

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2005</u>	<u>June 30,</u> <u>2004</u>	<u>June 30,</u> <u>2005</u>	<u>June 30,</u> <u>2004</u>
Revenues:				
Advertising:				
Brand advertising (including \$6, \$121, \$6 and \$245 from related parties, respectively)	\$ 13,859	\$ 10,950	\$ 25,983	\$ 19,943
Sponsored search	3,105	2,432	5,836	4,453
Subtotal of advertising revenues	<u>16,964</u>	<u>13,382</u>	<u>31,819</u>	<u>24,396</u>
Non-advertising:				
Wireless	6,360	11,316	12,319	23,561
E-commerce	841	1,370	2,106	2,689
Others	1,714	1,199	3,360	2,556
Subtotal of non-advertising revenues	<u>8,915</u>	<u>13,885</u>	<u>17,785</u>	<u>28,806</u>
Total revenues	<u>25,879</u>	<u>27,267</u>	<u>49,604</u>	<u>53,202</u>
Cost of revenues:				
Advertising:				
Brand advertising	3,835	3,128	7,064	5,788
Sponsored search	453	244	746	372
Subtotal of advertising cost of revenues	<u>4,288</u>	<u>3,372</u>	<u>7,810</u>	<u>6,160</u>
Non-advertising:				
Wireless	2,781	4,132	4,986	8,313
E-commerce (including \$33, \$31, \$64 and \$66 from related parties, respectively)	783	1,346	2,014	2,632
Others (including \$296, \$0, \$580 and \$0 from related parties, respectively)	594	386	1,166	754
Subtotal of non-advertising cost of revenues	<u>4,158</u>	<u>5,864</u>	<u>8,166</u>	<u>11,699</u>
Total cost of revenues	<u>8,446</u>	<u>9,236</u>	<u>15,976</u>	<u>17,859</u>
Gross profit	17,433	18,031	33,628	35,343
Operating expenses:				
Product development	3,594	2,091	6,736	3,971
Sales and marketing	4,269	4,261	9,003	7,382
General and administrative	2,399	1,752	4,811	3,324
Amortization of intangibles	474	360	930	537
Total operating expenses	<u>10,736</u>	<u>8,464</u>	<u>21,480</u>	<u>15,214</u>
Operating profit	6,697	9,567	12,148	20,129
Other expense	(102)	(196)	(350)	(404)
Interest income	555	578	1,128	1,208
Income before income tax expense	7,150	9,949	12,926	20,933
Income tax expense	(50)	(70)	(112)	(124)
Net income	<u>\$ 7,100</u>	<u>\$ 9,879</u>	<u>\$ 12,814</u>	<u>\$ 20,809</u>
Basic net income per share	<u>\$ 0.20</u>	<u>\$ 0.27</u>	<u>\$ 0.36</u>	<u>\$ 0.57</u>
Shares used in computing basic net income per share	<u>36,015</u>	<u>36,349</u>	<u>36,093</u>	<u>36,302</u>
Diluted net income per share	<u>\$ 0.18</u>	<u>\$ 0.25</u>	<u>\$ 0.33</u>	<u>\$ 0.52</u>
Shares used in computing diluted net income per share	<u>39,596</u>	<u>40,893</u>	<u>39,764</u>	<u>40,939</u>