

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

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>Jun. 30, 2005</u>	<u>Mar. 31, 2005</u>	<u>Jun. 30, 2004</u>	<u>Jun. 30, 2005</u>	<u>Jun. 30, 2004</u>
Revenues:					
Advertising					
Brand advertising	\$ 13,859	\$ 12,124	\$ 10,950	\$ 25,983	\$ 19,943
Sponsored search	<u>3,105</u>	<u>2,731</u>	<u>2,432</u>	<u>5,836</u>	<u>4,453</u>
Subtotal of advertising revenues	<u>16,964</u>	<u>14,855</u>	<u>13,382</u>	<u>31,819</u>	<u>24,396</u>
Non-advertising:					
Wireless	6,360	5,959	11,316	12,319	23,561
E-commerce	841	1,265	1,370	2,106	2,689
Others	<u>1,714</u>	<u>1,646</u>	<u>1,199</u>	<u>3,360</u>	<u>2,556</u>
Subtotal of non-advertising revenues	<u>8,915</u>	<u>8,870</u>	<u>13,885</u>	<u>17,785</u>	<u>28,806</u>
Total revenues	<u>25,879</u>	<u>23,725</u>	<u>27,267</u>	<u>49,604</u>	<u>53,202</u>
Cost of revenues:					
Advertising					
Brand advertising	\$ 3,835	\$ 3,229	\$ 3,128	\$ 7,064	\$ 5,788
Sponsored search	<u>453</u>	<u>293</u>	<u>244</u>	<u>746</u>	<u>372</u>
Subtotal of advertising cost of revenues	<u>4,288</u>	<u>3,522</u>	<u>3,372</u>	<u>7,810</u>	<u>6,160</u>
Non-advertising:					
Wireless	2,781	2,205	4,132	4,986	8,313
E-commerce	783	1,231	1,346	2,014	2,632
Others	<u>594</u>	<u>572</u>	<u>386</u>	<u>1,166</u>	<u>754</u>
Subtotal of non-advertising cost of revenues	<u>4,158</u>	<u>4,008</u>	<u>5,864</u>	<u>8,116</u>	<u>11,699</u>
Total cost of revenues	<u>8,446</u>	<u>7,530</u>	<u>9,236</u>	<u>15,976</u>	<u>17,859</u>
Gross profit	17,433	16,195	18,031	33,628	35,343
Operating expenses:					
Product development	3,594	3,142	2,091	6,736	3,971
Sales and marketing	4,269	4,734	4,261	9,003	7,382
General and administrative	2,399	2,412	1,752	4,811	3,324
Amortization of intangibles	<u>474</u>	<u>456</u>	<u>360</u>	<u>930</u>	<u>537</u>
Total operating expenses	<u>10,736</u>	<u>10,744</u>	<u>8,464</u>	<u>21,480</u>	<u>15,214</u>
Operating profit	6,697	5,451	9,567	12,148	20,129
Other expense	(102)	(248)	(196)	(350)	(404)
Interest income	<u>555</u>	<u>573</u>	<u>578</u>	<u>1,128</u>	<u>1,208</u>
Income before tax expense	7,150	5,776	9,949	12,926	20,933
Income tax expense	<u>(50)</u>	<u>(62)</u>	<u>(70)</u>	<u>(112)</u>	<u>(124)</u>
Net income	<u>7,100</u>	<u>5,714</u>	<u>9,879</u>	<u>12,814</u>	<u>20,809</u>
Basic net income per share	<u>\$ 0.20</u>	<u>\$ 0.16</u>	<u>\$ 0.27</u>	<u>\$ 0.36</u>	<u>\$ 0.57</u>
Shares used in computing basic net income per share	<u>36,015</u>	<u>36,171</u>	<u>36,349</u>	<u>36,093</u>	<u>36,302</u>
Diluted net income per share	<u>\$ 0.18</u>	<u>\$ 0.15</u>	<u>\$ 0.25</u>	<u>\$ 0.33</u>	<u>\$ 0.52</u>
Shares used in computing diluted net income per share	<u>39,596</u>	<u>39,931</u>	<u>40,893</u>	<u>39,764</u>	<u>40,939</u>

SOHU.COM INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED, IN THOUSANDS)

	<u>As of Jun. 30, 2005</u>	<u>As of Dec. 31, 2004</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 124,833	\$ 141,322
Accounts receivable, net	21,496	19,901
Prepaid and other current assets	3,173	4,894
Fixed assets, net	15,234	12,175
Goodwill	50,700	44,502
Intangible assets, net	7,499	7,503
Other assets, net	<u>7,591</u>	<u>4,470</u>
	<u>230,526</u>	<u>234,767</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	26,213	30,799
Deferred revenues	4,939	5,469
Zero coupon convertible senior notes	<u>90,000</u>	<u>90,000</u>
Total liabilities	121,152	126,268
Shareholders' equity	<u>109,374</u>	<u>108,499</u>
	<u>\$ 230,526</u>	<u>\$ 234,767</u>