

SOHU.COM INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Three Months Ended		
	Mar. 31, 2006	Dec. 31, 2005	Mar. 31, 2005
Revenues:			
Advertising			
Brand advertising	\$ 16,675	\$ 16,882	\$ 12,124
Sponsored search	3,450	3,406	2,731
Subtotal of advertising revenues	<u>20,125</u>	<u>20,288</u>	<u>14,855</u>
Non-advertising			
Wireless	8,009	7,249	5,959
E-commerce	838	816	1,265
Others	2,280	2,113	1,646
Subtotal of non-advertising revenues	<u>11,127</u>	<u>10,178</u>	<u>8,870</u>
Total revenues	<u>31,252</u>	<u>30,466</u>	<u>23,725</u>
Cost of revenues:			
Advertising			
Brand advertising (includes share-based compensation expense under SFAS 123(R) of \$339, \$0 and \$0, respectively)	4,331	4,272	2,810
Sponsored search (includes share-based compensation expense under SFAS 123(R) of \$22, \$0 and \$0, respectively)	1,092	1,084	481
Subtotal of advertising cost of revenues	<u>5,423</u>	<u>5,356</u>	<u>3,291</u>
Non-advertising			
Wireless	3,812	3,437	2,322
E-commerce	830	849	1,244
Others (includes share-based compensation expense under SFAS 123(R) of \$5, \$0 and \$0, respectively)	792	774	673
Subtotal of non-advertising cost of revenues	<u>5,434</u>	<u>5,060</u>	<u>4,239</u>
Total cost of revenues	<u>10,857</u>	<u>10,416</u>	<u>7,530</u>
Gross profit	20,395	20,050	16,195
Operating expenses:			
Product development (includes share-based compensation expense under SFAS 123(R) of \$493, \$0 and \$0, respectively)	4,243	3,555	3,142
Sales and marketing (includes share-based compensation expense under SFAS 123(R) of \$448, \$0 and \$0, respectively)	6,547	7,724	4,734
General and administrative (includes share-based compensation expense under SFAS 123(R) of \$424, \$0 and \$0, respectively)	3,076	2,451	2,490
Amortization of intangibles	509	509	456
Total operating expenses	<u>14,375</u>	<u>14,239</u>	<u>10,822</u>
Operating profit	6,020	5,811	5,373
Other (expense)/income (includes amortization of offering costs for zero coupon convertible senior notes of \$155, \$163 and \$187, respectively)	(68)	2,351	(170)
Interest income	529	755	573
Income before income tax expense	<u>6,481</u>	<u>8,917</u>	<u>5,776</u>
Income tax expense	(443)	20	(62)
Net income	<u>\$ 6,038</u>	<u>\$ 8,937</u>	<u>\$ 5,714</u>
Basic net income per share	<u>\$ 0.16</u>	<u>\$ 0.24</u>	<u>\$ 0.16</u>
Shares used in computing basic net income per share	<u>36,768</u>	<u>36,626</u>	<u>36,171</u>
Diluted net income per share	<u>\$ 0.16</u>	<u>\$ 0.23</u>	<u>\$ 0.15</u>
Shares used in computing diluted net income per share	<u>39,706</u>	<u>39,435</u>	<u>39,931</u>

SOHU.COM INC.
RECONCILIATIONS TO UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

NON-GAAP NET INCOME EXCLUDING SHARE-BASED COMPENSATION EXPENSE

	Three Months Ended Mar. 31, 2006			Three Months Ended Dec. 31, 2005			Three Months Ended Mar. 31, 2005		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Revenues:									
Advertising									
Brand advertising	\$ 16,675	\$ -	\$ 16,675	\$ 16,882	\$ -	\$ 16,882	\$ 12,124	\$ -	\$ 12,124
Sponsored search	3,450	-	3,450	3,406	-	3,406	2,731	-	2,731
Subtotal of advertising revenues	<u>20,125</u>	<u>-</u>	<u>20,125</u>	<u>20,288</u>	<u>-</u>	<u>20,288</u>	<u>14,855</u>	<u>-</u>	<u>14,855</u>
Non-advertising									
Wireless	8,009	-	8,009	7,249	-	7,249	5,959	-	5,959
E-commerce	838	-	838	816	-	816	1,265	-	1,265
Other	2,280	-	2,280	2,113	-	2,113	1,646	-	1,646
Subtotal of non-advertising revenues	<u>11,127</u>	<u>-</u>	<u>11,127</u>	<u>10,178</u>	<u>-</u>	<u>10,178</u>	<u>8,870</u>	<u>-</u>	<u>8,870</u>
Total revenues	<u>31,252</u>	<u>-</u>	<u>31,252</u>	<u>30,466</u>	<u>-</u>	<u>30,466</u>	<u>23,725</u>	<u>-</u>	<u>23,725</u>
Cost of revenues:									
Advertising									
Brand advertising	4,331	(339) (a)	3,992	4,272	-	4,272	2,810	-	2,810
Sponsored search	1,092	(22) (a)	1,070	1,084	-	1,084	481	-	481
Subtotal of advertising cost of revenues	<u>5,423</u>	<u>(361)</u>	<u>5,062</u>	<u>5,356</u>	<u>-</u>	<u>5,356</u>	<u>3,291</u>	<u>-</u>	<u>3,291</u>
Non-advertising									
Wireless	3,812	-	3,812	3,437	-	3,437	2,322	-	2,322
E-commerce	830	-	830	849	-	849	1,244	-	1,244
Others	792	(5) (a)	787	774	-	774	673	-	673
Subtotal of non-advertising cost of revenues	<u>5,434</u>	<u>(5)</u>	<u>5,429</u>	<u>5,060</u>	<u>-</u>	<u>5,060</u>	<u>4,239</u>	<u>-</u>	<u>4,239</u>
Total cost of revenues	<u>10,857</u>	<u>(366)</u>	<u>10,491</u>	<u>10,416</u>	<u>-</u>	<u>10,416</u>	<u>7,530</u>	<u>-</u>	<u>7,530</u>
Gross profit	20,395	366	20,761	20,050	-	20,050	16,195	-	16,195
Operating expenses:									
Product development	4,243	(493) (a)	3,750	3,555	-	3,555	3,142	-	3,142
Sales and marketing	6,547	(448) (a)	6,099	7,724	-	7,724	4,734	-	4,734
General and administrative	3,076	(424) (a)	2,652	2,451	-	2,451	2,490	(2) (b)	2,488
Amortization of intangibles	509	-	509	509	-	509	456	-	456
Total operating expenses	<u>14,375</u>	<u>(1,365)</u>	<u>13,010</u>	<u>14,239</u>	<u>-</u>	<u>14,239</u>	<u>10,822</u>	<u>(2)</u>	<u>10,820</u>
Operating profit	6,020	1,731	7,751	5,811	-	5,811	5,373	2	5,375
Other (expense)/ income	(68)	-	(68)	2,351	-	2,351	(170)	-	(170)
Interest income	529	-	529	755	-	755	573	-	573
Income before income tax expense	<u>6,481</u>	<u>1,731</u>	<u>8,212</u>	<u>8,917</u>	<u>-</u>	<u>8,917</u>	<u>5,776</u>	<u>2</u>	<u>5,778</u>
Income tax expense	(443)	-	(443)	20	-	20	(62)	-	(62)
Net income	<u>\$ 6,038</u>	<u>\$ 1,731</u>	<u>\$ 7,769</u>	<u>\$ 8,937</u>	<u>\$ -</u>	<u>\$ 8,937</u>	<u>\$ 5,714</u>	<u>\$ 2</u>	<u>\$ 5,716</u>
Basic net income per share	<u>\$ 0.16</u>		<u>\$ 0.21</u>	<u>\$ 0.24</u>		<u>\$ 0.24</u>	<u>\$ 0.16</u>		<u>\$ 0.16</u>
Shares used in computing basic net income per share	<u>36,768</u>		<u>36,768</u>	<u>36,626</u>		<u>36,626</u>	<u>36,171</u>		<u>36,171</u>
Diluted net income per share	<u>\$ 0.16</u>		<u>\$ 0.20</u>	<u>\$ 0.23</u>		<u>\$ 0.23</u>	<u>\$ 0.15</u>		<u>\$ 0.15</u>
Shares used in computing diluted net income per share	<u>39,706</u>		<u>39,706</u>	<u>39,435</u>		<u>39,435</u>	<u>39,931</u>		<u>39,931</u>

Note:

- (a) To eliminate share-based compensation expense as measured using the fair value method under SFAS 123R.
(b) To eliminate share-based compensation expense as measured using the intrinsic value method under APB 25.