

MARCHEX INC  
Form DEF 14A  
April 01, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-12

**MARCHEX, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

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- x No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**520 Pike Street, Suite 2000**

**Seattle, Washington 98101**

Dear holders of Class A common stock and Class B common stock of Marchex, Inc. ( "Marchex" or the "Company" ):

You are cordially invited to attend the annual meeting of stockholders of Marchex to be held at the Washington Athletic Club, 1325 6th Avenue, Seattle, Washington 98101 on Friday, May 2, 2014, at 10:00 a.m. local time. The annual meeting is being held for the following purposes:

- (1) To elect five individuals to serve on the Company's Board of Directors for the ensuing year and until their successors are elected;
- (2) To ratify the appointment of KPMG LLP ( "KPMG" ) as the Company's independent registered public accounting firm for the current fiscal year;
- (3) To approve, by a non-binding advisory vote, the compensation paid to our named executive officers;
- (4) To select, by a non-binding advisory vote, the frequency at which the stockholders will be asked to approve the compensation paid to our named executive officers; and

(5) To transact any other business that may properly come before the annual meeting and any adjournment or postponement thereof. These items are fully discussed in the following pages, which are made part of this notice. Our Board of Directors recommends a vote FOR items 1, 2 and 3 and THREE YEARS as the desired frequency for an advisory vote on executive compensation. Only holders of record of the Company's Class A common stock and Class B common stock on the books of the Company at the close of business on March 18, 2014, are entitled to vote at the annual meeting. A list of stockholders entitled to vote will be available for inspection by any stockholder for any purpose germane to the meeting at the offices of Marchex, Inc., 520 Pike Street, Suite 2000, Seattle, Washington, 98101, during ordinary business hours for the 10 days prior to the annual meeting.

Whether or not you plan to attend, please promptly complete, sign, date and return your proxy card in the enclosed envelope, so that we may vote your shares in accordance with your wishes and so that enough shares are represented to allow us to conduct the business of the annual meeting. If you hold shares in street name, you may be able to vote over the internet or by telephone by following the instructions on your proxy card. Mailing your proxy(ies) or voting over the internet or by telephone does not affect your right to vote in person if you attend the annual meeting. You may still vote in person if you are a stockholder entitled to vote and you attend the meeting, even if you have returned your proxy, provided that you affirmatively indicate your intention to vote your shares in person. Please note, however, that if a brokerage firm or bank holds your shares of record and you wish to vote at the meeting, you must obtain from the record holder a valid legal proxy issued in your name.

A copy of Marchex's annual report to stockholders for the fiscal year ended December 31, 2013 is enclosed with this notice.

By order of the Board of Directors,

Russell C. Horowitz

*Chairman and Chief Executive Officer*

April 1, 2014

**Your vote is very important. Even if you plan to attend the meeting,**

**PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 2, 2014:** Our proxy statement is attached. Financial and other information concerning Marchex is contained in our annual report to stockholders for the fiscal year ended December 31, 2013. A complete set of proxy materials relating to our annual meeting is available on the internet. These materials, consisting of the notice of annual meeting, proxy statement, proxy card and annual report to stockholders, may be viewed at <http://www.RRDEZProxy.com/2014/Marchex>.

**PROXY STATEMENT**  
**FOR THE**  
**ANNUAL MEETING OF STOCKHOLDERS**

**520 Pike Street, Suite 2000**

**Seattle, Washington 98101**

**INFORMATION ABOUT SOLICITATION AND VOTING**

**General**

The enclosed proxy is solicited by the Board of Directors of Marchex for use in voting at the annual meeting of stockholders to be held at 10:00 a.m., local time, on Friday, May 2, 2014, at the Washington Athletic Club located at 1325 6th Avenue, Seattle, Washington 98101, and any postponement or adjournment of that meeting. The Company's telephone number is (206) 331-3300. The purpose of the annual meeting is to consider and vote upon the proposals outlined in this proxy statement and the attached notice.

Marchex's Class B common stock is traded on the NASDAQ Global Select Market.

These proxy solicitation materials were mailed on or about April 1, 2014, together with the Company's annual report, to all holders of Class A common stock and Class B common stock entitled to vote at the meeting.

**Record Date and Outstanding Shares**

Only holders of record of shares of Class A common stock and Class B common stock on the books of the Company at the close of business on the record date, March 18, 2014, will be entitled to vote at the annual meeting. As of the close of business on the record date, there were 7,753,715 shares of Class A common stock outstanding and 30,949,229 shares of Class B common stock outstanding.

**Proxies**

The Board of Directors has selected Michael Arends, Chief Financial Officer, and Ethan Caldwell, General Counsel and Secretary, as proxies for the annual meeting. By submitting your proxy, you will authorize Mr. Arends and Mr. Caldwell to represent you and vote your shares at the meeting in accordance with your instructions. They may also vote your shares to adjourn the meeting and will be authorized to vote your shares at any adjournments or postponements of the meeting.

**Meeting Attendance and Admission**

You are entitled to attend the annual meeting only if you are a stockholder of record or a beneficial owner as of March 18, 2014. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. You should be prepared to present a photo identification and proof of your stockholder status or beneficial ownership prior to being admitted to the annual meeting. If you are the stockholder of record, you will need to provide proof of status in the form of your proxy card. If you hold your shares in street name, you must provide proof of beneficial ownership on the record date, such as a brokerage account statement showing that you owned Marchex stock as of the record date, a copy of the voting instruction card provided by your broker, bank or other nominee, or other similar evidence of ownership as of the record date. If you do not present photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the annual meeting.

### **Voting and Solicitation**

Each stockholder entitled to vote at the meeting may vote in person at the annual meeting or by proxy. If you are the record holder of your shares and attend the meeting in person, you may deliver your completed proxy card to us at the meeting. If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or on the internet. Internet and telephone voting procedures are designed to authenticate the stockholder's identity and to allow the stockholder to vote his or her shares and confirm that his or her voting instructions have been properly recorded. If you wish to vote in person at the annual meeting, you must obtain a legal proxy from the bank or brokerage firm that holds your shares.

When proxies are properly dated, executed and returned, the shares they represent will be voted at the annual meeting in accordance with the instructions of the stockholder. If no specific instructions are given in a proxy, the shares will be voted FOR the election of the nominees for director set forth herein, FOR ratification of the appointment of accountants, FOR the approval of the advisory non-binding resolution regarding the compensation paid to our named executive officers and THREE YEARS as the desired frequency for an advisory vote on the compensation paid to our named executive officers in the future. In addition, if other matters come before the annual meeting, the persons named in the accompanying form of proxy will vote in accordance with their best judgment with respect to such matters. Each holder of shares of Class A common stock is entitled to 25 votes for each share of Class A common stock held as of the record date, and each holder of shares of Class B common stock is entitled to 1 vote for each share of Class B common stock held as of the record date. The Class A common stock and Class B common stock will vote together as a single class on all matters described in these proxy materials for which your vote is being solicited.

The Company is paying all costs of the solicitation of proxies, including the expenses of printing and mailing to its stockholders the proxy, this proxy statement and the accompanying notice of annual meeting of stockholders. The Company will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses, in accordance with the regulations of the Securities and Exchange Commission ( SEC ), in sending proxies and proxy materials to the beneficial owners of the voting stock. Proxies may be solicited by the Company's officers, directors and regular employees, without compensation, personally or by telephone or facsimile.

### **Required Vote**

A quorum is required for the transaction of business during the annual meeting. A quorum is present when a majority of stockholder votes are present in person or by proxy. Shares that are voted FOR , AGAINST or WITHHELD on a matter are treated as being present at the meeting for purposes of establishing a quorum and are also treated as votes cast by the Class A common stock and Class B common stock present in person or represented by proxy at the annual meeting and entitled to vote on the subject matter.

The candidates for election as directors at the annual meeting who receives the highest number of affirmative votes present or represented by proxy and entitled to vote at the annual meeting, will be elected. The ratification of the independent registered public accounting firm for the Company for the current year and approval of the compensation paid to our named executive officers require the affirmative vote of a majority of the shares of the Company's Class A common stock and Class B common stock present or represented by proxy and entitled to vote at the annual meeting. The selection of the frequency of the advisory vote on the compensation paid to our named executive officers will be decided by a plurality of the votes cast for the frequency periods available.

### **Revocability of Proxies**

A proxy given pursuant to this solicitation may be revoked at any time before its use by delivering a written revocation to the Secretary of the Company, delivering a duly executed proxy bearing a later date or attending and voting in person at the annual meeting. If you hold your shares through a broker or custodian, you will need to contact them to revoke your proxy.

### **Abstentions; Broker Non-Votes**

The Company will count abstentions for purposes of determining both (i) the presence or absence of a quorum for the transaction of business, and (ii) the total number of votes cast with respect to a proposal (other than the election of directors and the frequency of an advisory vote on the compensation paid to our named executive officers). Broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business. Broker non-votes will not be counted for purposes of determining the number of votes cast with respect to a proposal.

Generally, broker non-votes occur when shares held by a broker, bank, or other nominee in street name for a beneficial owner are not voted with respect to a particular proposal because the broker, bank, or other nominee (i) has not received voting instructions from the beneficial owner and (ii) lacks discretionary voting power to vote those shares with respect to that particular proposal. A broker is entitled to vote shares held for a beneficial owner on routine matters, such as the ratification of the appointment of KPMG LLP as our independent registered public accounting firm (Proposal Two), without instructions from the beneficial owner of those shares. On the other hand, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on certain non-routine matters, such as the election of our directors (Proposal One), the advisory vote on the compensation paid to our named executive officers (Proposal Three) and the advisory vote on the desired frequency of an advisory vote on the compensation paid to our named executive officers (Proposal Four). If you hold your shares in street name, it is critical that you cast your vote if you want it to count in the election of directors (Proposal One), the advisory vote on the compensation paid to our named executive officers (Proposal Three) and the advisory vote on the desired frequency of an advisory vote on the compensation paid to our named executive officers (Proposal Four).

For Proposal One (election of directors) and Proposal Four (the advisory vote on the frequency of the vote on the compensation paid to our named executive officers), which require a plurality of the votes cast, abstentions and broker non-votes are not considered votes cast and will have no effect on the outcome of the vote on these proposals. For Proposal Two (the ratification of the appointment of the independent registered public accounting firm) and Proposal Three (the advisory vote on the compensation paid to our named executive officers), which require the affirmative approval of a majority of the votes present or represented and entitled to vote, broker non-votes will have no effect on the number of votes cast, but abstentions will have the same effect as a vote against Proposal Two and Proposal Three because they will be counted as a vote cast with respect to the proposals but not counted as a vote for the proposals.

### **Voting Results**

We will announce preliminary voting results at the annual meeting. We will report final results in a Form 8-K report filed with the SEC.



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

To the Company's knowledge, the following table sets forth information regarding the beneficial ownership of our Class A common stock and Class B common stock as of March 18, 2014 by:

each person (or group of affiliated persons) who is known by us to own beneficially more than 5% of the outstanding shares of our Class A common stock or Class B common stock;

each of our directors and nominees for director;

each of our executive officers listed in the Summary Compensation Table ( NEOs ); and

all of our directors, nominees for director and executive officers as a group.

Percentage of beneficial ownership is based on 7,753,715 shares of our Class A common stock and 30,949,229 shares of our Class B common stock outstanding as of March 18, 2014. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or restricted stock units held by that person that are currently exercisable or exercisable or issuable upon vesting within 60 days of March 18, 2014, are deemed outstanding. These shares are not, however, deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as otherwise noted below, the address for each beneficial owner listed below is c/o Marchex, Inc., 520 Pike Street, Suite 2000, Seattle, Washington 98101.

Name and, as appropriate, Address of Beneficial Owner	Shares Beneficially Owned				% Total Voting Power <sup>(1)</sup>
	Class A Common Stock		Class B Common Stock		
	Shares	%	Shares	%	
<b>5% Security Holders</b>					
Archon Capital Management LLC <sup>(2)</sup>			2,825,986	9.1%	1.3%
1301 Fifth Avenue, Suite 3008					
Seattle, WA 98101					
Michael L. Yagemann <sup>(3)</sup>			1,823,807	5.9%	*
377 Eagle Drive					
Jupiter, FL 33477					
<b>Named Executive Officers and Directors</b>					
Russell C. Horowitz <sup>(4)</sup>	7,102,006	91.6%	1,339,705	4.3%	79.3%
Michael Arends <sup>(5)</sup>			1,003,240	3.2%	*
Ethan Caldwell <sup>(6)</sup>	475,209	6.1%	717,155	2.3%	5.5%
Peter Christothoulou <sup>(7)</sup>	176,500	2.3%	1,261,765	4.0%	2.3%
Michael Miller <sup>(8)</sup>			90,812	*	*
Dennis Cline <sup>(9)</sup>			169,000	*	*
Anne Devereux-Mills <sup>(10)</sup>			114,800	*	*
Nicolas J. Hanauer <sup>(11)</sup>			2,552,500	8.2%	1.0%
M. Wayne Wisheart <sup>(12)</sup>			140,150	*	*
All directors and executive officers as a group (9 persons) <sup>(13)</sup>	7,753,715	100.0%	7,389,127	22.1%	88.4%

Except as indicated in the footnotes below and except as subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

- \* Beneficial ownership or total voting power, as the case may be, representing less than one percent.
- 1. Percentage of voting power represents voting power with respect to shares of our Class A common stock and Class B common stock, as a single class. Each holder of Class A common stock shall be entitled to 25 votes per share of Class A common stock and each holder of Class B common stock shall be entitled to 1 vote per share of Class B common stock on all matters submitted to a vote of stockholders, except as may otherwise be required by law. The Class A common stock is convertible at any time by the holder into shares of Class B common stock on a share-for-share basis.

2. Based on the most recently available Schedule 13G/A filed with the SEC on February 14, 2014 by Archon Capital Management LLC ( Archon ), an investment advisor on its behalf and on behalf of Constantinos Christofilis, whose address is 1301 Fifth Avenue, Suite 3008, Seattle, Washington 98101, an individual and managing member of Strategos Master Fund, L.P., a limited partnership, whose address is c/o Maples & Calder, P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. Archon and Constantinos Christofilis each report beneficial ownership of 2,825,986 shares of our Class B common stock, and shared voting and dispositive power as to 2,825,986 shares of our Class B common stock. Strategos Master Fund, L.P. reports beneficial ownership of 1,625,686 shares of our Class B common stock and shared voting and dispositive power as to 1,625,686 shares of our Class B common stock.
3. Based on the most recently available Schedule 13G/A filed with the SEC on January 24, 2014 by Michael L. Yagemann, an individual. Mr. Yagemann reports beneficial ownership of 1,823,807 shares of our Class B common stock, which includes (i) 750,000 shares of our Class B Common Stock held by Greenbridge Fund LP (the Fund ), whose general partner is Greenbridge Capital, LLC, whose managing member is Mr. Yagemann, (ii) 61,500 shares of our Class B Common Stock held by Michael Yagemann Roth IRA, (iii) 965,000 shares of our Class B Common Stock held by Yagemann Revocable Trust, of which Mr. Yagemann and his spouse, Marian S. Yagemann, are the grantors, co-trustees and beneficiaries, (iv) 30,000 shares of our Class B Common Stock held by Yagemann Family Trust, of which Mr. Yagemann s spouse, Marian S. Yagemann, is the trustee, and (v) 17,307 shares of our Class B Common Stock held by Marian Yagemann Roth IRA. Mr. Yagemann reports sole voting power as to 811,500 shares of our Class B common stock and sole dispositive power as to 811,500 shares of our Class B common stock. Mr. Yagemann reports shared voting power of 1,012,307 shares of our Class B common stock and shared dispositive power as to 1,012,307 shares of our Class B common stock.
4. Includes: (1) 6,602,006 shares of our Class A common stock held by MARRCH Investments, LLC; (2) 236,888 shares of restricted stock subject to vesting; (3) 568,897 shares of our Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014; (4) 5,000 shares of Class B common stock held in an Individual Retirement Account for the benefit of Mr. Horowitz; and (5) 500,000 shares of Class A common stock which are pledged as security by MARRCH Investments, LLC in connection with a brokerage investment account agreement. Mr. Horowitz is the managing member of MARRCH Investments, LLC and, as such, may be deemed to exercise voting and investment power over the shares held by all of these entities.
5. Includes: (1) 212,900 shares of restricted stock subject to vesting; (2) 565,969 shares of our Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014; (3) 10,500 shares of our Class B common stock held by the Nicole Marie Arends 2003 Trust for the benefit of Nicole Marie Arends, the daughter of Mr. Arends, for which shares Mr. Arends disclaims beneficial ownership; (4) 18,100 shares of Class B common stock held in an Individual Retirement Account for the benefit of Mr. Arends; and (5) 6,500 shares of Class B common stock held in an Individual Retirement Account for the benefit of Diana Arends, Mr. Arends wife.
6. Includes: (1) 180,550 shares of restricted stock subject to vesting; and (2) 304,094 shares of Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014.
7. Includes: (1) 292,688 shares of restricted stock subject to vesting; (2) 566,822 shares of Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014; and (3) approximately 60,000 shares which have been pledged by Mr. Christothoulou to a third party as security for a loan.
8. Includes: (1) 30,500 shares of restricted stock subject to vesting; and (2) 60,312 shares of Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014.
9. Includes: (1) 16,200 shares of restricted stock subject to vesting; (2) 52,000 shares of our Class B common stock held by DMC Investments, LLC, a limited liability company of which Mr. Cline is the managing member; (3) 15,000 shares of Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014; and (4) 10,000 shares in the aggregate of our Class B common stock held by four different trusts for the benefit of his children, for which shares Mr. Cline disclaims beneficial ownership.

- <sup>10.</sup> Includes: (1) 17,100 shares of restricted stock subject to vesting; and (2) 40,000 shares of Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014.
- <sup>11.</sup> Includes: (1) 13,750 shares of restricted stock subject to vesting; and (2) 300,000 shares of Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014.
- <sup>12.</sup> Includes (1) 17,850 shares of restricted stock subject to vesting; and (2) 40,000 shares of Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014.
- <sup>13.</sup> Includes an aggregate of: (1) 7,753,715 shares of our Class A common stock; (2) 4,928,033 shares of our Class B common stock (including 20,500 shares for which beneficial ownership has been disclaimed); and (3) 2,461,094 shares of our Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 18, 2014.

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**PROPOSAL ONE ELECTION OF DIRECTORS**
**(Item 1 on Proxy Card)**

The Board of Directors currently consists of five (5) individuals, all of whom have been nominated for election at the annual meeting. Directors are to be elected to hold office until the next Annual Meeting of Stockholders and until their respective successors have been elected and qualified. The names and the respective ages of the five (5) nominees as of March 18, 2014 are set forth below:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>	<b>Director Since</b>
Russell C. Horowitz	47	Chairman of the Board of Directors, Chief Executive Officer and Treasurer	January 2003
Dennis Cline <sup>(1)(2)(3)</sup>	53	Director	May 2003
Anne Devereux-Mills <sup>(1)(2)(3)</sup>	52	Director	October 2006
Nicolas Hanauer <sup>(2)</sup>	54	Vice Chairman of the Board of Directors	October 2007
M. Wayne Wischart <sup>(1)(3)</sup>	68	Director	November 2008

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Member of the Nominating and Governance Committee.

<sup>(3)</sup> Member of the Compensation Committee.

Set forth below is a description of the business experience of each current director, including a discussion of the specific experience, qualifications, attributes and skills that led our Board of Directors to conclude that those individuals should serve as our directors.

**Russell C. Horowitz.** Mr. Horowitz is a founder of our Company and has served as the Chairman of our Board of Directors, Chief Executive Officer and Treasurer since our inception in January 2003. Mr. Horowitz was previously a founder of Go2Net, a provider of online services to merchants and consumers, including merchant Web hosting, online payment authorization technology, and Web search and directory services. He served as its Chairman and Chief Executive Officer from its inception in February 1996 until its merger with InfoSpace in October 2000, at which time Mr. Horowitz served as the Vice Chairman and President of the combined company through the merger integration process. Additionally, Mr. Horowitz served as the Chief Financial Officer of Go2Net from its inception until May 2000. Prior to Go2Net, Mr. Horowitz served as the Chief Executive Officer and a director of Xanthus Management, LLC, the general partner of Xanthus Capital, a merchant bank focused on investments in early-stage companies, and was a founder and Chief Financial Officer of Active Apparel Group, now Everlast Worldwide. Mr. Horowitz received a B.A. in Economics from Columbia College of Columbia University. Mr. Horowitz brings historic knowledge and continuity together with extensive operational and industry expertise to the board.

**Dennis Cline.** Mr. Cline has served as a member of our Board of Directors since May 2003. Mr. Cline is also currently an independent director on the board of TraceSecurity, a provider of cloud-based security solutions. Mr. Cline previously served as Chief Executive Officer and Executive Chairman of netForensics, a provider of security event information management. Prior to joining netForensics as its Chief Executive Officer, Mr. Cline was Managing Partner of DMC Investments, a firm he founded in 2000, which provides capital and consulting services to technology companies. From 1998 to 2000, Mr. Cline was the Chief Executive Officer of DirectWeb, a provider of computer hardware and Internet access for consumers. Prior to DirectWeb, Mr. Cline was a senior executive at Network Associates, a provider of computer security solutions. Mr. Cline received his J.D. from Rutgers School of Law and his B.A. from Rutgers University. Mr. Cline brings extensive sales and broad management expertise to the board.

**Anne Devereux-Mills.** Ms. Devereux-Mills has served as a member of our Board of Directors since October 2006. With over 25 years of experience in the marketing and advertising industries, Ms. Devereux-Mills now serves as the Executive Director of the Healthy Body Image Program at Stanford University. She is also the Chief Strategy Officer of Thrive On, a mobile technology provider for mental health and wellness programs. Prior to these current roles, Ms. Devereux-Mills served as Chairman of LLNS, a division of Omnicom Group Inc.

(NYSE: OMC) from May 2006 to April 2012 and served as Chief Executive Officer of LLNS from May 2006 to September 2010. LLNS is a leading healthcare communications agency. Prior to joining LLNS, from February 2003 to May 2006, Ms. Devereux-Mills was the Chief Integration Officer as well as Managing Director of all health-related assignments within BBDO New York, an advertising agency. Before joining BBDO New York, from April 2002 to February 2003, Ms. Devereux-Mills was President of Dugan Valva Contess, an independent communications agency. From January 1996 to April 2002, Ms. Devereux-Mills was President and Founder of Consumer Healthworks which then became Merkle Newman Harty Healthworks, one of the first agencies to specialize in direct-to-consumer advertising for healthcare brands. Ms. Devereux-Mills received a B.A. degree from Wellesley College. Ms. Devereux-Mills brings extensive marketing and advertising expertise to the board.

*Nicolas Hanauer.* Mr. Hanauer has served as Vice Chairman of our Board of Directors since October 2007. Mr. Hanauer is also Chairman of Pacific Coast Feather Company, a Seattle-based manufacturer of pillows and bedding, and a partner at Second Avenue Partners, a Seattle-based venture capital firm he co-founded in 2000. Mr. Hanauer founded aQuantive, Inc. (formerly Avenue A Media, Inc.), a leading global digital marketing company, in 1997 and served as its Chief Executive Officer from June 1998 to September 1999 and as Chairman of the Board from June 1998 until its acquisition by Microsoft in August 2007. In 1998, Mr. Hanauer co-founded Gear.com, an online sporting goods company, and served as its chairman until its merger with Overstock.com in 2001. In 1995, Mr. Hanauer became a founding investor in Amazon.com and served as a board advisor until 2000. Mr. Hanauer began his professional career at the Pacific Coast Feather Company where from 1990 to 2004 he held a number of executive positions, including Chief Executive Officer and Co-Chairman. Mr. Hanauer received a B.A. degree in Philosophy from the University of Washington. Mr. Hanauer brings extensive operational and industry expertise to the board as well as strategic planning.

*M. Wayne Wisheart.* Mr. Wisheart has served as a member of our Board of Directors since November 2008. From February 2010 to November 2010, Mr. Wisheart served as interim Chief Financial Officer for All Star Directories, a publisher of online and career school directories. Mr. Wisheart previously served as the Chief Financial Officer of aQuantive, Inc. (formerly Avenue A Media, Inc.), a leading global digital marketing company, which was acquired by Microsoft in August 2007. Prior to aQuantive, Mr. Wisheart served as Chief Financial Officer of Western Wireless Corporation, a cellular phone service provider, which was acquired by Alltel in August 2005. Mr. Wisheart also served as the Chief Financial Officer from 2000 to 2002 of iINNERHOST, Inc., a Web hosting services company, as President and Chief Executive Officer from 1999 to 2000 of TeleDirect International Inc., a company that provide customer interaction systems, and as the President and Chief Executive Officer from 1997 to 1998 of Price Communications Wireless. Mr. Wisheart also serves on the Board of Directors of EarthLink, Inc. and Centri Technology, Inc. Mr. Wisheart received a B.S. degree in Business from the University of Missouri-St. Louis. Mr. Wisheart brings extensive financial and accounting expertise to the board.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES LISTED ABOVE TO THE BOARD OF DIRECTORS.**

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**CORPORATE GOVERNANCE**
**Board Independence**

The Board of Directors determined that, other than Mr. Horowitz, each of the members of the board is an independent director in accordance with NASDAQ listing standards.

**Committees and Meeting Attendance**

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Each of these committees operates under a written charter adopted by the board. Copies of these charters are available on our website at [www.marchex.com](http://www.marchex.com). The Board of Directors held four meetings and took action by written consent on two occasions during the fiscal year ended December 31, 2013. Each of the standing committees of the board held the number of meetings indicated below. During the last fiscal year, each of our directors attended at least 75% of the total number of meetings of the board and all of the committees of the board on which such director served held during that period. Directors are encouraged to attend our annual meetings of stockholders. All of our directors attended last year's annual meeting.

The following table sets forth the three standing committees of the board, the members of each committee, the number of meetings held by each committee and committee action taken by written consent during the 2013 fiscal period:

Name of Director	Audit	Compensation	Nominating and Governance
Dennis Cline	Member	Member	Member
Anne Devereux-Mills	Member	Chair	Member
Nicolas Hanauer			Chair
M. Wayne Wisheart	Chair	Member	
Number of Meetings	8	4	4
Action by Written Consent	2	9	0

***Audit Committee***

The Audit Committee is currently comprised of Messrs. Cline and Wisheart (Chair) and Ms. Devereux-Mills. Each of the members of the Audit Committee is independent for purposes of the NASDAQ listing standards as they apply to Audit Committee members. Messrs. Cline and Wisheart are Audit Committee financial experts, as defined in the rules of the Securities and Exchange Commission. The Audit Committee operates under a charter that is available on our website at [www.marchex.com](http://www.marchex.com). The functions of the Audit Committee include reviewing, with the Company's independent registered public accounting firm, the scope and timing of the independent registered public accounting firm's services, the independent registered public accounting firm's report on the Company's consolidated financial statements and internal control over financial reporting following completion of the Company's audits, and the Company's internal accounting and financial control policies and procedures, and making annual recommendations to the Board of Directors for the appointment of independent registered public accounting firm for the ensuing year. The Audit Committee held eight meetings and took action by written consent on two occasions during the fiscal year ended December 31, 2013. Additional information regarding the Audit Committee is set forth in the Report of the Audit Committee immediately following Proposal Two.

***Compensation Committee***

The Compensation Committee is currently comprised of Messrs. Cline and Wisheart and Ms. Devereux-Mills (Chair). Each of the members of the Compensation Committee is independent for purposes of the NASDAQ listing standards. The Compensation Committee operates under a charter that is available on our website at [www.marchex.com](http://www.marchex.com). The Compensation Committee held four meetings and took action by written consent on nine occasions during the fiscal year ended December 31, 2013.

The purpose of the Compensation Committee is to assist the Board of Directors in carrying out its responsibilities with respect to: (i) overseeing the Company's compensation policies and practices; (ii) reviewing and approving annual compensation and compensation procedures for the Company's executive officers; and (iii) overseeing and recommending director compensation to the Board of Directors. More specifically, the Compensation Committee's responsibilities include: overseeing the Company's general compensation structure, policies and programs, and assessing whether the Company's compensation structure establishes appropriate incentives for management and employees; making recommendations to the Board of Directors with respect to, and administering, the Company's incentive compensation and equity-based compensation plans, including the Company's stock option plan and employee stock purchase plan; reviewing and approving compensation procedures for the Company's executive officers; recommending to the independent directors for approval the compensation of the Chief Executive Officer based on relevant corporate goals and objectives and the Board of Directors' performance evaluation of the Chief Executive Officer; and reviewing and recommending to the Board of Directors for approval the compensation of executive officers other than the Chief Executive Officer; reviewing and recommending to the Board of Directors employment, retention, restricted stock and severance agreements for executive officers, including change of control provisions, plans or agreements; reviewing the compensation of directors for service on the Board of Directors and its committees. Regarding most compensation matters, including executive and director compensation, the Company's management provides recommendations to the Compensation Committee. The Compensation Committee has delegated its authority to grant equity and other awards under the Company's stock incentive plan to eligible employees who are not executive officers to the Stock Option Grant Subcommittee within certain pre-approved limits. The Stock Option Grant Subcommittee currently consists of Messrs. Horowitz, Arends and Caldwell and such committee regularly reports any grants made to the Compensation Committee.

#### *Nominating and Governance Committee*

The Nominating and Governance Committee is currently comprised of Messrs. Cline and Hanauer (Chair) and Ms. Devereux-Mills. Each of the members of the Nominating and Governance Committee is independent for purposes of the NASDAQ listing standards. The Nominating and Governance Committee operates under a charter that is available on our website at [www.marchex.com](http://www.marchex.com). The Nominating and Governance Committee identifies individuals qualified to become board members, recommends to the board those persons to be nominated for election to our board at the annual meeting of stockholders, develops and recommends to the board a set of corporate governance principles applicable to the Company and oversees the annual evaluation of the board. The Nominating and Governance Committee held four meetings during the fiscal year ended December 31, 2013.

#### *Nomination of Directors*

The Nominating and Governance Committee may use third party executive search firms to help identify prospective director nominees. The Nominating and Governance Committee has not established specific minimum age, education, experience, or skill requirements for potential members, but, in general, expects that qualified candidates will have high-level managerial experience in a relatively complex organization or be accustomed to dealing with complex problems, and will be able to represent the interests of the stockholders as a whole rather than special interest groups or constituencies. The Nominating and Governance Committee considers each candidate's character, integrity, judgment, skills, background, experience of particular relevance to the Company, ability to work well with others and time available to devote to board activities, among other factors. The Nominating and Governance Committee also considers the interplay of a candidate's background and expertise with that of other board members, and the extent to which a candidate may be a desirable addition to any committee of the board. The Nominating and Governance Committee uses the same process for evaluating all nominees, regardless of the original source of the nomination.

The Nominating and Governance Committee also focuses on issues of diversity, such as diversity of gender, race and national origin, education, professional experience and differences in viewpoints and skills. The



Nominating and Governance Committee does not assign specific weights to particular criteria. Rather, the Board of Directors believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities. The Nominating and Governance Committee believes that it is essential that the board members represent diverse viewpoints. The Nominating and Governance Committee's goal is to assemble a board that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience.

Our evaluations of potential directors include, among other things, an assessment of a candidate's background and credentials, personal interviews, and discussions with appropriate references. Once we have selected appropriate candidates, we present them to the full board for election if a vacancy occurs or is created by an increase in the size of the board during the course of the year, or for nomination if the director is to be first elected by stockholders.

Marchex stockholders may recommend individuals to the Nominating and Governance Committee for consideration as potential director candidates by submitting their names and appropriate supporting background and biographical information to: Marchex, Inc., 520 Pike Street, Suite 2000, Seattle, Washington 98101, Attention: General Counsel. The recommendation must include any relevant information, including the candidate's name, home and business contact information, detailed biographical data and qualifications, and information regarding any relationships between the candidate and the Company within the last three years. Acceptance of a recommendation does not mean that the committee will ultimately nominate the recommended candidate.

#### **Code of Conduct and Code of Ethics**

The Company has adopted a code of conduct applicable to each of the Company's officers, directors and employees, and a code of ethics applicable to the Company's Chief Executive Officer, Chief Financial Officer and the Company's senior financial officers, as contemplated by Section 406 of the Sarbanes-Oxley Act of 2002 and both codes are available on our website at [www.marchex.com](http://www.marchex.com).

#### **Corporate Governance Guidelines**

The Board of Directors has adopted corporate governance guidelines to ensure effective corporate governance which are available on our website at [www.marchex.com](http://www.marchex.com).

#### **Board Leadership Structure**

The Board of Directors does not have a specific policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the board believes it is in the best interest of the Company to make that determination based on the position and direction of the Company and the membership of the board. The Board of Directors is responsible for the control and direction of the Company. The Board of Directors represents the Company's stockholders and its primary purpose is to build long-term stockholder value. The Chair of the Board is selected by the Board and currently is the Chief Executive Officer of the Company, Russell C. Horowitz. The Board of Directors believes that this leadership structure is appropriate for the Company given Mr. Horowitz's role in founding the Company and his significant ownership stake. The Board of Directors believes that this leadership structure improves the board's ability to focus on key policy and operational issues and helps the Company operate in the long-term interests of its stockholders. In addition, the independent directors on the board have appointed a Vice Chairman from the Board's independent directors, currently Mr. Hanauer. The Vice Chairman presides over the executive sessions of the independent directors, chairs board meetings in the Chair's absence, and provides direction on agendas, schedules and materials for board meetings that will be helpful to the independent directors.

Our unified Chairman and Chief Executive Officer position is augmented by our Vice Chairman and is balanced by the independence of the majority of our directors, and our three fully independent board committees which provide appropriate oversight in the areas described above. At executive sessions of independent directors, these directors speak candidly on any matters of interest, without the Chief Executive Officer or other managers present. We believe this structure provides consistent and effective oversight of our management and the Company.

#### **Vice Chairman of the Board of Directors**

As Vice Chairman of our Board of Directors, Mr. Hanauer's responsibilities include:

Coordinating and moderating executive sessions of the Board of Directors' independent directors.

Advising the Chairman of the Board of Directors as to the quality, quantity and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties.

Acting as the principal liaison between the independent directors and the Chairman of the Board of Directors on sensitive issues.

Performing such other duties as the Board of Directors may from time to time delegate to the Vice Chairman to assist the Board of Directors in the fulfillment of its responsibilities.

#### **Board's Role in Risk Management**

The Board of Directors as a whole and also at the committee level, is responsible for oversight of our risk assessment and management process. Management is responsible for the Company's day-to-day risk management activities. The Audit Committee periodically reviews risks and exposures associated with financial matters and financial reporting, the Compensation Committee oversees risks relating to compensation programs and policies, and the Nominating and Governance Committee oversees risks associated with Board and corporate governance matters. Furthermore, the Board of Directors periodically reviews risk management matters, including as part of its ongoing corporate strategy review, and is apprised of particular risk management matters in connection with its general oversight and approval of corporate matters.

#### **Board Effectiveness**

The Board of Directors performs an annual self-assessment to evaluate its effectiveness in fulfilling its obligations.

#### **Executive Session**

The corporate governance guidelines provide that the Company's independent directors shall meet regularly (not less than two times per year) in executive session at which only the Company's independent directors shall be present. The independent directors met in executive session three times during the fiscal year ended December 31, 2013.

#### **Compensation Committee Interlocks and Insider Participation**

None of Messrs. Cline and Wisheart and Ms. Devereux-Mills, the members of the Compensation Committee during 2013, are or have been an officer or employee of the Company. No member of the Compensation Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. During fiscal year 2013, none of the Company's executive officers served on the Compensation Committee (or its equivalent) or Board of Directors of another entity any of whose executive officers served on the Company's Compensation Committee or Board of Directors.

**Communications with Directors**

The Board of Directors provides a process for Marchex stockholders to send communications to the Board of Directors. Any stockholder who desires to contact the Board of Directors may do so by writing to: Marchex, Inc., 520 Pike Street, Suite 2000, Seattle, Washington 98101, Attention: Ethan Caldwell, Secretary. Communications received by mail will be screened by the Secretary for appropriateness before either forwarding to or notifying the members of the Board of Directors of receipt of a communication.

**PROPOSAL TWO RATIFICATION OF APPOINTMENT OF INDEPENDENT****REGISTERED PUBLIC ACCOUNTING FIRM****(Item 2 on Proxy Card)**

The Board of Directors has reappointed the firm of KPMG LLP ( KPMG ), to serve as our independent registered public accounting firm for the current fiscal year. Stockholder ratification of the selection of KPMG as Marchex's independent registered public accounting firm is not required by Marchex's bylaws, Delaware corporate law or otherwise. Notwithstanding the foregoing, the Board of Directors has elected to seek such ratification as a matter of good corporate practice. Should the stockholders fail to ratify the selection of KPMG as our independent registered public accounting firm, the Board of Directors will consider whether to retain that firm for the year ending December 31, 2014 and will consider the appointment of another independent registered public accounting firm. KPMG was the independent registered public accounting firm for the year ended December 31, 2013. Representatives of KPMG are expected to be present at the annual meeting, will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from stockholders present at the meeting.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG LLP.**

In addition to audit services, KPMG also provided certain non-audit services to Marchex in 2013. The terms of Marchex's engagement with KPMG provide for alternative dispute resolution procedures, exclude the award of punitive damages and contain certain other limitations.

**Accounting Fees and Services**

During fiscal years 2012 and 2013, we retained KPMG to provide professional services in the following categories and amounts:

<b>Fee Category</b>	<b>2012</b>	<b>2013</b>
Audit Fees	\$ 830,000	\$ 873,000
Audit-Related Fees	295,000	23,000
Tax Fees	121,000	106,000
All Other Fees	None	None
<b>Total Fees</b>	<b>\$ 1,246,000</b>	<b>\$ 1,002,000</b>

*Audit-related fees* include audit fees in connection with the proposed separation of the Company into two distinct publicly traded entities. In September 2013, the Company announced that it would no longer pursue the separation.

*Tax fees* consist of fees for professional services for tax return preparation and consultation on matters related to acquisitions, state tax considerations and tax credits.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the independence of KPMG and has concluded that it is.

The Audit Committee pre-approved 100% of the 2012 and the 2013 KPMG services and fees above pursuant to the pre-approval policy described below.

**Policy on Pre-Approval by Audit Committee of Services Performed by Independent Registered Public Accounting Firm**

The policy of the Audit Committee is to pre-approve all audit and permissible non-audit services to be performed by the independent registered public accounting firm during the fiscal year. The Audit Committee pre-

approves services by authorizing specific projects within the categories outlined above, subject to the budget for each category. The Audit Committee's charter delegates to its chairman the authority to address any requests for pre-approval of services between Audit Committee meetings, and the chairman must report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

*The following Report of the Audit Committee and related disclosure shall not be deemed incorporated by reference by any general statement incorporating this proxy statement into any filing under the Securities Act of 1933 (the Securities Act) or under the Securities Exchange Act of 1934 (the Exchange Act), except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.*

#### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee is comprised of Messrs. Cline and Wischart (Chair) and Ms. Devereux-Mills. The role of the Audit Committee is to assist the Board of Directors in its oversight of Marchex's financial reporting process. The Audit Committee performs the duties set forth in its current charter which is available on the Company's website at [www.marchex.com](http://www.marchex.com).

As noted in the Audit Committee's charter, Marchex's management is responsible for preparing the Company's financial statements. The Company's independent registered public accounting firm is responsible for auditing the financial statements and internal control over financial reporting. The activities of the Audit Committee are in no way designed to supersede or alter those traditional responsibilities. The Audit Committee's role does not provide any special assurances with regard to Marchex's financial statements, nor does it involve a professional evaluation of the quality of the audits performed by the independent registered public accounting firm.

Each member of the Audit Committee meets the independence criteria prescribed by applicable law and the rules of the Securities and Exchange Commission (SEC) for Audit Committee membership and is an independent director within the meaning of the NASDAQ listing standards. In addition, the Board of Directors has determined that each of Messrs. Cline and Wischart qualifies as an Audit Committee financial expert, as defined by SEC rules.

The Audit Committee has reviewed and discussed with Marchex's independent registered public accounting firm, KPMG, matters required to be discussed pursuant to Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended. We have received from KPMG a formal written statement consistent with the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence. We have discussed with KPMG matters relating to its independence, including a review of both audit and non-audit fees, and considered the compatibility of non-audit services with the auditor's independence.

The Audit Committee has reviewed and discussed with management and KPMG the audited financial statements for the fiscal year ended December 31, 2013. The Audit Committee met with KPMG, with and without management present, to discuss results of its audits, its evaluation of Marchex's internal control over financial reporting, and the overall quality of Marchex's financial reporting.

Based on the reports, discussions and reviews referred to above, in reliance on management and the independent registered public accounting firm and subject to the limitations on our role and responsibilities in our charter, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the SEC.

Following a review of the independent registered public accounting firm's performance and qualifications, including consideration of management's recommendation, the Audit Committee approved the reappointment of KPMG as Marchex's independent registered public accounting firm for the fiscal year ending December 31, 2014.

Respectfully submitted,

THE AUDIT COMMITTEE

Dennis Cline

Anne Devereux-Mills

M. Wayne Wischart, Chair

**ADDITIONAL INFORMATION RELATING TO OUR DIRECTORS AND EXECUTIVE OFFICERS**

**Executive Officers**

Our executive officers, and their respective ages, as of March 18, 2014, are as follows:

Name	Age	Position(s)
Russell C. Horowitz	47	Chairman of the Board of Directors, Chief Executive Officer and Treasurer
Michael Arends	43	Chief Financial Officer
Ethan Caldwell	45	Chief Administrative Officer, General Counsel and Secretary
Peter Christothoulou	42	President
Michael Miller	38	Senior Vice President of Accounting and Corporate Controller

Biographical information for our executive officers who also serve as directors is set forth above (See Proposal One Election of Directors ). Biographical information for all other executive officers is set forth below.

**Michael Arends.** Mr. Arends has served as our Chief Financial Officer since May 2003. Prior to joining Marchex, Mr. Arends held various positions at KPMG since 1995, most recently as a Partner in KPMG's Pacific Northwest Information, Communications and Entertainment assurance practice. Mr. Arends is a Certified Public Accountant and a Chartered Accountant and received a Bachelor of Commerce degree from the University of Alberta.

**Ethan Caldwell.** Mr. Caldwell is a founder of our Company and has served as our Chief Administrative Officer, General Counsel and Secretary since our inception in January 2003. Mr. Caldwell was previously Senior Vice President, General Counsel and Corporate Secretary of Go2Net, from November 1996, until its merger with InfoSpace through December 2000. Mr. Caldwell received his J.D. from the University of Maryland and his B.A. in Political Science from Occidental College.

**Peter Christothoulou.** Mr. Christothoulou is a founder of our Company and has served as our President since December 2011. Prior to serving as our President, Mr. Christothoulou served as our Chief Operating Officer from March 2009 until December 2011 and as our Chief Strategy Officer from our inception in January 2003 through March 2009. Mr. Christothoulou was previously the Senior Vice President of Strategic Initiatives for Go2Net, focused on strategic acquisitions and investments, from January 2000 until its merger with InfoSpace in October 2000, at which time he served as the Senior Vice President of Corporate Strategy and Development of the combined company through the merger integration process until January 2001. Prior to Go2Net, Mr. Christothoulou was a Vice President in the Investment Banking Group of U.S. Bancorp Piper Jaffray, focused primarily on merger and acquisition advisory services for technology companies, and was with the investment banking firm from 1996 until January 2000.

**Michael Miller.** Mr. Miller has served as our Senior Vice President of Accounting and Corporate Controller since January 2011 and as our principal accounting officer since May 2011. Prior to joining Marchex, Mr. Miller held various positions at KPMG since 1997, most recently as a senior manager in KPMG's Pacific Northwest Regional Professional Practice Network. Mr. Miller received a Bachelor of Business Administration degree from the University of Notre Dame.

## Compensation Discussion and Analysis

### *The Role of Stockholder Say-on-Pay Votes*

In May 2011, we held a stockholder advisory vote to approve the compensation of our named executive officers (the say-on-pay proposal). Our stockholders overwhelmingly approved the compensation of our named executive officers, with approximately 99.60% of stockholder votes cast in favor of the say-on-pay proposal. The Compensation Committee believes this affirms the stockholders' support of our approach to executive compensation, and did not change its approach in 2012 or 2013. The Compensation Committee will continue to consider the outcome of our say-on-pay votes, such as Proposal Three in this proxy statement, when making future compensation decisions for the named executive officers.

### *Overview*

Our named executive officers, or NEOs, are:

Russell C. Horowitz, our chairman and chief executive officer;

Michael Arends, our chief financial officer;

Ethan Caldwell, our chief administrative officer, general counsel and secretary;

Peter Christothoulou, our president; and

Michael Miller, our senior vice president of accounting and corporate controller;

You can find detailed information regarding the compensation we paid to our NEOs in the tables that begin on page 22. Our executive compensation programs are intended to serve two related goals:

**Long-Term Retention of our Strong Management Team.** We believe that our continued success depends on our ability to retain our experienced, complementary and dedicated management team. Although we always consider the ultimate interest of our stockholders in setting NEO compensation, we also must acknowledge that our executives face many career options and we therefore must provide strong incentives for them to continue to participate in our growth.

**Long-Term Growth in Stockholder Value.** We believe that management compensation packages should reflect as much as possible the risk and opportunity experienced by our stockholders. As a result, we strongly emphasize performance-based compensation arrangements which reward NEOs for contributions to our long-term growth and overall corporate success. We believe that this long-term focus will appropriately reward our management team for performance that will most benefit our Company and stockholders. We think that a focus on shorter-term results could inappropriately over- or under-compensate our executives due to short-term fluctuations that do not as accurately reflect our corporate growth and the corresponding benefit to our stockholders.

Our long-term emphasis results in NEO compensation packages that are weighted significantly towards long-term equity grants, with a relatively low proportion of NEO compensation derived from cash salaries. Cash bonuses to our NEOs are paid only under our annual incentive plan, which ties such bonus payments directly to our annual corporate performance.





The Compensation Committee is responsible for setting the compensation and benefits for Mr. Horowitz and our other executive officers, to determine distributions and grants of awards under our various stock and other incentive plans and to assume responsibility for all matters related to the foregoing. Meetings of the Compensation Committee are called by the chair of the committee and the chair sets the agenda for each committee meeting. In performing its responsibilities, the Compensation Committee typically invites, for all or a portion of each meeting, Mr. Horowitz and other members of management to its meetings. Mr. Horowitz meets with the Compensation Committee on an ongoing basis to discuss the objectives and performance of Marchex's NEOs. For compensation decisions relating to our executive officers, the Compensation Committee considers recommendations from Mr. Horowitz, Mr. Arends, Mr. Caldwell and our Vice President of People Services, who utilize various industry compensation surveys as part of our company wide annual compensation review process. After receipt and discussion of such recommendations with Mr. Horowitz, the Compensation Committee meets without Mr. Horowitz to ultimately determine the compensation packages for each of our executive officers. Mr. Horowitz does not participate in deliberations regarding his own compensation.

### *NEO Compensation for 2013*

Our Compensation Committee in reviewing our executive compensation packages assesses salary, salary history, the number and value of shares owned by our executives, prior equity grants and vesting and exercise history. The Compensation Committee also considers data regarding compensation paid at public media, internet and technology-based companies of comparable size to our Company and which could compete for the services of our NEOs. Although the compensation practices of our competitors instruct our review, we use that data only to gain perspective and do not benchmark our compensation to any particular level. The Compensation Committee consults with outside counsel in its review but does not engage a compensation consultant.

### **Base Salary**

The 2013 salaries shown in the Summary Compensation Table on pages 22-23 were set by our Compensation Committee based on the compensation review discussed above, as well as a consideration of each NEO's total compensation package including prior equity grants, exercise history, and existing stock ownership. Base salaries are a necessary part of our compensation program and provide executives with a fixed portion of pay that is not performance-based. Our goal is to provide competitive base pay levels. Historically, the Compensation Committee considered our desire to maintain cash remuneration as a relatively small portion of overall compensation. In addition, the Compensation Committee considered each NEO's skills, experience, level of responsibility, performance and contribution to our Company. The Compensation Committee also took into account in conjunction with the NEO's specific areas of responsibilities and objectives, each NEO's contribution to the Company's overall success as a member of the management team. The Compensation Committee considers the relative compensation levels among all the members of the management team to ensure the Company's executive compensation programs are internally consistent and equitable. All salaries are reviewed at least annually and subject to future adjustment by the Compensation Committee. The Compensation Committee decided not to increase base salaries for the NEOs in 2013, except for Mr. Miller. Mr. Miller's salary was increased in April 2013 from \$175,000 to \$192,500 in connection with his annual performance review. On December 20, 2013 the Compensation Committee, pursuant to its review of annual compensation for executive officers, approved an increase in annual salaries as set forth in the table below for certain of the NEOs effective July 1, 2014. The Compensation Committee decided to increase salaries in order to better align our NEO base salary with that of our competitors that could compete for the services of these executives.

<b>Name of Executive Officer</b>	<b>2013 Salary</b>	<b>2014 Salary (effective July 1, 2014)</b>
Russell C. Horowitz	\$ 245,000	\$ 255,000
Michael Arends	\$ 275,000	\$ 280,000
Ethan Caldwell	\$ 245,000	\$ 255,000
Peter Christothoulou	\$ 245,000	\$ 255,000

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## Equity Compensation

All of our employees and directors are eligible to receive options, shares of restricted stock, and/or restricted stock units under our 2012 Stock Incentive Plan (the "2012 Stock Plan").

During 2013, the Compensation Committee granted our NEOs, stock options for our Class B common stock and shares of restricted stock under the 2012 Stock Plan both with time-based vesting, based on the compensation review discussed above. The Compensation Committee also granted our NEOs, other than, Mr. Miller, stock options and shares of restricted stock for our Class B common stock during 2013 under the 2012 Stock Plan which vest based upon satisfaction of certain market and service conditions to further align NEO compensation with the performance of our Company's stock price. The Compensation Committee determined the size of each NEO's equity grants based on a consideration of his existing stock ownership and outstanding equity grants awarded in prior years. Given their vesting schedules, we believe that these equity grants will help further motivate our management team to continue to focus on the long-term success of our business enterprise. You can find more information regarding these grants, including their vesting schedules, by referring to our Grant of Plan-Based Awards Table on pages 24-25 and Outstanding Equity Awards at 2013 Fiscal Year-End Table on pages 26-28. Such equity awards are subject to vesting in full following a change of control of the Company in certain circumstances. For more information on this acceleration provision, please refer to pages 29-34.

In March 2013, in connection with Mr. Arends's service as Chief Financial Officer, the Company's Compensation Committee granted him shares of restricted stock under the 2012 Stock Plan taking into account Mr. Arends's contributions to the Company as Chief Financial Officer. You can find more information regarding this grant, including the vesting schedule, by referring to our Grant of Plan-Based Awards Table on pages 24-25 and Outstanding Equity Awards at 2013 Fiscal Year-End Table on pages 26-28.

The Compensation Committee does not automatically grant equity to NEOs every year; it analyzes existing NEO equity holdings and prior equity awards, and uses that data to determine whether additional grants are appropriate and necessary to recalibrate the cash-equity balance of NEO compensation packages.

Most equity awards for employees are tied to their annual performance reviews and are generally granted following the release of our third or fourth quarter financial results. We may occasionally make employee grants outside of that review process; such awards typically are granted as of the date the grant is approved. All new-hire awards have a grant date set to correspond to the date of hire. All options have an exercise price set at the closing market price of our Class B common stock on the grant date.

## Annual Incentive Plan

The Compensation Committee originally adopted our annual incentive plan in 2006 and as amended to date (the "Incentive Plan") to motivate and reward key employees for enabling our Company to achieve specified corporate objectives together, to increase the competitiveness of our management compensation packages without increasing our fixed costs, and to align management compensation with key measures of our financial performance.

The Compensation Committee in its discretion determines the maximum amount available for award, in the aggregate, to all plan participants in light of the number of participants and the Company's resources. The Compensation Committee also determines the participants in the pool. Eligibility determinations are based upon the Compensation Committee's assessment of the importance of a participant's role, together with such participant's overall cash and equity compensation level. Finally, the Compensation Committee determines the measures of performance on which bonus awards are based, using any of the following as it determines in its sole discretion:

revenues;

pre-tax income;

adjusted operating income before amortization;

operating income before amortization;

operating income;

net earnings;

net income;

cash flow or funds from operations;

adjusted earnings per share;

earnings per share;

appreciation in the fair market value of our stock;

cost reduction or savings;

implementation of critical processes or projects; or

adjusted earnings before interest, taxes, depreciation and amortization, or adjusted earnings before any of them.

The Compensation Committee determined that for the 2013 fiscal period, a maximum of up to \$1,616,000 would be available for award, in the aggregate, to all plan participants. The participants for the 2013 fiscal period were Mr. Horowitz, Mr. Arends, Mr. Caldwell and Mr. Christothoulou, and the target bonuses were 100% of base salary and were based on achieving specified revenue and adjusted OIBA (operating income before amortization) targets for the 2013 fiscal period as follows:

If Revenue or Adjusted		Bonus Payout % of
OIBA achievement is:		base salary
<85%		0%
<85	89.9%	15%
90	94.9%	35%
95	99.9%	60%
100	104.9%	100%
105	109.9%	135%
>110%		160%

Bonuses for 2013 were based one third on attaining the revenue target and two thirds on attaining the adjusted OIBA target.

The Compensation Committee elected to use these revenue and adjusted OIBA targets because it believes that such targets most accurately reflect our growth and improvements in our corporate performance without the impact of certain non-cash and non-recurring expenses which the Company does not regard as ongoing costs of doing business. The Compensation Committee set a range of specific revenue and adjusted OIBA targets based on a review of our actual revenue and adjusted OIBA for the fiscal year ended December 31, 2012 and our budgeted revenue and adjusted OIBA for the 2013 fiscal year. At the low end of the range, the targets were intended to be difficult but realistic given our expectations

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regarding corporate performance. The high end of the range, intended to reflect optimum Company performance, were set significantly higher than our projected financial results and were considered stretch goals.

The Compensation Committee also has absolute discretion to award no bonuses at all even if the highest target is achieved. It is our intention that any such bonus payments would still constitute a relatively small percentage of our NEO compensation so that the bulk of their compensation package will remain dependent on our long-term growth. For 2013, the Compensation Committee awarded bonuses under the Incentive Plan in the aggregate amount of \$765,916. The Compensation Committee separately awarded Mr. Miller a bonus, not under the Incentive Plan, of \$60,500 based on his performance during 2013.

**Retention Agreements**

We have entered into retention agreements with each of Messrs. Arends, Caldwell and Christothoulou. In addition, the majority of our outstanding equity grants held by our executive officers will vest in full immediately upon any change of control. These arrangements are described on pages 32-34.

We believe it is appropriate to have these arrangements in place to promote our goal of the long-term retention of our management team. The Compensation Committee took into account the retention practices of our competitors in establishing the terms of such retention agreements.

**Risk Assessment of Compensation Policies and Practices**

We believe our compensation policies and practices do not motivate imprudent risk taking. In this regard, we note the following: (i) our annual incentive compensation is based on balanced performance metrics that promote disciplined progress towards longer-term Company goals; (ii) we do not offer short-term incentives that might drive high-risk investments at the expense of long-term Company value; and (iii) our compensation programs are weighted towards offering long-term incentives that reward sustainable performance, especially when considering our executive share ownership. Accordingly, we believe that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

*The following Compensation Committee Report and related disclosure shall not be deemed incorporated by reference by any general statement incorporating this proxy statement into any filing under the Securities Act or under the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.*

**COMPENSATION COMMITTEE REPORT**

We, the Compensation Committee of the Board of Directors of Marchex, Inc., have reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on such review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in Marchex's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Respectfully submitted,

THE COMPENSATION COMMITTEE

Dennis Cline

Anne Devereux-Mills, Chair

M. Wayne Wischart

**Summary Compensation Table<sup>(1)(2)</sup>**

The following table sets forth information concerning the compensation earned during the fiscal years ended December 31, 2011, 2012 and 2013, as applicable, by our NEOs, who are our chief executive officer, our chief financial officer, our three other most highly compensated executive officers:

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)<sup>(3)</sup></b>	<b>Option Awards (\$)<sup>(4)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Total (\$)</b>
Russell C. Horowitz Chairman and Chief Executive Officer	2013	245,000		655,125	369,938	191,479	1,461,542
	2012	245,000		493,118	266,418		1,004,536
	2011	220,000		601,700	338,426		1,160,126
Michael Arends Chief Financial Officer	2013	275,000		1,511,550	694,925	191,479	2,672,954
	2012	275,000		377,670	165,686		818,356
	2011	265,000		495,320	289,248		1,049,568
Ethan Caldwell Chief Administrative Officer, General Counsel and Secretary	2013	245,000		655,125	369,938	191,479	1,461,542
	2012	245,000		356,682	156,456		758,138
	2011	220,000		404,840	208,766		833,606
Peter Christothoulou President	2013	245,000		939,013	831,444	191,479	2,206,936
	2012	245,000		451,149	197,950		894,099
	2011	220,000		1,092,220	651,058		1,963,278
Michael Miller Senior Vice President of Accounting and Corporate Controller	2013	188,125	60,500	94,275	35,100		378,000

1. Includes only those columns relating to compensation awarded to, earned by or paid to the NEOs in 2011, 2012 and 2013 except with respect to Mr. Miller who was not an NEO in 2011 or 2012. All other columns have been omitted.

2. The total value of all perquisites and personal benefits of each NEO falls below the reportable amount for disclosure within this table.

3. Includes both restricted stock and restricted stock units for 2011. No restricted stock units were issued in 2012 and 2013. These amounts do not reflect whether the NEO has actually realized or will realize a financial benefit from the awards (such as by vesting in a restricted stock or restricted stock unit award). Amounts represent the aggregate grant date fair value of restricted stock and restricted stock units awards each year computed in accordance with FASB ASC 718, excluding the effect of estimated forfeitures. The fair value of the shares underlying the restricted stock awards that vest based on time is measured based on the closing price of the Company's Class B common stock on the date of grant. The fair value of the shares underlying the restricted stock and restricted stock units that vest based on satisfaction of certain service and market conditions is estimated using the binomial lattice model. For a more detailed discussion on the valuation model and assumptions used to calculate the fair value of each stock award, refer to Note 6 to the consolidated financial statements contained in our 2013 Annual Report on Form 10-K filed on March 3, 2014.

The table below shows the aggregate number of shares and fair value underlying the restricted stock awards based upon satisfaction of certain service and market conditions granted in 2013.

	<b>Number of shares</b>	<b>Aggregate Grant Date Fair Value (\$)</b>
Russell C. Horowitz	37,500	320,250
Michael Arends	45,000	384,300
Ethan Caldwell	37,500	320,250
Peter Christothoulou	53,750	459,025
Michael Miller		

4. These amounts do not reflect whether the NEO has actually realized or will realize a financial benefit from the awards (such as by exercising stock options). Amounts represent the aggregate grant date fair value of option awards each year computed in accordance with FASB ASC 718, excluding the effect of estimated forfeitures. The fair value of the shares underlying the option awards that vest based on time is estimated using the Black-Scholes option pricing model. The fair value of the shares underlying the option awards that vest based on satisfaction of certain service and market conditions is estimated using the binomial lattice model. For a more detailed discussion on the valuation model and assumptions used to calculate the fair value of each stock award, refer to Note 6 to the consolidated financial statements contained in our 2013 Annual Report on Form 10-K filed on March 3, 2014.

The table below shows the aggregate number of shares and fair value underlying the option awards based upon satisfaction of certain service and market conditions issued in 2013.

	<b>Number of shares</b>	<b>Aggregate Grant Date Fair Value (\$)</b>
Russell C. Horowitz	37,500	181,688
Michael Arends	45,000	218,025
Ethan Caldwell	37,500	181,688
Peter Christothoulou	53,750	260,419
Michael Miller		

**Grants of Plan-Based Awards<sup>(1)</sup>**

The following table sets forth certain information with respect to plan-based awards granted during the fiscal year ended December 31, 2013 to our NEOs:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup>			Equity Grants			
		Threshold	Target	Maximum	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(3)</sup>
Russell C. Horowitz								
Annual Incentive Plan	1/1/2013	\$ 12,250	\$ 245,000	\$ 392,000				
Stock Options	12/20/2013					37,500	8.94	188,250
Stock Options <sup>(4)</sup>	12/20/2013					37,500	8.94	181,688
Restricted Stock	12/20/2013				37,500			334,875
Restricted Stock <sup>(4)</sup>	12/20/2013				37,500			320,250
Michael Arends								
Annual Incentive Plan	1/1/2013	\$ 13,750	\$ 275,000	\$ 440,000				
Restricted Stock <sup>(5)</sup>	3/8/2013				180,000		4.04	725,400
Stock Options	12/20/2013					95,000	8.94	476,900
Stock Options <sup>(4)</sup>	12/20/2013					45,000	8.94	218,025
Restricted Stock	12/20/2013				45,000			401,850
Restricted Stock <sup>(4)</sup>	12/20/2013				45,000			384,300
Ethan Caldwell								
Annual Incentive Plan	1/1/2013	\$ 12,250	\$ 245,000	\$ 392,000				
Stock Options	12/20/2013					37,500	8.94	188,250
Stock Options <sup>(4)</sup>	12/20/2013					37,500	8.94	181,688
Restricted Stock	12/20/2013				37,500			334,875
Restricted Stock <sup>(4)</sup>	12/20/2013				37,500			320,250
Peter Christothoulou								
Annual Incentive Plan	1/1/2013	\$ 12,250	\$ 245,000	\$ 392,000				
Stock Options	12/20/2013					113,750	8.94	571,025
Stock Options <sup>(4)</sup>	12/20/2013					53,750	8.94	260,419
Restricted Stock	12/20/2013				53,750			479,988
Restricted Stock <sup>(4)</sup>	12/20/2013				53,750			459,025
Michael Miller								
Stock Options	4/2/2013					22,500	4.20	35,100
Restricted Stock	4/2/2013				22,500			94,275

- Includes only those columns related to plan based awards granted during 2013. All other columns have been omitted.
- The minimum amount is 5% of base salary, which is the minimum amount if only the revenue target is achieved. The target amount is based on 100% of the individual's base salary if the revenue and adjusted OIBA targets are met and the maximum amount is 160% of base salary if the revenue and adjusted OIBA targets are met. The actual amount awarded has been disclosed in the Summary Compensation Table on page 22 under Non-Equity Incentive Plan Compensation.
- These amounts represent the aggregate grant date fair value in accordance with FASB ACS Topic 718, excluding the effect of estimated forfeitures. These amounts do not reflect whether the NEO has actually realized or will realize a financial benefit from the awards (such as by vesting in a restricted stock or exercising a stock option). For a more detailed discussion on the valuation model and assumptions used to calculate the fair value of each stock award, refer to Note 6 to the consolidated financial statements contained in our 2013 Annual Report on Form 10-K filed on March 3, 2014.



4. The options become exercisable and the restricted stock becomes vested, if at all, based upon satisfaction of certain service and market conditions. Such options and restricted stock were issued in 2 separate tranches, tranche a and b, each representing approximately 50% of such performance equity awards. Such options and restricted stock shall vest on the later of (a) the 12 or 24 (tranche b) month anniversary of the grant date and (b) the last day of the first 20 consecutive trading day period after the grant date during which the average closing price of the Company's Class B common stock over such period is equal to or greater than \$9.00 (tranche a) or \$9.50 (tranche b) with vesting in full upon a change of control.
5. The restricted stock based on time-based vesting whereby 25% of the total number of restricted shares vest on each of December 20, 2013 and the first, second and third annual anniversaries thereof and with accelerated vesting upon certain events. With respect to acceleration (i) one hundred percent (100%) of the total number of restricted shares vest immediately upon (a) the last day of the first 20 consecutive trading day period after the Grant Date during which the average closing price of the Company's Class B common stock over such period is equal to or greater than \$6.00, (b) 2013 or 2014 OIBA is equal to 110% of the Company's financial plan for the 2013 period or 2014 period, as applicable, and each as approved by the Board (the Board Financial Plan) and as adjusted for acquisitions, stock splits and divestitures, or (c) the consummation of the Company's previously announced spin-off transaction (the Spin-off) or the sale or disposition of Archeo, Inc. (the Archeo Sale); provided that with respect to (i) if any of these triggers are met prior to December 20, 2013, then such acceleration would occur on December 20, 2013, and if any of such triggers are met after such date, then the acceleration would occur on the later of the date such trigger was met or May 11, 2014, (ii) seventy-five percent (75%) of the total number of restricted shares vest immediately upon (a) the last day of the first 20 consecutive trading day period after the Grant Date during which the average closing price of the Company's Class B common stock over such period is equal to or greater than \$5.25, or (b) 2013 or 2014 OIBA is equal to 105% of the Board Financial Plan for the 2013 or 2014 period as adjusted for acquisitions, stock splits and divestitures; provided that however with respect to (ii) if any of these triggers are met prior to December 20, 2013, then such acceleration would occur on December 20, 2013, and if any of such triggers are met after such date, then the acceleration would occur on the later of the date such trigger was met or May 11, 2014, and (iii) fifty percent (50%) of the total number of restricted shares vest immediately upon (a) the last day of the first 20 consecutive trading day period after the Grant Date during which the average closing price of the Company's Class B common stock over such period is equal to or greater than \$4.50, or (b) 2013 or 2014 OIBA is equal to 100% of the Board Financial Plan for the 2013 or 2014 period as adjusted for acquisitions, stock splits and divestitures; provided that with respect to (iii) if any of these triggers are met prior to December 20, 2013, then such acceleration would occur on December 20, 2013, and if any of such triggers are met after such date, then the acceleration would occur on the later of the date such trigger was met or May 11, 2014. As of December 31, 2013, these shares had satisfied certain of these market conditions and vested in full.

**Outstanding Equity Awards at 2013 Fiscal Year-End<sup>(1)</sup>**

The following table sets forth certain information with respect to the value of all unexercised options and unvested stock awards previously awarded to our NEOs as of December 31, 2013. Certain option and stock awards provide for accelerated vesting in full upon a change of control. For more information on these acceleration provisions, please refer to pages 29-34.

Name	Grant Date	Option Awards				Stock Awards			Market Value of Unearned Shares or Units of Stock That Have Not Vested (\$) <sup>(2)</sup>
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(2)</sup>	
Russell C. Horowitz									
Stock Options	8/12/2009	150,000			4.63	8/12/2019			
Stock Options	5/11/2010 <sup>(3)</sup>	41,562	5,938		4.89	5/11/2020			
Stock Options	5/11/2010	135,000			4.89	5/11/2020			
Restricted Stock	5/11/2010 <sup>(4)</sup>						23,750	205,438	
Stock Options	12/20/2010 <sup>(3)</sup>	28,500	9,500		8.77	12/20/2020			
Stock Options	12/20/2010 <sup>(5)</sup>	60,000		39,000	8.77	12/20/2020			
Restricted Stock	12/20/2010 <sup>(4)</sup>						19,000	164,350	
Restricted Stock Units	12/20/2010 <sup>(5)</sup>								13,000
Stock Options	12/20/2011 <sup>(3)</sup>	17,500	17,500		6.35	12/20/2021			
Stock Options	12/20/2011 <sup>(6)</sup>	52,800		28,200	6.35	12/20/2021			
Restricted Stock	12/20/2011 <sup>(4)</sup>						35,000	302,750	
Restricted Stock Units	12/20/2011 <sup>(6)</sup>								9,400
Stock Options	12/20/2012 <sup>(3)</sup>	14,562	43,688		4.41	12/20/2022			
Stock Options	12/20/2012 <sup>(7)</sup>	18,800		40,450	4.41	12/20/2022			
Restricted Stock	12/20/2012 <sup>(4)</sup>						43,687	377,893	
Restricted Stock	12/20/2012 <sup>(7)</sup>								40,450
Stock Options	12/20/2013 <sup>(3)</sup>		37,500		8.94	12/20/2023			
Stock Options	12/20/2013 <sup>(8)</sup>			37,500	8.94	12/20/2023			
Restricted Stock	12/20/2013 <sup>(4)</sup>						37,500	324,375	
Restricted Stock	12/20/2013 <sup>(8)</sup>								37,500
Michael Arends									
Stock Options	1/5/2006	100,000			22.76	1/5/2016			
Stock Options	8/12/2009	150,000			4.63	8/12/2019			
Stock Options	5/11/2010 <sup>(3)</sup>	30,624	4,376		4.89	5/11/2020			
Stock Options	5/11/2010	99,000			4.89	5/11/2020			
Restricted Stock	5/11/2010 <sup>(4)</sup>						17,500	151,375	
Stock Options	12/20/2010 <sup>(3)</sup>	19,500	6,500		8.77	12/20/2021			
Stock Options	12/20/2010 <sup>(5)</sup>	42,000		30,000	8.77	12/20/2021			
Restricted Stock	12/20/2010 <sup>(4)</sup>						13,000	112,450	
Restricted Stock Units	12/20/2010 <sup>(5)</sup>								10,000
Stock Options	12/20/2011 <sup>(3)</sup>	14,000	14,000		6.35	12/20/2020			
Stock Options	12/20/2011 <sup>(6)</sup>	46,900		25,100	6.35	12/20/2020			
Restricted Stock	12/20/2011 <sup>(4)</sup>						28,000	242,200	
Restricted Stock Units	12/20/2011 <sup>(6)</sup>								8,400
Stock Options	12/20/2012 <sup>(3)</sup>	11,125	33,375		4.41	12/20/2022			
Stock Options	12/20/2012 <sup>(7)</sup>	14,475		31,025	4.41	12/20/2022			
Restricted Stock	12/20/2012 <sup>(4)</sup>						33,375	288,694	
Restricted Stock	12/20/2012 <sup>(7)</sup>								31,025
Stock Options	12/20/2013 <sup>(3)</sup>		95,000		8.94	12/20/2023			
Stock Options	12/20/2013 <sup>(8)</sup>			45,000	8.94	12/20/2023			
Restricted Stock	12/20/2013 <sup>(4)</sup>						45,000	389,250	
Restricted Stock	12/20/2013 <sup>(8)</sup>								45,000



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Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(2)</sup>	Number of Shares or Units of Stock That Have Not Vested (#)
Ethan Caldwell									
Stock Options	8/12/2009 <sup>(3)</sup>	100,000			4.63	8/12/2019			
Stock Options	5/11/2010 <sup>(3)</sup>	19,687	2,813		4.89	5/11/2020			
Stock Options	5/11/2010 <sup>(5)</sup>	54,000			4.89	5/11/2020			
Restricted Stock	5/11/2010 <sup>(4)</sup>						11,250	97,313	
Stock Options	12/20/2010 <sup>(3)</sup>	12,750	4,250		8.77	12/20/2020			
Stock Options	12/20/2010 <sup>(5)</sup>	27,000		18,000	8.77	12/20/2020			
Restricted Stock	12/20/2010 <sup>(4)</sup>						8,500	73,525	
Restricted Stock Units	12/20/2010 <sup>(5)</sup>								6,000
Stock Options	12/20/2011 <sup>(3)</sup>	12,500	12,500		6.35	12/20/2021			
Stock Options	12/20/2011 <sup>(6)</sup>	29,300		15,700	6.35	12/20/2021			
Restricted Stock	12/20/2011 <sup>(4)</sup>						25,000	216,250	
Restricted Stock Units	12/20/2011 <sup>(6)</sup>								5,200
Stock Options	12/20/2012 <sup>(3)</sup>	10,500	31,500		4.41	12/20/2022			
Stock Options	12/20/2012 <sup>(7)</sup>	13,700		29,300	4.41	12/20/2022			
Restricted Stock	12/20/2012 <sup>(4)</sup>						31,500	272,475	
Restricted Stock	12/20/2012 <sup>(7)</sup>								29,300
Stock Options	12/20/2013 <sup>(3)</sup>		37,500		8.94	12/20/2023			
Stock Options	12/20/2013 <sup>(8)</sup>			37,500	8.94	12/20/2023			
Restricted Stock	12/20/2013 <sup>(4)</sup>						37,500	324,375	
Restricted Stock	12/20/2013 <sup>(8)</sup>								37,500
Peter Christothoulou									
Stock Options	8/12/2009 <sup>(3)</sup>	150,000			4.63	8/12/2019			
Stock Options	5/11/2010 <sup>(3)</sup>	32,812	4,688		4.89	5/11/2020			
Stock Options	5/11/2010 <sup>(5)</sup>	117,000			4.89	5/11/2020			
Restricted Stock	5/11/2010 <sup>(4)</sup>						18,750	162,188	
Stock Options	12/20/2010 <sup>(3)</sup>	21,750	7,250		8.77	12/20/2020			
Stock Options	12/20/2010 <sup>(5)</sup>	54,000		36,000	8.77	12/20/2020			
Restricted Stock	12/20/2010 <sup>(4)</sup>						14,500	125,425	
Restricted Stock Units	12/20/2010 <sup>(5)</sup>								12,000
Stock Options	12/20/2011 <sup>(3)</sup>	62,500	62,500		6.35	12/20/2021			
Stock Options	12/20/2011 <sup>(6)</sup>	46,900		25,100	6.35	12/20/2021			
Restricted Stock	12/20/2011 <sup>(4)</sup>						75,000	648,750	
Restricted Stock Units	12/20/2011 <sup>(6)</sup>								8,400
Stock Options	12/20/2012 <sup>(3)</sup>	13,312	39,938		4.41	12/20/2022			
Stock Options	12/20/2012 <sup>(7)</sup>	17,250		37,000	4.41	12/20/2022			
Restricted Stock	12/20/2012 <sup>(4)</sup>						39,937	345,455	
Restricted Stock	12/20/2012 <sup>(7)</sup>								37,000
Stock Options	12/20/2013 <sup>(3)</sup>		113,750		8.94	12/20/2023			
Stock Options	12/20/2013 <sup>(8)</sup>			53,750	8.94	12/20/2023			
Restricted Stock	12/20/2013 <sup>(4)</sup>						53,750	464,938	
Restricted Stock	12/20/2013 <sup>(8)</sup>								53,750
Michael Miller									
Stock Options	1/3/2011 <sup>(3)</sup>	34,375	15,625		9.94	1/3/2021			
Restricted Stock	1/3/2011 <sup>(4)</sup>						8,500	73,525	
Stock Options	12/20/2011 <sup>(3)</sup>	12,500	12,500		6.35	12/20/2021			
Restricted Stock	12/20/2011 <sup>(4)</sup>						3,750	32,438	
Stock Options	4/2/2013 <sup>(3)</sup>		22,500		4.20	12/20/2023			
Restricted Stock	4/2/2013 <sup>(4)</sup>						22,500	194,625	

<sup>1</sup> Includes only those columns for which there are outstanding equity awards at December 31, 2013. All other columns have been omitted.



2. The market value of unvested stock awards is calculated by multiplying the number of unvested stock awards held by the applicable NEO by the closing price of our Class B common stock on December 31, 2013 of \$8.65, as reported on the NASDAQ Global Select Market.
3. The option vests at the rate of 25% on the first anniversary of the grant date and 1/12 of the remainder vests quarterly thereafter in equal increments and with vesting in full of all such option shares in the event of a change of control (no vesting in full on 1/3/2011 grant and vesting on 50% of unvested awards on 12/20/2011 and 4/2/2013 grants in the case of Mr. Miller).
4. The shares of restricted stock vest at the rate of 25% on each of the first, second, third, and fourth anniversaries, respectively, of the grant date with vesting in full upon a change of control (no vesting in full on 1/3/2011 grant and vesting on 50% of unvested awards on 12/20/2011 and 4/2/2013 grants in the case of Mr. Miller).
5. The options become exercisable and the restricted stock units entitle the holder the right to receive one share of our Class B common stock, if at all, based upon satisfaction of certain service and market conditions. Such options and restricted stock units were issued in 3 separate tranches, tranche a, b, and c, representing approximately 27%, 33% and 40%, respectively of each award. Such options and restricted stock units shall vest on the later of (a) the 12 (tranche a), 21 (tranche b) or 30 (tranche c) month anniversary of the grant date and (b) the last day of the first 20 consecutive trading day period after the grant date during which the average closing price of our Class B common stock over such period is equal to or greater than \$9.00 (tranche a), \$9.50 (tranche b), or \$10.00 (tranche c) with vesting in full upon a change of control. As of December 31, 2013, tranche a and b have satisfied certain service and market conditions.
6. The options become exercisable and the restricted stock units entitle the holder the right to receive one share of our Class B common stock, if at all, based upon satisfaction of certain service and market conditions. Such options and restricted stock units were issued in 3 separate tranches, tranche a, b, and c, representing approximately 32%, 33% and 35%, respectively of each award. Such options and restricted stock units shall vest on the later of (a) the 12 (tranche a), 21 (tranche b) or 30 (tranche c) month anniversary of the grant date and (b) the last day of the first 20 consecutive trading day period after the grant date during which the average closing price of our Class B common stock over such period is equal to or greater than \$8.00 (tranche a), \$8.50 (tranche b), or \$9.00 (tranche c) with vesting in full upon a change of control. As of December 31, 2013, tranche a and b have satisfied certain service and market conditions.
7. The options become exercisable and the restricted stock vests, if at all, based upon satisfaction of certain service and market conditions. Such options and restricted stock were issued in 3 separate tranches, tranche a, b, and c, representing approximately 32%, 33% and 35%, respectively of each award. Such options and restricted stock shall vest on the later of (a) the 12 (tranche a), 24 (tranche b) or 30 (tranche c) month anniversary of the grant date and (b) the last day of the first 20 consecutive trading day period after the grant date during which the average closing price of our Class B common stock over such period is equal to or greater than \$4.50 (tranche a), \$5.25 (tranche b), or \$6.00 (tranche c) with vesting in full upon a change of control. As of December 31, 2013, tranche a has satisfied certain service and market conditions.
8. The options become exercisable and the restricted stock becomes vested, if at all, based upon satisfaction of certain service and market conditions. Such options and restricted stock were issued in 2 separate tranches, tranche a and b, each representing approximately 50% of such performance equity awards. Such options and restricted stock shall vest on the later of (a) the 12 or 24 (tranche b) month anniversary of the grant date and (b) the last day of the first 20 consecutive trading day period after the grant date during which the average closing price of the Company's Class B common stock over such period is equal to or greater than \$9.00 (tranche a) or \$9.50 (tranche b) with vesting in full upon a change of control.

**Option Exercises and Stock Vested During 2013**

The following table sets forth certain information concerning option exercises by our NEOs and vesting of our common stock held by them during the fiscal year ended December 31, 2013:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Russell C. Horowitz			111,213	909,784
Michael Arends			265,700	2,313,705
Ethan Caldwell			66,250	552,554
Peter Christothoulou			198,163	1,383,537
Michael Miller			6,125	34,400

<sup>1</sup> The value realized on vesting is calculated based on the closing sales price of the underlying stock on the NASDAQ Global Select Market on the vesting date.

**Potential Payments upon Termination or Change of Control****Employment Contracts with NEOs**

We have entered into an Executive Employment Agreement with Michael Arends, our Chief Financial Officer, effective as of May 1, 2003 which provides that in the event that either: (1) Russell C. Horowitz ceases to be a Marchex employee for any reason; or (2) a change of control occurs while Mr. Arends is employed by Marchex, all options or other equity awards held by Mr. Arends with respect to our Class B common stock shall become fully vested. For purposes of this provision, a change of control occurs if one person or entity acquires control of 50% or more of our common stock entitled to vote for directors, but does not occur as a result of an acquisition by Marchex or any corporation controlled by Marchex.

Mr. Arends is also entitled to receive the following termination benefits in the event of termination by the Company without cause, Mr. Arends death or disability, or Mr. Arends resignation for good reason following the expiration of the applicable cure period: (1) full vesting of stock options, and (2) if Mr. Arends ceases to be an employee within the first three years of his employment, he shall receive 25% of his then current annual salary and for each additional year after three full years of employment, he shall receive an additional amount equal to 1/12 of his then current annual salary up to a maximum amount equal to his then current annual salary.

**Restricted Stock and Restricted Stock Units Agreements**

On May 11, 2010 and December 20, 2010, we granted an aggregate of 560,000 shares of restricted stock and 237,000 restricted stock units under our 2003 Stock Plan to our then NEOs pursuant to a review by our Compensation Committee of equity incentives for NEOs. These awards are subject to certain conditions on vesting, but will vest in full upon the occurrence of both (a) a change of control, provided in the case of an equity award subject to vesting upon satisfaction of certain service and market conditions that the per share value of the Company's Class B common stock in such change of control transaction is equal to or greater than the applicable stock price vesting target, (b) followed by (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these awards which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On December 20, 2011, we granted an aggregate of 226,000 shares of restricted stock and 90,000 restricted stock units under our 2003 Stock Plan to certain of our then NEOs pursuant to a review by our Compensation Committee of equity incentives for NEOs. These awards are subject to certain conditions on vesting, but will vest in full upon the occurrence of both (a) a change of control, provided in the case of an equity award subject to vesting upon satisfaction of certain service and market conditions that the per share value of the Company's Class B common stock in such change of control transaction is equal to or greater than the applicable stock price vesting target, (b) followed by (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these awards which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On December 20, 2011, in consideration of his appointment to President of the Company, we granted Mr. Christothoulou a restricted stock award under our 2003 Stock Plan to purchase an aggregate of 100,000 shares of restricted stock with 25% of the total shares vesting on each of the first, second, third and fourth annual anniversaries, respectively, of the grant date assuming continued employment for such period, and with vesting in full upon the occurrence of both (a) a change of control, (b) followed by (i) a termination without cause of Mr. Christothoulou's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreement) with respect to Mr. Christothoulou, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these restricted shares which Mr. Christothoulou is entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On December 20, 2012, we granted an aggregate of 400,000 shares of restricted stock under our 2003 Stock Plan to certain of our NEOs pursuant to a review by our Compensation Committee of equity incentives for NEOs. These awards are subject to certain conditions on vesting, but will vest in full upon the occurrence of both (a) a change of control, (b) followed by (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these awards which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On April 2, 2013 and December 20, 2013, we granted an aggregate of 370,000 shares of restricted stock under our 2012 Stock Plan to certain of our NEOs pursuant to a review by our Compensation Committee of equity incentives for NEOs. These awards are subject to certain conditions on vesting, but will vest in full (50% of such unvested awards in the case of Mr. Miller) upon the occurrence of both (a) a change of control, (b) followed, except in the case of Mr. Miller, by (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. Except for the awards granted to Mr. Miller, in the event that any portion of these awards which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

#### **Option Agreements**

On May 11, 2010 and December 20, 2010, we granted an aggregate of 1,003,500 options under our 2003 Stock Plan to our then NEOs pursuant to a review by our Compensation Committee of equity incentives for



NEOs. These options are subject to certain conditions on vesting, but will vest in full upon the occurrence of both (a) a change of control, provided in the case of an equity award subject to vesting upon satisfaction of certain service and market conditions that the per share value of the Company's Class B common stock in such change of control transaction is equal to or greater than the applicable stock price vesting target, (b) followed by (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these options which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On December 20, 2011, we granted an aggregate of 383,000 options under our 2003 Stock Plan to certain of our then NEOs pursuant to a review by our Compensation Committee of equity incentives for NEOs. These options are subject to certain conditions on vesting, but will vest in full upon the occurrence of both (a) a change of control, provided in the case of an equity award subject to vesting upon satisfaction of certain service and market conditions that the per share value of the Company's Class B common stock in such change of control transaction is equal to or greater than the applicable stock price vesting target, (b) followed by (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these options which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On December 20, 2011, in consideration of his appointment to President of the Company, we granted Mr. Christothoulou 100,000 options under our 2003 Stock Plan with 25% vesting on December 20, 2012 and 1/12 of the remainder vesting quarterly thereafter in equal increments and with vesting in full upon the occurrence of both (a) a change of control, (b) followed by (i) a termination without cause of Mr. Christothoulou's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreement) with respect to Mr. Christothoulou, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these options which Mr. Christothoulou is entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On December 20, 2012, we granted an aggregate of 400,000 options under our 2003 Stock Plan to certain of our NEOs pursuant to a review by our Compensation Committee of equity incentives for NEOs. These options are subject to certain conditions on vesting, but will vest in full upon the occurrence of both (a) a change of control, (b) followed by (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. In the event that any portion of these options which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

On April 2, 2013 and December 20, 2013, we granted an aggregate of 480,000 options under our 2012 Stock Plan to certain of our NEOs pursuant to a review by our Compensation Committee of equity incentives for NEOs. These options are subject to certain conditions on vesting, but will vest in full (50% of such unvested

options in the case of Mr. Miller) upon the occurrence of both (a) a change of control, (b) followed by, except in the case of Mr. Miller, (i) a termination without cause of the executive officer's employment by the Company or any successor thereto, (ii) a diminution in duties (as defined in such award agreements) with respect to the executive officer, or (iii) the 12 month anniversary of the occurrence of the change of control. Except for the awards granted to Mr. Miller, in the event that any portion of these options which such NEOs are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

### **Retention Agreements**

On October 2, 2006, we entered into retention agreements with each of Messrs. Arends, Caldwell and Christothoulou, which provide that in the event of a change of control, each of Messrs. Arends, Caldwell and Christothoulou would be entitled to a lump sum payment equal to two times the amount calculated by adding (1) his annual salary at that time plus (2) the greater of (a) any bonus he earned with respect to the prior fiscal year, or (b) his pro rata portion of the aggregate bonus pool under our Incentive Plan for the current year assuming achievement under the Incentive Plan of the maximum performance targets for such year. With respect to Messrs. Arends, Caldwell and Christothoulou, if within twelve (12) months following a change of control: (1) the Company shall terminate his employment with the Company without cause, or (2) he shall voluntarily terminate such employment for good reason, the Company shall provide reimbursement of health care premiums for him and his dependents, for a period of eighteen (18) months from the date of his termination, to the extent that he is eligible for and elects continuation coverage under COBRA (provided that such reimbursement shall terminate upon commencement of new employment by an employer that offers health care coverage to its employees). In the event that any portion of these payments or benefits which such individuals are entitled to receive in connection with a change of control transaction constitute parachute payments under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then the Company will gross-up the payment to cover all applicable excise taxes on such parachute payments (including income and excise taxes on such gross-up payment).

The following table describes our estimated potential payments and the estimated value of any accelerated vesting of stock options, restricted stock or restricted stock units to our NEOs upon a change of control of Marchex and/or termination of employment, assuming such change of control or termination of employment occurred on December 31, 2013. The amounts contained in the table are based on each NEO's period of employment and compensation as of December 31, 2013 and, where applicable, the closing price of Marchex common stock on December 31, 2013. The table presents estimates of incremental amounts that would become payable had a triggering event occurred on December 31, 2013 and does not include amounts that were earned and payable as of that date regardless of the occurrence of a triggering event. The actual amounts to be paid and the value of any accelerated vesting of stock options, restricted stock or restricted stock units can be determined only at the time of triggering event, and are dependent upon the facts and circumstances then applicable.

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**Potential Payments upon Termination or Change of Control**

Name	Change in Control without Termination of Employment <sup>(1)</sup> (\$)	Change in Control with Termination of Employment without Cause or Resignation for Good Reason <sup>(2)</sup> (\$)	Termination of Employment without Cause, Resignation for Good Reason, Death or Disability <sup>(3)</sup> (\$)
<b>Russell C. Horowitz</b>			
Salary and Bonus Payments			
Severance Payments			
Value of Accelerated Option Awards <sup>(4)</sup>		484,178	
Value of Accelerated Restricted Stock Awards <sup>(5)</sup>		2,130,378	
Health Benefits			
Estimated 280G Gross-Up			
<b>Michael A. Arends</b>			
Salary and Bonus Payments <sup>(6)</sup>	1,430,000	1,430,000	
Severance Payments		229,167	229,167
Value of Accelerated Option Awards <sup>(4)</sup>	379,436	379,436	379,436
Value of Accelerated Restricted Stock Awards <sup>(5)</sup>	2,000,745	2,000,745	
Health Benefits <sup>(7)</sup>		23,976	
Estimated 280G Gross-Up <sup>(8)</sup>	808,158	941,216	
<b>Ethan Caldwell</b>			
Salary and Bonus Payments <sup>(6)</sup>	1,274,000	1,274,000	
Severance Payments			
Value of Accelerated Option Awards <sup>(4)</sup>		333,227	
Value of Accelerated Restricted Stock Awards <sup>(5)</sup>		957,988	
Health Benefits <sup>(7)</sup>		23,976	