

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

	Three Months Ended		
	Mar. 31, 2005	Dec. 31, 2004	Mar. 31, 2004
Revenues:			
Advertising			
Brand advertising	\$ 12,124	\$ 13,187	\$ 8,993
Sponsored search	2,731	2,692	2,021
Subtotal of advertising revenues	14,855	15,879	11,014
Non-advertising:			
Wireless	5,959	4,663	12,245
E-commerce	1,265	1,996	1,319
Other	1,646	1,529	1,357
Subtotal of non-advertising revenues	8,870	8,188	14,921
Total revenues	23,725	24,067	25,935
Cost of revenues:			
Advertising			
Brand advertising	3,229	2,970	2,660
Sponsored search	293	281	128
Subtotal of advertising cost of revenues	3,522	3,251	2,788
Non-advertising:			
Wireless	2,205	1,933	4,181
E-commerce	1,231	1,963	1,286
Other	572	592	368
Subtotal of non-advertising cost of revenues	4,008	4,488	5,835
Total cost of revenues	7,530	7,739	8,623
Gross profit	16,195	16,328	17,312
Operating expenses:			
Product development	3,142	2,387	1,880
Sales and marketing	4,734	4,547	3,121
General and administrative	2,412	2,987	1,572
Amortization of intangibles	456	455	177
Total operating expenses	10,744	10,376	6,750
Operating profit	5,451	5,952	10,562
Other expense	(248)	(244)	(208)
Interest income	573	595	630
Net income before taxes	5,776	6,303	10,984
Income tax expense	(62)	199	(54)
Net income	5,714	6,502	10,930
Basic net income per share	\$ 0.16	\$ 0.18	\$ 0.30
Shares used in computing basic net income per share	36,171	36,478	36,225
Diluted net income per share	\$ 0.15	\$ 0.17	\$ 0.27
Shares used in computing diluted net income per share	39,931	40,533	41,920

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

	<b>As of</b>	
	<b>March 31, 2005</b>	<b>December 31, 2004</b>
<b>ASSETS</b>		
Cash, cash equivalents and investments in marketable debt securities	\$ 128,701	\$ 141,322
Accounts receivable, net	19,149	19,901
Prepaid and other current assets	5,118	4,894
Fixed assets, net	14,632	12,175
Goodwill	44,502	44,502
Intangible assets, net	7,047	7,503
Other assets, net	4,176	4,470
	<u>223,325</u>	<u>234,767</u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	27,802	30,799
Deferred revenues	4,810	5,469
Zero coupon convertible senior notes	90,000	90,000
Total liabilities	122,612	126,268
Shareholders' equity	100,713	108,499
	<u>\$ 223,325</u>	<u>\$ 234,767</u>