

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

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2002	June 30, 2002	Sept. 30, 2001	Sept. 30, 2002	Sept. 30, 2001
Revenues:					
Advertising	\$ 3,674	\$ 3,363	\$ 2,425	\$ 9,548	\$ 6,739
Non-advertising	3,834	2,763	1,138	8,617	2,155
Total revenues	<u>7,508</u>	<u>6,126</u>	<u>3,563</u>	<u>18,165</u>	<u>8,894</u>
Cost of revenues:					
Advertising	1,472	1,495	1,575	4,430	5,188
Non-advertising	1,871	1,600	823	4,919	1,642
Total cost of revenues	<u>3,343</u>	<u>3,095</u>	<u>2,398</u>	<u>9,349</u>	<u>6,830</u>
Gross profit	4,165	3,031	1,165	8,816	2,064
Operating expenses:					
Product development	1,474	1,310	1,207	3,959	4,140
Sales and marketing	1,862	1,872	1,949	5,749	6,566
General and administrative	955	984	1,070	2,906	3,520
Amortization of intangibles	-	-	4,202	-	12,607
Impairment of intangibles	-	-	17,676	-	17,676
Total operating expenses	<u>4,291</u>	<u>4,166</u>	<u>26,104</u>	<u>12,614</u>	<u>44,509</u>
Operating loss	(126)	(1,135)	(24,939)	(3,798)	(42,445)
Other expense	(67)	(58)	(507)	(103)	(507)
Interest income	305	323	462	934	1,854
Net income/(loss)	<u>\$ 112</u>	<u>\$ (870)</u>	<u>\$ (24,984)</u>	<u>\$ (2,967)</u>	<u>\$ (41,098)</u>
Basic net income/(loss) per share attributable to common stockholders	<u>\$ 0.003</u>	<u>\$ (0.02)</u>	<u>\$ (0.70)</u>	<u>\$ (0.08)</u>	<u>\$ (1.15)</u>
Shares used in computing basic net income/(loss) per share	<u>35,715</u>	<u>35,641</u>	<u>35,626</u>	<u>35,660</u>	<u>35,626</u>
Diluted net income/(loss) per share attributable to common stockholders	<u>\$ 0.003</u>	<u>\$ (0.02)</u>	<u>\$ (0.70)</u>	<u>\$ (0.08)</u>	<u>\$ (1.15)</u>
Shares used in computing diluted net income/(loss) per share	<u>37,413</u>	<u>35,641</u>	<u>35,626</u>	<u>35,660</u>	<u>35,626</u>
Supplemental Financial Data (1)					
EBITDA calculation:					
Operating loss	\$ (126)	\$ (1,135)	\$ (24,939)	\$ (3,798)	\$ (42,445)
Other expense	(67)	(58)	(507)	(103)	(507)
Depreciation and amortization	1,276	1,270	22,931	3,729	33,287
EBITDA	<u>\$ 1,083</u>	<u>\$ 77</u>	<u>\$ (2,515)</u>	<u>\$ (172)</u>	<u>\$ (9,665)</u>

(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)

	<u>Sept. 30,</u> <u>2002</u>	<u>Dec. 31,</u> <u>2001</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 43,136	\$ 46,236
Accounts receivable, net	3,648	2,710
Prepaid and other current assets	1,711	2,168
Fixed assets, net	6,643	7,953
Loans to related parties and other assets, net	<u>5,551</u>	<u>2,891</u>
	<u>60,689</u>	<u>61,958</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	4,175	3,915
Deferred revenues	<u>1,314</u>	<u>462</u>
Total current liabilities	5,489	4,377
 Shareholders' equity	 <u>55,200</u>	 <u>57,581</u>
	<u>\$ 60,689</u>	<u>\$ 61,958</u>