

Marchex Reports Fourth Quarter and Full Year 2004 Financial Results

SEATTLE, WA - February 3, 2005 - Marchex, Inc. (NASDAQ: MCHX), a provider of technology- based services to merchants engaged in online transactions, today announced its results for the fourth quarter 2004 and for full year ended December 31, 2004.

- Revenue was \$15.1 million for the fourth quarter of 2004, a 103% increase compared to \$7.5 million for the same period of 2003.
- Adjusted operating income before amortization was \$2.4 million for the fourth quarter of 2004, which is after the reduction of \$179,000 of depreciation charges. Adjusted operating income before amortization increased 234% compared to \$731,000 for the same period of 2003, which is after the reduction of \$116,000 of 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 \$607,000 for the fourth quarter of 2004, or \$0.02 per share, compared to a GAAP net loss of \$1.1 million for the same period of 2003, or \$0.09 per share.

Full year 2004 results:

- Revenue for the year ended December 31, 2004 was \$43.8 million; for the combined period of January 1, 2003 to February 28, 2003 and January 17, 2003 (inception) to December 31, 2003 (the Combined 2003 Period), revenue was \$23.0 million.
- Adjusted operating income before amortization was \$5.5 million for 2004, which is after the reduction of \$623,000 of depreciation charges; for the Combined 2003 Period, adjusted operating income before amortization was \$2.7 million, which is after the reduction of \$322,000 of 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 loss applicable to common stockholders was \$1.2 million for 2004, or \$0.05 per share; for the Combined 2003 Period, GAAP net loss applicable to common stockholders was \$3.2 million, or \$0.24 per share.

"Marchex made significant progress throughout 2004", said Russell C. Horowitz, Chairman and Chief Executive Officer. "In addition to delivering strong financial results, Marchex continued to build on its foundation for the future by accomplishing several important objectives during the course of 2004."

2004 company milestones included the following:

- Developed Comprehensive Search Marketing Services and Distribution Platform. Marchex has developed a search marketing services platform that includes pay-per-click, feed management, advertising campaign management and search engine optimization services. This technology platform allows an online merchant to sell their products or services through multiple online search channels, including search and directory, product shopping and direct navigation.
- Established a Position in Local Search Monetization. Marchex believes that it is among the leaders in enabling the monetization of local search through outsourcing its search marketing services platform to large aggregators of local merchants, including yellow page companies and others.
- Established a Position in Direct Navigation. Upon the anticipated completion of the Name Development Ltd. asset acquisition, Marchex believes that it will be among the leaders in the direct navigation market with an established primary source of organic online user traffic of more than 17 million unique monthly visitors as of November 2004. The addition of Name Development's assets will create opportunities for Marchex's merchant advertisers to acquire more customers on a targeted basis.
- Completed Initial Public Offering. Marchex reached an important milestone by successfully completing its initial public offering in April 2004.

Strategic Alliance

Marchex also announced that in connection with the closing of the Name Development asset acquisition and in furtherance of its overall strategic alliance with Overture Services, Inc. ("Overture"), Marchex intends to enter into (i) a new master agreement with Overture with respect to Marchex's direct navigation business, and (ii) a license agreement with Overture with respect to certain of Overture's patents, including but not limited to U.S. Patent No. 6,269,361, pursuant to which Marchex will pay \$4,500,000 in an upfront payment (and an additional \$674,000 in certain circumstances) and a royalty based on certain percentages of certain of Marchex's gross revenues payable on a quarterly basis through December 2016, which royalty amount is currently estimated to be between \$1,000,000 and \$3,000,000 in aggregate for 2005.

"As Marchex continues to grow, we look forward to building on our relationships with various strategic partners," Horowitz added. "We finished 2004 on a strong strategic and financial note and reflecting this, we look forward to sharing additional specifics as well as our updated financial outlook in our upcoming conference call."

Business Outlook and Conference Call

Marchex anticipates scheduling a conference call during the week of February 14, 2005 to discuss its fourth quarter 2004 and 2004 fiscal year end results, to provide updates on the anticipated closing of the proposed financing and the Name Development asset acquisition and to provide an overview of its 2005 business outlook.

About Marchex, Inc.:

Marchex (www.marchex.com) provides technology-based merchant services that facilitate and drive growth in online transactions, Marchex connects merchants with consumers who are searching for information, products and services on the Internet. The company's platform of integrated performance-based advertising and search marketing services enables merchants to

more efficiently market and sell their products and services across multiple online distribution channels, including search engines, product shopping engines, directories and selected Web properties.

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 in 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 our most recent periodic report and registration statement filed with the SEC. We disclaim any intention or obligation to update any forward-looking statements.

This press release refers to adjusted operating income before amortization (Adjusted OIBA) which together with operating income before amortization (OIBA) are considered non-GAAP financial measures. The presentation of this financial information is not intended to be considered in isolation, as a substitute for, or superior to, GAAP results. See Reconciliations of Adjusted OIBA and OIBA to GAAP Net Income/Loss (unaudited) included in the tables to this press release for further information regarding these non-GAAP financial measures.

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

