

Local Corporation



BUSINESSES

CONSUMERS



We connect local businesses with online consumers

Corporate Overview: 3Q2013

Forward looking statements

Certain matters being discussed by Local Corporation's management today include forward looking statements which are made pursuant to the Safe Harbor provisions of section 21-E of the Securities Exchange Act of 1934. Investors are cautioned that statements which are not strictly historical statements, including statements concerning future expected financial performance, management objectives and plans for future operations, our relationships with strategic or other partners, the release of new products or services or enhancements to existing products or services, our expectations regarding potential acquisitions and the future performance of past acquisitions including our ability to realize expected synergies, trends in the market for our current or planned products or services, and market acceptance of our products or services, constitute forward looking statements.

The forward looking statements include, but are not limited to, any statements containing the words "expect", "anticipate", "estimates", "believes", "should", "could", "may", "possibly", and similar expressions and the negatives thereof. These forward looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the forward looking statements. Those risks and uncertainties are detailed in the company's filings from time to time with the Securities and Exchange Commission. The information contained in the forward looking statements is provided as of the date of such oral statements and the company disclaims any obligation to update such statements.

Adjusted EBITDA is defined as net income (loss) excluding: provision for income taxes; interest and other income (expense), net; depreciation; amortization; stock-based compensation charges; gain or loss on derivatives' revaluation; net income (loss) from discontinued operations; impairment charges; LEC receivables reserve; finance-related charges; accrued lease liability/asset; and severance charges.

Adjusted EBITDA, as defined above, is not a measurement under GAAP. Adjusted EBITDA is reconciled to net loss and loss per share, which we believe are the most comparable GAAP measures, at the end of this presentation. Management believes that Adjusted EBITDA provides useful information to investors about the company's performance because it eliminates the effects of period-to-period changes in income from interest on the company's cash and marketable securities, expense from the company's financing transactions and the costs associated with income tax expense, capital investments, stock-based compensation expense, warrant revaluation charges, and non-recurring charges which are not directly attributable to the underlying performance of the company's business operations. Management uses Adjusted EBITDA in evaluating the overall performance of the company's business operations.

A limitation of non-GAAP Adjusted EBITDA is that it excludes items that often have a material effect on the company's net income and earnings per common share calculated in accordance with GAAP. Therefore, management compensates for this limitation by using Adjusted EBITDA in conjunction with GAAP net loss and loss per share measures. The company believes that Adjusted EBITDA provides investors with an additional tool for evaluating the company's core performance, which management uses in its own evaluation of overall performance, and as a base-line for assessing the future earnings potential of the company. While the GAAP results are more complete, the company prefers to allow investors to have this supplemental metric since, with reconciliation to GAAP (as noted above), it may provide greater insight into the company's financial results. The non-GAAP measures should be viewed as a supplement to, and not as a substitute for, or superior to, GAAP net income or earnings per share.

Local Corporation Overview

KEY FACTS

Founded/IPO	1999/2004
Ticker	LOCM (NASDAQ)
Reach	~1 million consumers/day
Flagship Site	Local.com – Top 100 US Site
Network	Approximately 1,600 sites
Patents	12 issued + 7 pending
Headquarters	Irvine, CA
Employees	~90

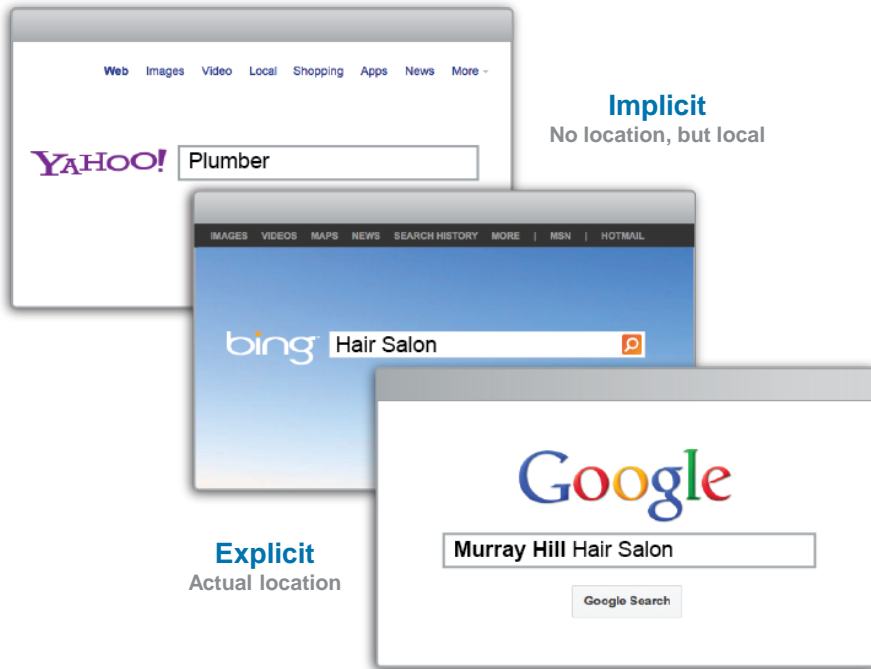
REVENUE IN MILLIONS



*Midrange of guidance reported as of August 8, 2013

What is 'Local Search'?

A search for a product or service, somewhere:



Local searchers are often further along in the buying process, so they tend to convert to buyers at a higher rate.

Higher conversion rates means businesses will often pay a premium to advertise to local searchers.

Local searchers are worth more!

Pay-per-click rates for local versus national keyword terms...

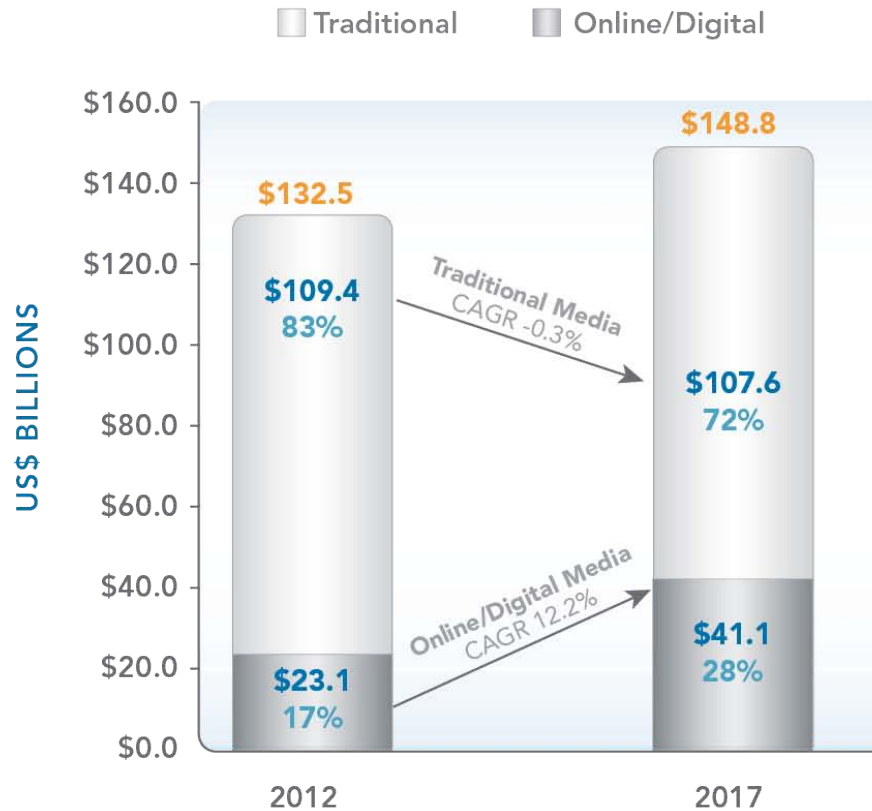
GOOGLE SEARCH TERM	CLICK BIDS*	PREMIUM
Plumber	\$10.62	278%
Plumber Los Angeles	\$29.55	
Credit Union	\$0.86	245%
Seattle Credit Union	\$2.11	
Restaurant	\$1.43	142%
San Francisco Restaurant	\$2.03	
Moving Company	\$11.95	119%
Denver Moving Company	\$14.25	
Wedding Florist	\$1.90	166%
Orlando Wedding Florist	\$3.16	
Hotel	\$1.94	201%
New York City Hotel	\$3.90	

**Bids as of March 4, 2013*

The Opportunity

Offline is going digital, and digital is going local

We have assets in all areas



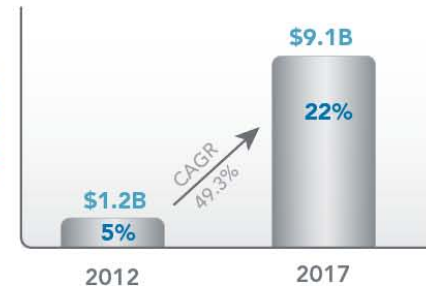
LOCAL SEARCH



LOCAL DISPLAY



MOBILE



Source: BIA/Kelsey, April 2013

Our Model

1

We aggregate local business, product and service content and publish it across approximately 1,600 sites.

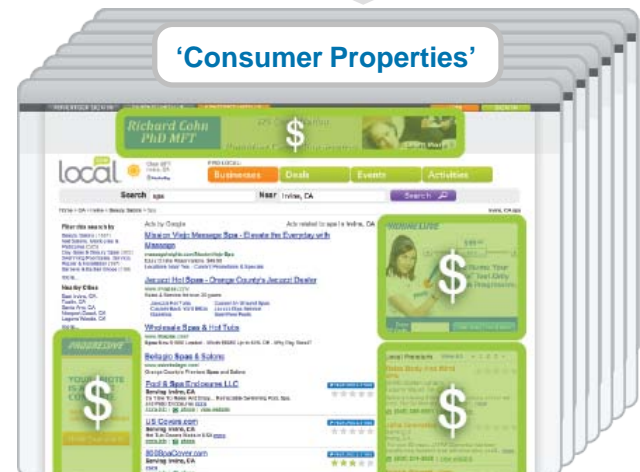
2

Search engines index this content and show those sites in their search results, driving local search traffic to us.

3

We monetize that traffic with various ad units from ad partners, and we keep most of the revenue generated.

Traffic x Monetization = **Revenue**



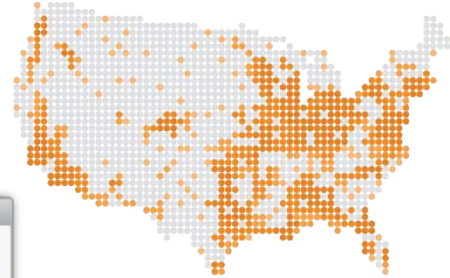
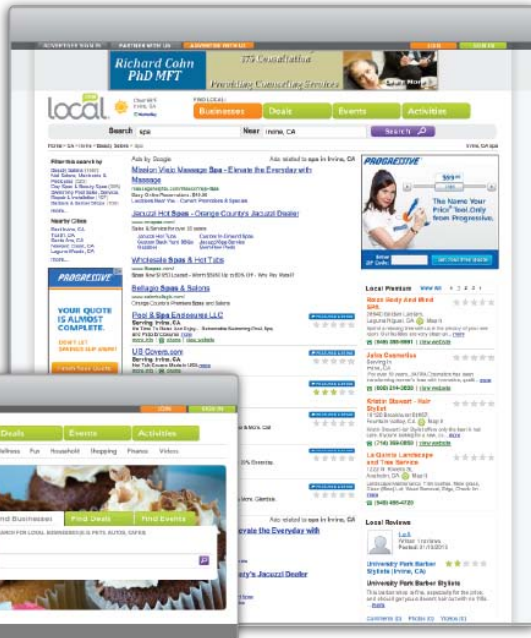
Consumer Properties

Local.com



Network

Our flagship property



A private label local business directory provided to regional media sites nationwide – typically local newspapers

Business directories powered by Local Corporation include...

Arizona Daily Star
Boston Herald
Canton Rep
Daily Herald - Utah
Daily Princetonian
Daily Tarheel
East Valley Tribune

Honolulu Star Advertiser
Journal Star
Knoxville News Sentinel
LaCrosse Tribune
Naples News
Observer-Reporter
Pittsburgh Post-Gazette

Santa Ynez Valley News
St. Louis Post-Dispatch
Star Banner
The Arizona Republic
The Commercial Appeal
The Dispatch
The Gazette

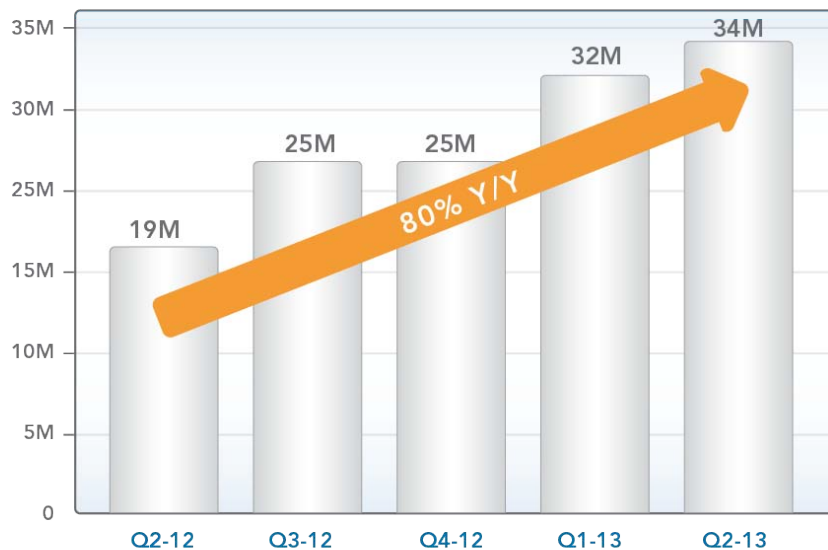
The Record Searchlight
The State Journal-Register
Treasure Coast
Triangle411
Ventura County Star
Vermont Today
Washington Post

Local Search is Going Mobile

And we're ready!

- Within 5 years, 80% of local searches will be done on a mobile device*

LOCAL CORPORATION MOBILE TRAFFIC*



*MUVS

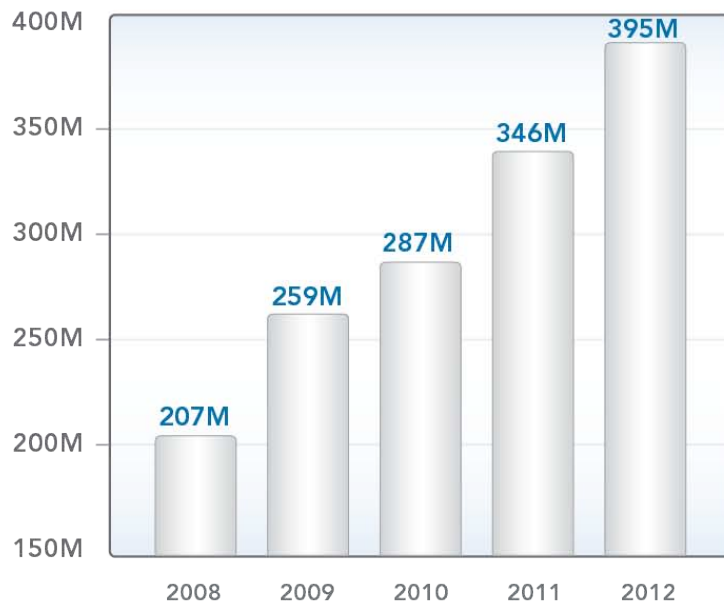


- Monetization is a big challenge in mobile, and we believe pay per call is a natural solution. We have five pay per call patents.
 - » First one filed in 2002

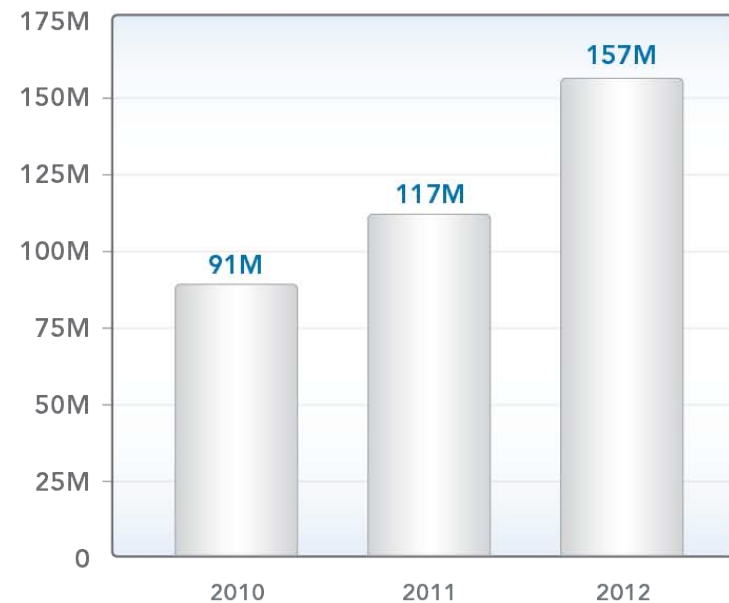
Great Momentum

- Multi-year traffic growth
- Organic traffic is low cost/high margin – at record levels
- Mobile traffic at record levels – monetization improving, and we think we have key IP

MONTHLY UNIQUE VISITORS*
(LOCAL.COM AND NETWORK)



ORGANIC TRAFFIC*
(LOCAL.COM AND NETWORK)



*MUVS

IP & Technology

- Proprietary platform and know-how
 - » Real time business, product and services data integration
 - » Large scale local/commercial content production and syndication
 - » Very large scale CPC ad-serving and distribution
 - » Web indexing and local search relevance
 - » Very large scale SEO, SEM campaign expertise
 - » Local display ad production and syndication
 - » Web hosting and local/commercial domain name acquisition
- 12 patents issued, 7 pending
 - » Key patents
 - Local web indexing (for indexing local web sites across the web)
 - Pay per call for local and commercial searches via a mobile device (multiple patents)
 - The billion dollar industry question: How do we monetize mobile?
 - Dynamic cascading menu search (for product search on tablets and smart phones)
 - Bulk domain registration and content management (for very large scale SEO)

Experience with Strategy Discipline



Heath Clarke
Founder, Chairman & CEO

20+ yrs exp
Founded Local in '99
VP eCommerce LanguageForce
CEO/Founder AFP (Australia)



Mike Sawtell
President & COO

20+ yrs exp
Chairman & CEO, DigitalPost Interactive
Pres. & COO, Interchange Corp. (now Local Corporation)
COO & VP of Sales, Informative Research



Ken Cragun
CFO

20+ yrs exp
CFO Modtech
SVP MIVA
CFO ImproveNet
CPA; Big 4 Exp.



Carlos Caponera
VP, Consumer Properties

Product Marketing Director,
Debtmerica LLC
Product Marketing Director,
Get Lower Inc.
Product Manager,
Experian Consumer Direct



Lori Chavez
VP, Marketing

Marketing Consultant, Westfield
Marketing, Accenture
VP, Marketing, Jones Lang LaSalle
Director, Marketing, Equity Office



Eric Orrantia
VP, Sales

Director, West Coast Sales,
Advertising.com (AOL)
Director Business Development,
Mediaplex
Director, West Coast Sales, InStream



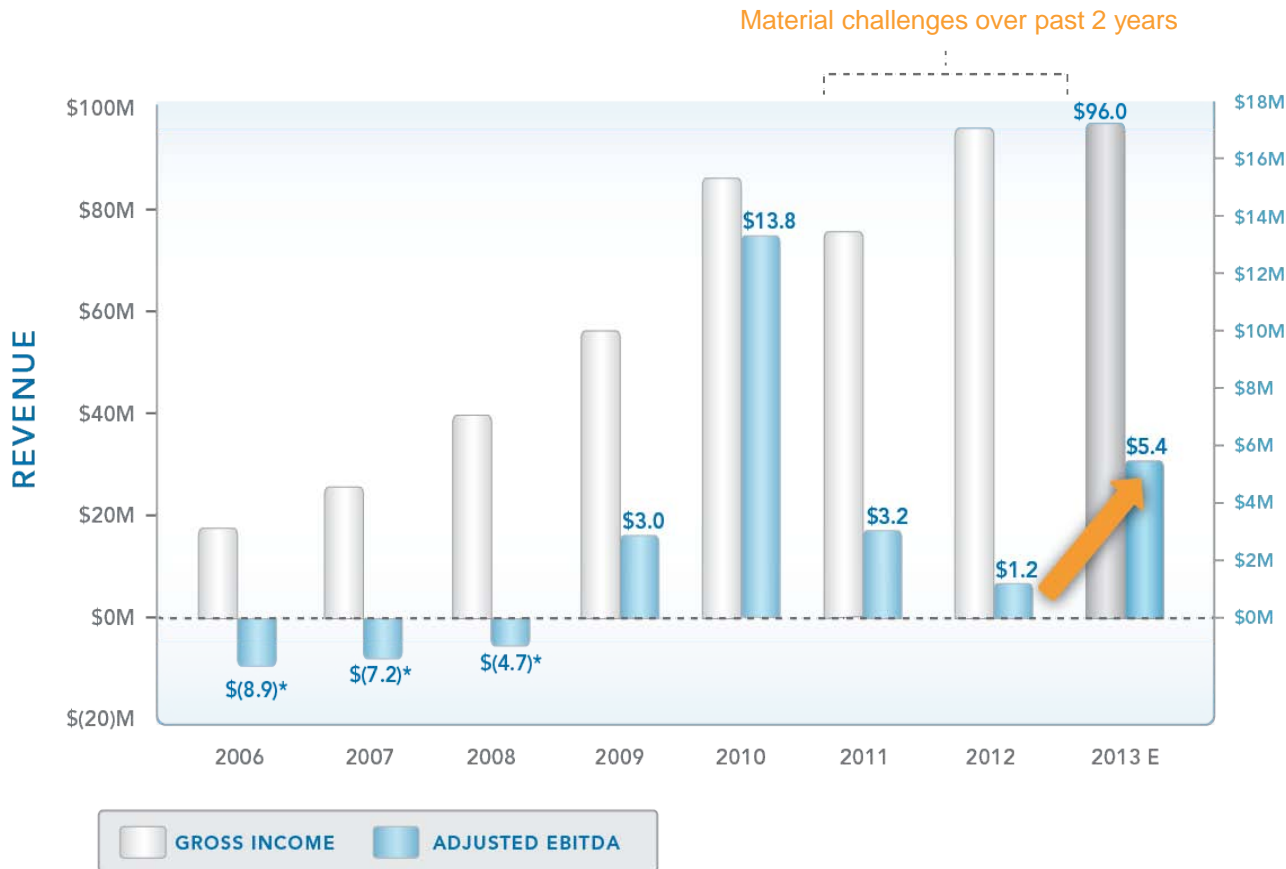
Rob Luskey
VP, Business Development

Director, Business Development,
go2 Systems, Inc.
Senior Manager, Internet Products
and Services, United Yellow Pages
Owner & Publisher, Local Impact
Publishing

Growth Strategy

- Grow margins in O&O business (largest revenue stream)
 - » Margin optimization via new SEM tools
 - » Gradually ramping in the UK
- Grow revenues in Network (highest gross margin revenues)
 - » Expand number of sites via business development team (more traffic)
 - » New products planned including world-class local shopping channel
 - » Optimize monetization leveraging new testing platform
- Developing opportunities
 - » Local display network – leveraging our existing Network
 - » Microsites (insurance, HVAC, alarm systems and more) – leveraging our platform
 - » Improved monetization via lead generation – monetization improvements
 - » Mobile – leveraging our platform

We Believe the Inflection Point is Now



*Losses not to scale

Note: See reconciliation of Adjusted EBITDA to GAAP net income at presentation end.

- Five material challenges in 24 months withstood
 - » Significant cost to the company in revenue and earnings
- Highest revenue per employee ever
 - » Projected growth to about \$1M per employee EOY
 - » Running lean!
- Returning to profit
 - » Significant cost savings in the first half of 2013
 - » Positive and growing Adjusted EBITDA 1Q13 and 2Q13

2Q13 Balance Sheet & Cap. Table

KEY BALANCE SHEET ITEMS (In Thousands)	
	06/30/2013
Cash	\$4,806
Accounts Receivable	13,430
Total Assets	50,352
Total Debt	11,671
Total Liabilities	27,144
Stockholders Equity	\$23,208

CAPITALIZATION (In Thousands)	
	06/30/2013
Common Stock	22,877
Convertible Debentures	2,488
Options (Weighted Avg. Strike 4.09)	3,636
Warrants (Weighted Avg. Strike 2.03)	766
RSUs	307
PSUs	191
Fully Diluted	30,265

Additional Data:

- I. \$12 million credit facility. Interest rate approximately 5%
- II. Total authorized shares 65,000,000 common and 10,000,000 preferred
- III. In April 2013, the company closed \$5 million in convertible notes. Interest rate of 7%. Conversion price of \$2.01. Included 746,000 of warrants with \$2.01 exercise price.

Why Invest in Local Corporation?

- Multi-year track record of 31% CAGR
- Management are buyers!
 - » Senior execs have exchanged bonuses for 235,000 shares in the last 18 months!
- Proprietary platform and great IP
- Many growth opportunities in a rapidly changing space
- Returning to profitability – we believe the inflection point is NOW

Thank You

Heath Clarke

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Ken Cragun

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<http://www.localcorporation.com>

Digital Media Landscape



*Partners

Reconciliation: Adjusted EBITDA to GAAP Net Income

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>
DESCRIPTION	FY-06	FY-07	FY-08	FY-09	FY-10	FY-11	FY-12	FY-13*
Adjusted EBITDA	\$(8,882)	\$(7,217)	\$(4,658)	\$3,041	\$13,775	\$3,247	\$1,207	\$5,400
Plus interest and other income (expense), net	\$288	(7,030)	312	(27)	(275)	(413)	(425)	(2,100)
Less provision for income taxes	(1)	(1)	(1)	(158)	(102)	(178)	(111)	(200)
Less amortization of intangibles	(947)	(1,121)	(999)	(2,524)	(5,734)	(4,864)	(3,611)	(1,100)
Less depreciation	(1,213)	(1,085)	(814)	(734)	(1,418)	(3,182)	(3,658)	(3,800)
Less stock-based compensation	(2,531)	(1,748)	(2,402)	(2,364)	(2,911)	(3,442)	(2,533)	(1,700)
Less LEC receivable reserve	-	-	-	-	-	-	(1,407)	-
Less impairment charge	-	-	-	-	-	-	-	-
Less net loss from discontinued operations	-	-	-	-	-	(6,899)	(14,198)	(3,500)
Plus gain on sale of Rovion	-	-	-	-	-	-	1,407	-
Less revaluation of warrants	-	-	-	(2,981)	887	2,633	202	unknown
Less non-recurring charges	-	-	-	(520)	-	(1,461)	(1,115)	(1,200)
GAAP Net income (loss)	\$(13,286)	\$(18,202)	\$(8,562)	\$(6,267)	\$4,222	\$(14,559)	\$(24,242)	unknown

*As of August 8, 2013

Video

Watch our video
to learn more about what we do

