

**SOHU.COM INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited, In thousands, except per share data)

|  | <b>Three Months Ended</b> |                       |
|--|---------------------------|-----------------------|
|  | <b>March 31, 2005</b>     | <b>March 31, 2004</b> |
| Revenues:  |                           |                       |
| Advertising:   |                           |                       |
| Brand advertising (including \$0 and \$124 from related parties, respectively) | \$ 12,124                 | \$ 8,993              |
| Sponsored search   | 2,731                     | 2,021                 |
| Subtotal of advertising revenues   | <u>14,855</u>             | <u>11,014</u>         |
| Non-advertising:   |                           |                       |
| Wireless   | 5,959                     | 12,245                |
| E-commerce   | 1,265                     | 1,319                 |
| Others   | 1,646                     | 1,357                 |
| Subtotal of non-advertising revenues   | <u>8,870</u>              | <u>14,921</u>         |
| Total revenues   | 23,725                    | 25,935                |
| Cost of revenues:  |                           |                       |
| Advertising:   |                           |                       |
| Brand advertising  | 3,229                     | 2,660                 |
| Sponsored search   | 293                       | 128                   |
| Subtotal of advertising cost of revenues                                       | <u>3,522</u>              | <u>2,788</u>          |
| Non-advertising:   |                           |                       |
| Wireless   | 2,205                     | 4,181                 |
| E-commerce (including \$31 and \$35 from related parties, respectively)        | 1,231                     | 1,286                 |
| Others (including \$284 and \$0 from related parties, respectively)            | 572                       | 368                   |
| Subtotal of non-advertising cost of revenues                                   | <u>4,008</u>              | <u>5,835</u>          |
| Total cost of revenues   | <u>7,530</u>              | <u>8,623</u>          |
| Gross profit   | 16,195                    | 17,312                |
| Operating expenses:  |                           |                       |
| Product development  | 3,142                     | 1,880                 |
| Sales and marketing  | 4,734                     | 3,121                 |
| General and administrative   | 2,412                     | 1,572                 |
| Amortization of intangibles  | 456                       | 177                   |
| Total operating expenses   | <u>10,744</u>             | <u>6,750</u>          |
| Operating profit   | 5,451                     | 10,562                |
| Other expense  | (248)                     | (208)                 |
| Interest income  | 573                       | 630                   |
| Income before income tax expense   | 5,776                     | 10,984                |
| Income tax expense   | (62)                      | (54)                  |
| Net income   | <u>\$ 5,714</u>           | <u>\$ 10,930</u>      |
| Basic net income per share   | <u>\$ 0.16</u>            | <u>\$ 0.30</u>        |
| Shares used in computing basic net income per share                            | <u>36,171</u>             | <u>36,255</u>         |
| Diluted net income per share   | <u>\$ 0.15</u>            | <u>\$ 0.27</u>        |
| Shares used in computing diluted net income per share                          | <u>39,931</u>             | <u>41,920</u>         |