

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

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2004	Sep. 30, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Revenues:					
Advertising	\$ 15,879	\$ 15,473	\$ 9,478	\$ 55,748	\$ 29,503
Non-advertising:					
Wireless	4,663	8,145	12,887	36,369	44,047
E-commerce	1,996	1,486	936	6,171	3,787
Other	1,529	836	1,284	4,921	3,088
Subtotal of non-advertising revenue	8,188	10,467	15,107	47,461	50,922
Total revenues	24,067	25,940	24,585	103,209	80,425
Cost of revenues:					
Advertising	3,250	3,576	2,134	12,987	7,459
Non-advertising:					
Wireless	1,933	3,021	3,347	13,267	12,990
E-commerce	1,963	1,450	882	6,045	3,410
Other	592	340	415	1,686	1,347
Subtotal of non-advertising cost of revenue	4,488	4,811	4,644	20,998	17,747
Total cost of revenues	7,738	8,387	6,778	33,985	25,206
Gross profit	16,329	17,553	17,807	69,224	55,219
Operating expenses:					
Product development	2,386	2,462	1,906	8,820	7,542
Sales and marketing	4,547	4,600	3,211	16,529	10,570
General and administrative	2,987	2,210	1,460	8,521	5,029
Amortization of intangibles	456	368	57	1,360	57
Total operating expenses	10,376	9,640	6,634	35,230	23,198
Operating profit	5,953	7,913	11,173	33,994	32,021
Other expense	(244)	(190)	(202)	(838)	(964)
Interest income	595	641	748	2,444	1,950
Net income before taxes	6,304	8,364	11,719	35,600	33,007
Income tax expense	198	(38)	(150)	37	(6,650)
Net income	6,502	8,326	11,569	35,637	26,357
Basic net income per share	\$ 0.18	\$ 0.23	\$ 0.32	\$ 0.98	\$ 0.74
Shares used in computing basic net income per share	36,478	36,392	36,040	36,369	35,483
Diluted net income per share	\$ 0.17	\$ 0.21	\$ 0.28	\$ 0.89	\$ 0.66
Shares used in computing diluted net income per share	40,306	40,644	42,146	40,941	40,351

SOHU.COM INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED, IN THOUSANDS)

	<u>As of Dec. 31, 2004</u>	<u>As of Dec. 31, 2003</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$141,323	\$ 142,570
Accounts receivable, net	19,901	12,381
Prepaid and other current assets	4,893	4,050
Fixed assets, net	12,175	6,846
Goodwill	44,502	31,664
Intangible assets, net	7,503	4,082
Other assets, net	<u>4,470</u>	<u>3,462</u>
	<u>234,767</u>	<u>205,055</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	30,799	19,454
Deferred revenues	5,469	3,962
Zero coupon convertible senior notes	<u>90,000</u>	<u>90,000</u>
Total liabilities	126,268	113,416
Shareholders' equity	<u>108,499</u>	<u>91,639</u>
	<u>\$234,767</u>	<u>\$ 205,055</u>