

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

	<u>Three Months Ended</u>			<u>Year Ended</u>	
	<u>Dec. 31, 1999</u>	<u>Sept. 30, 2000</u>	<u>Dec. 31, 2000</u>	<u>Dec. 31, 1999</u>	<u>Dec. 31, 2000</u>
Revenues	\$ 549	\$ 1,602	\$ 2,179	\$ 1,617	\$ 5,953
Pro forma cost of revenues	<u>638</u>	<u>1,578</u>	<u>2,075</u>	<u>1,576</u>	<u>5,636</u>
Pro forma gross profit	(89)	24	104	41	317
Pro forma operating expenses:					
Product development	172	603	910	427	2,404
Sales and marketing	1,004	2,399	3,479	1,758	10,349
General and administrative	<u>480</u>	<u>1,435</u>	<u>1,579</u>	<u>1,270</u>	<u>4,794</u>
Total pro forma operating expenses	<u>1,656</u>	<u>4,437</u>	<u>5,968</u>	<u>3,455</u>	<u>17,547</u>
Pro forma operating loss	(1,745)	(4,413)	(5,864)	(3,414)	(17,230)
Other non-operating expense	-	(26)	-	-	(26)
Interest income	<u>7</u>	<u>937</u>	<u>1,152</u>	<u>11</u>	<u>2,522</u>
Pro forma net loss	<u>\$ (1,738)</u>	<u>\$ (3,502)</u>	<u>\$ (4,712)</u>	<u>\$ (3,403)</u>	<u>\$ (14,734)</u>
Shares used in computing pro forma basic and diluted net loss per share	<u>23,796</u>	<u>30,374</u>	<u>34,765</u>	<u>21,615</u>	<u>29,502</u>
Pro forma basic and diluted net loss per share	<u>\$ (0.07)</u>	<u>\$ (0.12)</u>	<u>\$ (0.14)</u>	<u>\$ (0.16)</u>	<u>\$ (0.50)</u>

Note: The above unaudited pro forma condensed consolidated statements of operations are not a presentation in accordance with generally accepted accounting principles as they give effect to the conversion of all preference shares into common shares and exclude the effects of the following:

- Stock-based compensation of \$4, \$8, and \$183 for the three months ended December 31, 1999, September 30, 2000 and December 31, 2000, respectively, and of \$46 and \$629 for the years ended December 31, 1999 and 2000 respectively;

- Amortization of intangible assets of \$0, \$0, and \$3,373 for the three months ended December 31, 1999, September 30, 2000 and December 31, 2000, respectively, and of \$0 and \$3,373 for the years ended December 31, 1999 and 2000, respectively;

- Writedown of other assets \$0, \$500, and \$0 for the three months ended December 31, 1999, September 30, 2000, and December 31, 2000, respectively, and of \$0 and \$500 for the years ended December 31, 1999 and 2000, respectively;

- Accretion on mandatorily redeemable convertible preferred stock of \$571, \$249, and \$0 for the three months ended December 31, 1999, September 30, 2000 and December 31, 2000, respectively, and of \$917 and \$3,914 for the years ended December 31, 1999 and 2000, respectively.

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

	Three Months Ended			Year Ended	
	Dec. 31, 1999	Sept. 30, 2000	Dec. 31, 2000	Dec. 31, 1999	Dec. 31, 2000
Revenues	\$ 549	\$ 1,602	\$ 2,179	\$ 1,617	\$ 5,953
Cost of revenues	640	1,578	2,062	1,589	5,629
Gross profit	(91)	24	117	28	324
Operating expenses:					
Product development	172	603	904	438	2,402
Sales and marketing	1,005	2,421	3,503	1,772	10,425
General and administrative	481	1,421	1,757	1,278	5,356
Amortization of intangibles	-	-	3,373	-	3,373
Total operating expenses	1,658	4,445	9,537	3,488	21,556
Operating loss	(1,749)	(4,421)	(9,420)	(3,460)	(21,232)
Other non-operating expense	-	(526)	-	-	(526)
Interest income	7	937	1,152	11	2,522
Net loss	(1,742)	(4,010)	(8,268)	(3,449)	(19,236)
Accretion on mandatorily redeemable convertible preferred stock	(571)	(249)	-	(917)	(3,914)
Net loss attributable to common stockholders	\$ (2,313)	\$ (4,259)	\$ (8,268)	\$ (4,366)	\$ (23,150)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.25)	\$ (0.16)	\$ (0.24)	\$ (0.47)	\$ (1.14)
Shares used in computing basic and diluted net loss per share	9,416	27,194	34,765	9,328	20,286

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

	<u>December 31,</u> <u>1999</u>	<u>September 30,</u> <u>2000</u>	<u>December 31,</u> <u>2000</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,924	\$ 70,061	\$ 62,593
Accounts receivable, net	438	1,669	2,092
Prepaid and other current assets	<u>126</u>	<u>3,026</u>	<u>1,688</u>
Total current assets	4,488	74,756	66,373
Fixed assets, net	999	4,506	7,404
Intangible assets, net	-	-	30,623
Other assets, net	<u>1,589</u>	<u>1,846</u>	<u>1,440</u>
	<u>\$ 7,076</u>	<u>\$ 81,108</u>	<u>\$ 105,840</u>
LIABILITIES AND SHAREHOLDERS EQUITY			
Current liabilities:			
Accounts payable	\$ 500	\$ 1,449	\$ 1,459
Accrued liabilities	<u>1,411</u>	<u>2,615</u>	<u>3,312</u>
Total current liabilities	1,911	4,064	4,771
Mandatorily redeemable convertible preferred stock	10,207	-	-
Shareholders' equity:			
Preferred stock	3	-	-
Common stock	9	31	36
Additional paid-in capital	382	98,151	129,759
Deferred compensation and other	(22)	(842)	(162)
Accumulated deficit	<u>(5,414)</u>	<u>(20,296)</u>	<u>(28,564)</u>
Total shareholders' equity	<u>(5,042)</u>	<u>77,044</u>	<u>101,069</u>
	<u>\$ 7,076</u>	<u>\$ 81,108</u>	<u>\$ 105,840</u>