

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

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2002	Sept. 30, 2002	Dec. 31, 2001	Dec. 31, 2002	Dec. 31, 2001
Revenues:					
Advertising	\$ 4,304	\$ 3,674	\$ 2,506	\$ 13,852	\$ 9,245
Non-advertising	6,260	3,834	1,600	14,877	3,755
Total revenues	10,564	7,508	4,106	28,729	13,000
Cost of revenues:					
Advertising	1,513	1,472	1,456	5,943	6,644
Non-advertising	2,562	1,871	1,127	7,481	2,769
Total cost of revenues	4,075	3,343	2,583	13,424	9,413
Gross profit	6,489	4,165	1,523	15,305	3,587
Operating expenses:					
Product development	1,549	1,474	1,225	5,508	5,365
Sales and marketing	2,224	1,862	1,840	7,973	8,406
General and administrative	1,002	955	1,272	3,908	4,792
Amortisation of intangibles	-	-	-	-	12,607
Impairment of intangibles	-	-	-	-	17,676
Total operating expenses	4,775	4,291	4,337	17,389	48,846
Operating profit/(loss)	1,714	(126)	(2,814)	(2,084)	(45,259)
Other income/(expense)	(114)	(67)	3	(217)	(504)
Interest income	331	305	322	1,265	2,176
Net income/(loss)	\$ 1,931	\$ 112	\$ (2,489)	\$ (1,036)	\$ (43,587)
Basic net income/(loss) per share	\$ 0.056	\$ 0.003	\$ (0.07)	\$ (0.03)	\$ (1.22)
Shares used in computing basic net income/(loss) per share	34,709	35,715	35,626	35,420	35,626
Diluted net income/(loss) per share	\$ 0.051	\$ 0.003	\$ (0.07)	\$ (0.03)	\$ (1.22)
Shares used in computing diluted net income/(loss) per share	38,196	37,413	35,626	35,420	35,626
<u>Supplemental Financial Data (1)</u>					
EBITDA calculation:					
Operating profit/(loss)	\$ 1,714	\$ (126)	\$ (2,814)	\$ (2,084)	\$ (45,259)
Other income/(expense)	(114)	(67)	3	(217)	(504)
Depreciation and amortization	1,197	1,276	1,181	4,930	34,521
EBITDA	\$ 2,797	\$ 1,083	\$ (1,630)	\$ 2,629	\$ (11,242)

(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>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 44,211	\$ 46,236
Accounts receivable, net	3,954	2,710
Prepaid and other current assets	2,009	2,168
Fixed assets, net	6,012	7,953
Other assets, net	959	1,076
Loans to related parties, net	<u>4,827</u>	<u>1,815</u>
	<u>61,972</u>	<u>61,958</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	5,119	3,915
Deferred revenues	<u>1,622</u>	<u>462</u>
Total current liabilities	6,741	4,377
Shareholders' equity	<u>55,231</u>	<u>57,581</u>
	<u>\$ 61,972</u>	<u>\$ 61,958</u>