

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, 2004</u>	<u>Mar. 31, 2004</u>	<u>Jun. 30, 2003</u>	<u>Jun. 30, 2004</u>	<u>Jun. 30, 2003</u>
Revenues:					
Advertising	\$ 13,382	\$ 11,014	\$ 6,801	\$ 24,396	\$ 11,277
Non-advertising:					
Wireless	11,316	12,245	10,979	23,561	19,467
E-commerce	1,370	1,319	984	2,689	2,159
Other	<u>1,199</u>	<u>1,357</u>	<u>585</u>	<u>2,556</u>	<u>857</u>
Subtotal of non-advertising revenues	<u>13,885</u>	<u>14,921</u>	<u>12,548</u>	<u>28,806</u>	<u>22,483</u>
Total revenues	<u>27,267</u>	<u>25,935</u>	<u>19,349</u>	<u>53,202</u>	<u>33,760</u>
Cost of revenues:					
Advertising	3,372	2,788	1,750	6,160	3,352
Non-advertising:					
Wireless	4,132	4,181	3,266	8,313	5,767
E-commerce	1,346	1,286	891	2,632	1,899
Other	<u>386</u>	<u>368</u>	<u>364</u>	<u>754</u>	<u>509</u>
Subtotal of non-advertising cost of revenues	<u>5,864</u>	<u>5,835</u>	<u>4,521</u>	<u>11,699</u>	<u>8,175</u>
Total cost of revenues	<u>9,236</u>	<u>8,623</u>	<u>6,271</u>	<u>17,859</u>	<u>11,527</u>
Gross profit	18,031	17,312	13,078	35,343	22,233
Operating expenses:					
Product development	2,091	1,880	1,926	3,971	3,674
Sales and marketing	4,261	3,121	2,528	7,382	4,527
General and administrative	1,752	1,572	1,312	3,324	2,394
Amortization of intangibles	<u>360</u>	<u>177</u>	<u>-</u>	<u>537</u>	<u>-</u>
Total operating expenses	<u>8,464</u>	<u>6,750</u>	<u>5,766</u>	<u>15,214</u>	<u>10,595</u>
Operating profit	9,567	10,562	7,312	20,129	11,638
Other expense	(196)	(208)	(129)	(404)	(191)
Interest income	<u>578</u>	<u>630</u>	<u>343</u>	<u>1,208</u>	<u>670</u>
Net income before taxes	9,949	10,984	7,526	20,933	12,117
Income tax expense	<u>70</u>	<u>54</u>	<u>-</u>	<u>124</u>	<u>-</u>
Net income	<u>9,879</u>	<u>10,930</u>	<u>7,526</u>	<u>20,809</u>	<u>12,117</u>
Basic net income per share	<u>\$ 0.27</u>	<u>\$ 0.30</u>	<u>\$ 0.21</u>	<u>\$ 0.57</u>	<u>\$ 0.35</u>
Shares used in computing basic net income per share	<u>36,349</u>	<u>36,255</u>	<u>35,286</u>	<u>36,302</u>	<u>35,020</u>
Diluted net income per share	<u>\$ 0.25</u>	<u>\$ 0.27</u>	<u>\$ 0.19</u>	<u>\$ 0.52</u>	<u>\$ 0.31</u>
Shares used in computing diluted net income per share	<u>40,893</u>	<u>41,920</u>	<u>40,036</u>	<u>40,939</u>	<u>39,405</u>

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

	<u>Jun. 30,</u> <u>2004</u>	<u>Dec. 31,</u> <u>2003</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 130,056	\$ 142,570
Accounts receivable, net	19,528	12,381
Prepaid and other current assets	4,344	4,050
Fixed assets, net	9,223	6,846
Goodwill	39,453	31,664
Intangible assets, net	12,543	4,082
Other assets, net	<u>3,178</u>	<u>3,462</u>
	<u>218,325</u>	<u>205,055</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	27,535	19,454
Deferred revenues	4,105	3,962
Zero coupon convertible senior notes	<u>90,000</u>	<u>90,000</u>
Total liabilities	121,640	113,416
 Shareholders' equity	 <u>96,685</u>	 <u>91,639</u>
	<u>\$ 218,325</u>	<u>\$ 205,055</u>