

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

	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>	
	<u>Dec. 31, 2003</u>	<u>Sep. 30, 2003</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2002</u>
Revenues:					
Advertising	\$ 9,478	\$ 8,748	\$ 4,304	\$ 29,503	\$ 13,852
Non-advertising:					
E-subscription	14,171	12,640	4,784	47,053	10,132
E-commerce	936	692	1,166	3,787	4,201
Other	<u>-</u>	<u>-</u>	<u>310</u>	<u>82</u>	<u>544</u>
Subtotal of non-advertising revenues	<u>15,107</u>	<u>13,332</u>	<u>6,260</u>	<u>50,922</u>	<u>14,877</u>
Total revenues	24,585	22,080	10,564	80,425	28,729
Cost of revenues:					
Advertising	2,134	1,973	1,513	7,459	5,943
Non-advertising:					
E-subscription	3,762	4,299	1,551	14,336	3,655
E-commerce	882	629	995	3,411	3,546
Other	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>280</u>
Subtotal of non-advertising cost of revenues	<u>4,644</u>	<u>4,928</u>	<u>2,562</u>	<u>17,747</u>	<u>7,481</u>
Total cost of revenues	6,778	6,901	4,075	25,206	13,424
Gross profit	17,807	15,179	6,489	55,219	15,305
Operating expenses:					
Product development	1,906	1,968	1,549	7,542	5,508
Sales and marketing	3,211	2,839	2,224	10,570	7,973
General and administrative	<u>1,517</u>	<u>1,181</u>	<u>1,002</u>	<u>5,086</u>	<u>3,908</u>
Total operating expenses	<u>6,634</u>	<u>5,988</u>	<u>4,775</u>	<u>23,198</u>	<u>17,389</u>
Operating profit/(loss)	11,173	9,191	1,714	32,021	(2,084)
Other expense	(202)	(552)	(114)	(964)	(217)
Interest income	<u>748</u>	<u>532</u>	<u>331</u>	<u>1,950</u>	<u>1,265</u>
Net income/(loss) before taxes	11,719	9,171	1,931	33,007	(1,036)
Income tax expense	<u>150</u>	<u>6,500</u>	<u>-</u>	<u>6,650</u>	<u>-</u>
Net income/(loss)	<u>11,569</u>	<u>2,671</u>	<u>1,931</u>	<u>26,357</u>	<u>(1,036)</u>
Basic net income/(loss) per share	<u>\$ 0.33</u>	<u>\$ 0.07</u>	<u>\$ 0.06</u>	<u>\$ 0.75</u>	<u>\$ (0.03)</u>
Shares used in computing basic net income/(loss) per share	<u>36,040</u>	<u>35,824</u>	<u>34,709</u>	<u>35,483</u>	<u>35,420</u>
Diluted net income/(loss) per share	<u>\$ 0.28</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>	<u>\$ 0.66</u>	<u>\$ (0.03)</u>
Shares used in computing diluted net income/(loss) per share	<u>42,146</u>	<u>41,643</u>	<u>38,196</u>	<u>40,351</u>	<u>35,420</u>

SOHU.COM INC.
CONSOLIDATED SUMMARY BALANCE SHEET DATA
(UNAUDITED, IN THOUSANDS)

	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2002</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 142,570	\$ 44,211
Accounts receivable, net	12,381	3,954
Prepaid and other current assets	4,050	2,009
Fixed assets, net	6,846	6,012
Loans to related parties	-	4,827
Goodwill	31,664	-
Intangible assets, net	4,082	-
Other assets	<u>3,462</u>	<u>959</u>
	<u>205,055</u>	<u>61,972</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	19,454	5,119
Deferred revenues	3,962	1,622
Long term debt	<u>90,000</u>	<u>-</u>
Total liabilities	113,416	6,741
Shareholders' equity	<u>91,639</u>	<u>55,231</u>
	<u>\$ 205,055</u>	<u>\$ 61,972</u>