

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

	<b>Three Months Ended</b>		
	<b>Mar. 31, 2004</b>	<b>Dec. 31, 2003</b>	<b>Mar. 31, 2003</b>
Revenues:			
Advertising	\$ 11,014	\$ 9,478	\$ 4,476
Non-advertising:			
E-subscription	13,391	14,171	8,678
E-commerce	1,319	936	1,175
Other	<u>211</u>	<u>-</u>	<u>82</u>
Subtotal of non-advertising revenues	<u>14,921</u>	<u>15,107</u>	<u>9,935</u>
Total revenues	<u>25,935</u>	<u>24,585</u>	<u>14,411</u>
Cost of revenues:			
Advertising	2,788	2,134	1,602
Non-advertising:			
E-subscription	4,549	3,762	2,646
E-commerce	<u>1,286</u>	<u>882</u>	<u>1,008</u>
Subtotal of non-advertising cost of revenues	<u>5,835</u>	<u>4,644</u>	<u>3,654</u>
Total cost of revenues	<u>8,623</u>	<u>6,778</u>	<u>5,256</u>
Gross profit	17,312	17,807	9,155
Operating expenses:			
Product development	1,880	1,906	1,742
Sales and marketing	3,121	3,211	1,992
General and administrative	1,572	1,460	1,076
Amortization of intangibles	<u>177</u>	<u>57</u>	<u>-</u>
Total operating expenses	<u>6,750</u>	<u>6,634</u>	<u>4,810</u>
Operating profit	10,562	11,173	4,345
Other expense	(208)	(202)	(81)
Interest income	<u>630</u>	<u>748</u>	<u>327</u>
Net income before taxes	10,984	11,719	4,591
Income tax expense	<u>54</u>	<u>150</u>	<u>-</u>
Net income	<u>10,930</u>	<u>11,569</u>	<u>4,591</u>
Basic net income per share	<u>\$ 0.30</u>	<u>\$ 0.32</u>	<u>\$ 0.13</u>
Shares used in computing basic net income per share	<u>36,255</u>	<u>36,040</u>	<u>34,756</u>
Diluted net income per share	<u>\$ 0.27</u>	<u>\$ 0.28</u>	<u>\$ 0.12</u>
Shares used in computing diluted net income per share	<u>41,920</u>	<u>42,146</u>	<u>39,186</u>

**SOHU.COM INC.**  
**CONSOLIDATED SUMMARY BALANCE SHEET DATA**  
**(UNAUDITED, IN THOUSANDS)**

	<u>Mar. 31,</u> <u>2004</u>	<u>Dec. 31,</u> <u>2003</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments in marketable debt securities	\$ 150,375	\$ 142,570
Accounts receivable, net	17,386	12,381
Prepaid and other current assets	4,301	4,050
Fixed assets, net	8,416	6,846
Goodwill	31,626	31,664
Intangible assets, net	4,161	4,082
Other assets, net	<u>3,341</u>	<u>3,462</u>
	<u>219,606</u>	<u>205,055</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	22,180	19,454
Deferred revenues	3,951	3,962
Zero coupon convertible senior notes	<u>90,000</u>	<u>90,000</u>
Total liabilities	116,131	113,416
Shareholders' equity	<u>103,475</u>	<u>91,639</u>
	<u>\$ 219,606</u>	<u>\$ 205,055</u>