public offering filed with the SEC. We disclaim any intention or obligation to update any forward-looking statements.

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[Click here to view Marchex's Third Quarter 2004 Financial Tables](#) (.pdf format)