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

Revenues: August March 31, 2002 June 30, 2002 August		Three Months Ended							Six Months Ended			
Advertising Non-advertising Non-advertising Non-advertising Potential Pot						June 30,		June 30,		June 30,		
Advertising Non-advertising Non-advertising Non-advertising Potential Pot	Revenues:											
Non-advertising Total revenues 2,763 (1.26) 2,020 (1.55) 4,783 (1.0657) 1,017 (1.0557) Cost of revenues: 2,878 (1.0657) 5,331 Cost of revenues: 3,031 (1.495) 1,463 (1.468) 1,762 (1.258) 2,958 (1.361) Non-advertising Non-adver		\$	3 363	\$	2.511	\$	2 227	\$	5 874	\$	4 314	
Total revenues 6,126 4,531 2,878 10,657 5,331 Cost of revenues: Advertising 1,495 1,463 1,762 2,958 3,613 Non-advertising 1,600 1,448 522 3,048 819 Total cost of revenue 3,095 2,911 2,284 6,006 4,432 Gross profit 3,031 1,620 594 4,651 899 Operating expenses: Product development 1,310 1,175 1,295 2,485 2,933 Sales and marketing 1,872 2,015 2,141 3,887 4,617 General and administrative 984 967 1,197 1,951 2,450 Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses (1,135) (2,537) (8,241) (3,672) (17,506) Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22	•	Ψ	· ·	Ψ		Ψ		4		Ψ		
Advertising Non-advertising Non-advertising 1,600 1,463 1,762 2,958 3,613 Non-advertising Total cost of revenue 1,600 1,448 522 3,048 819 Total cost of revenue 3,095 2,911 2,284 6,006 4,432 Gross profit 3,031 1,620 594 4,651 899 Operating expenses: Product development Sales and marketing 1,872 2,015 2,141 3,887 4,615 Sales and marketing General and administrative Psk4 967 1,197 1,951 2,450 Amortisation of intangibles Amortisation of intangibles Fround General and expenses - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss (870) (2,209) (7,648) (3,079) (0.45) Sha	_											
Non-advertising 1,600 1,448 522 3,048 819 Total cost of revenue 3,095 2,911 2,284 6,006 4,432 Gross profit 3,031 1,620 594 4,651 899 Operating expenses: Product development 1,310 1,175 1,295 2,485 2,933 Sales and marketing 1,872 2,015 2,141 3,887 4,617 General and administrative 984 967 1,197 1,951 2,450 Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss (870) (0.00) (0.00) (0.00)	Cost of revenues:											
Total cost of revenue 3,095 2,911 2,284 6,006 4,432 Gross profit 3,031 1,620 594 4,651 899 Operating expenses: Product development 1,310 1,175 1,295 2,485 2,933 Sales and marketing 1,872 2,015 2,141 3,887 4,617 General and administrative 984 967 1,197 1,951 2,450 Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share 35,641 35,626 35,	Advertising		1,495		1,463		1,762		2,958		3,613	
Gross profit 3,031 1,620 594 4,651 899 Operating expenses: Product development 1,310 1,175 1,295 2,485 2,933 Sales and marketing 1,872 2,015 2,141 3,887 4,617 General and administrative 984 967 1,197 1,951 2,450 Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Shares used in computing basic and diluted net loss per share 35,641	Non-advertising		1,600		1,448		522		3,048		819	
Operating expenses: Product development 1,310 1,175 1,295 2,485 2,933 Sales and marketing 1,872 2,015 2,141 3,887 4,617 General and administrative 984 967 1,197 1,951 2,450 Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,633 35,626 Supplemental Financ	Total cost of revenue		3,095		2,911		2,284		6,006		4,432	
Product development 1,310 1,175 1,295 2,485 2,933 Sales and marketing 1,872 2,015 2,141 3,887 4,617 General and administrative 984 967 1,197 1,951 2,450 Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss (870) (2,209) (7,648) (3,079) (16,114) Basic and diluted net loss per share attributable to common stockholders (0.02) (0.06) (0.02) (0.09) (0.09) (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Dat	Gross profit		3,031		1,620		594		4,651		899	
Sales and marketing 1,872 2,015 2,141 3,887 4,617 General and administrative 984 967 1,197 1,951 2,450 Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Coperating loss \$ (1,135) \$ (2,537) \$ (8,241) \$	Operating expenses:											
General and administrative Amortisation of intangibles Amortisation of intangibles 984 967 1,197 1,951 2,450 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Coperating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1	Product development		1,310		1,175		1,295		2,485		2,933	
Amortisation of intangibles - - 4,202 - 8,405 Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss (870) (2,209) (7,648) (3,079) (16,114) Basic and diluted net loss per share attributable to common stockholders (0.02) (0.06) (0.21) (0.09) (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356 <td>Sales and marketing</td> <td></td> <td>1,872</td> <td></td> <td>2,015</td> <td></td> <td>2,141</td> <td></td> <td>3,887</td> <td></td> <td>4,617</td>	Sales and marketing		1,872		2,015		2,141		3,887		4,617	
Total operating expenses 4,166 4,157 8,835 8,323 18,405 Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss (870) (2,209) (7,648) (3,079) (16,114) Basic and diluted net loss per share attributable to common stockholders (0.02) (0.06) (0.21) (0.09) (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: (0.25) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	General and administrative		984		967		1,197		1,951		2,450	
Operating loss (1,135) (2,537) (8,241) (3,672) (17,506) Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Coperating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	Amortisation of intangibles						4,202				8,405	
Other income/(expense) (58) 22 - (36) - Interest income 323 306 593 629 1,392 Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Operating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	Total operating expenses		4,166		4,157		8,835		8,323		18,405	
Interest income 323 306 593 629 1,392 Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	Operating loss		(1,135)		(2,537)		(8,241)		(3,672)		(17,506)	
Net loss \$ (870) \$ (2,209) \$ (7,648) \$ (3,079) \$ (16,114) Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Operating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	Other income/(expense)		(58)		22		-		(36)		-	
Basic and diluted net loss per share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Operating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	Interest income		323		306		593		629		1,392	
share attributable to common stockholders \$ (0.02) \$ (0.06) \$ (0.21) \$ (0.09) \$ (0.45) Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Coperating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	Net loss	\$	(870)	\$	(2,209)	\$	(7,648)	\$	(3,079)	\$	(16,114)	
Shares used in computing basic and diluted net loss per share 35,641 35,626 35,626 35,633 35,626 Supplemental Financial Data (1) EBITDA calculation: Coperating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	share attributable to common											
Supplemental Financial Data (1) EBITDA calculation: Operating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	stockholders	\$	(0.02)	\$	(0.06)	\$	(0.21)	\$	(0.09)	\$	(0.45)	
Supplemental Financial Data (1) EBITDA calculation: \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356												
EBITDA calculation: Operating loss \$ (1,135) \$ (2,537) \$ (8,241) \$ (3,672) \$ (17,506) Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	and diluted net loss per share		35,641		35,626		35,626		35,633		35,626	
Other income/(expense) (58) 22 - (36) - Depreciation and amortization 1,270 1,183 5,182 2,453 10,356												
Depreciation and amortization 1,270 1,183 5,182 2,453 10,356	Operating loss	\$	(1,135)	\$	(2,537)	\$	(8,241)	\$	(3,672)	\$	(17,506)	
· ————————————————————————————————————	Other income/(expense)		(58)		22		-		(36)		-	
EBITDA \$ 77 \$ (1,332) \$ (3,059) \$ (1,255) \$ (7,150)	Depreciation and amortization		1,270		1,183		5,182		2,453		10,356	
	EBITDA	\$	77	\$	(1,332)	\$	(3,059)	\$	(1,255)	\$	(7,150)	

⁽¹⁾ In order to fully assess the Company's financial operating results, management believes that EBITDA(earnings before interest, taxes, depreciation and amortization) are appropriate measures of the operating performance of the Company. However, this supplementary financial data should be considered in addition to, not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with generally accepted accounting principles.

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

	June 30, 2002	December 31, 2001		
ASSETS				
Cash, cash equivalents and investments in marketable debt securities	\$ 41,390	\$ 46,236		
Accounts receivable, net	3,007	2,710		
Prepaid and other current assets	1,793	2,168		
Fixed assets, net	7,530	7,953		
Other assets, net	5,701	2,891		
	59,421	61,958		
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	3,942	3,915		
Deferred revenues	916	462		
Total current liabilities	4,858	4,377		
Shareholders' equity	54,563	57,581		
	\$ 59,421	\$ 61,958		