

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

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2005	Jun. 30, 2005	Sep. 30, 2004	Sep. 30, 2005	Sep. 30, 2004
Revenues:					
Advertising					
Brand advertising	\$ 15,618	\$ 13,859	\$ 12,932	\$ 41,601	\$ 32,875
Sponsored search	3,172	3,105	2,541	9,008	6,994
Subtotal of advertising revenues	18,790	16,964	15,473	50,609	39,869
Non-advertising:					
Wireless	6,762	6,360	8,145	19,081	31,706
E-commerce	879	841	1,486	2,985	4,175
Others	1,847	1,714	836	5,207	3,392
Subtotal of non-advertising revenues	9,488	8,915	10,467	27,273	39,273
Total revenues	28,278	25,879	25,940	77,882	79,142
Cost of revenues:					
Advertising					
Brand advertising	\$ 4,122	\$ 3,407	\$ 2,987	\$ 10,339	\$ 8,160
Sponsored search	813	699	339	1,993	884
Subtotal of advertising cost of revenues	4,935	4,106	3,326	12,332	9,044
Non-advertising:					
Wireless	3,353	2,871	3,147	8,546	11,702
E-commerce	1,014	794	1,468	3,052	4,138
Others	626	675	446	1,974	1,362
Subtotal of non-advertising cost of revenues	4,993	4,340	5,061	13,572	17,202
Total cost of revenues	9,928	8,446	8,387	25,904	26,246
Gross profit	18,350	17,433	17,553	51,978	52,896
Operating expenses:					
Product development	3,439	3,594	2,462	10,175	6,433
Sales and marketing	4,615	4,269	4,600	13,618	11,982
General and administrative	2,813	2,409	2,210	7,712	5,534
Amortization of intangibles	509	474	368	1,439	905
Total operating expenses	11,376	10,746	9,640	32,944	24,854
Operating profit	6,974	6,687	7,913	19,034	28,042
Other income/(expense)	358	(92)	(190)	96	(594)
Interest income	617	555	641	1,745	1,849
Income before tax expense	7,949	7,150	8,364	20,875	29,297
Income tax expense	81	(50)	(38)	(31)	(162)
Net income	8,030	7,100	8,326	20,844	29,135
Basic net income per share	\$ 0.22	\$ 0.20	\$ 0.23	\$ 0.58	\$ 0.80
Shares used in computing basic net income per share	36,417	36,015	36,392	36,202	36,332
Diluted net income per share	\$ 0.21	\$ 0.18	\$ 0.21	\$ 0.54	\$ 0.73
Shares used in computing diluted net income per share	39,750	39,596	40,644	39,760	40,772

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

	<u>As of Sep. 30,</u> <u>2005</u>	<u>As of Dec. 31,</u> <u>2004</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 132,547	\$ 141,322
Accounts receivable, net	23,281	19,901
Prepaid and other current assets	4,206	4,894
Fixed assets, net	15,752	12,175
Goodwill	50,918	44,502
Intangible assets, net	6,992	7,503
Other assets, net	<u>7,341</u>	<u>4,470</u>
	<u>\$ 241,037</u>	<u>\$ 234,767</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 30,743	\$ 36,268
Zero coupon convertible senior notes	<u>90,000</u>	<u>90,000</u>
Total liabilities	120,743	126,268
 Shareholders' equity	 <u>120,294</u>	 <u>108,499</u>
	<u>\$ 241,037</u>	<u>\$ 234,767</u>