

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

	Three Months Ended		
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015
Revenues:			
Online advertising			
Brand advertising	\$ 125,503	\$ 140,927	\$ 133,821
Search and search-related	133,814	151,251	105,126
Subtotal	<u>259,317</u>	<u>292,178</u>	<u>238,947</u>
Online games	102,529	127,001	184,994
Others	46,106	46,924	31,391
Total revenues	<u>407,952</u>	<u>466,103</u>	<u>455,332</u>
Cost of revenues:			
Online advertising			
Brand advertising (includes stock-based compensation expense of \$62, \$534 and \$155, respectively)	85,636	87,625	104,552
Search and search-related (includes stock-based compensation expense of \$0, \$211 and \$53, respectively)	62,092	68,108	49,919
Subtotal	<u>147,728</u>	<u>155,733</u>	<u>154,471</u>
Online games (includes stock-based compensation expense of \$-7, \$45 and \$44, respectively)	26,133	28,266	49,485
Others (includes stock-based compensation expense of \$0, \$0 and \$0, respectively)	18,986	17,552	18,198
Total cost of revenues	<u>192,847</u>	<u>201,551</u>	<u>222,154</u>
Gross profit	215,105	264,552	233,178
Operating expenses:			
Product development (includes stock-based compensation expense of \$-3, \$9,665 and \$4,776, respectively)	82,679	102,402	102,191
Sales and marketing (includes stock-based compensation expense of \$14, \$1,482 and \$245, respectively)	90,047	98,230	83,128
General and administrative (includes stock-based compensation expense of \$367, \$13,042 and \$6,953, respectively)	27,607	44,946	45,164
Total operating expenses	<u>200,333</u>	<u>245,578</u>	<u>230,483</u>
Operating profit	14,772	18,974	2,695
Other income	3,924	1,590	3,154
Interest income	5,139	6,004	6,035
Exchange difference	(1,022)	1,885	(183)
Income before income tax expense	<u>22,813</u>	<u>28,453</u>	<u>11,701</u>
Income tax expense	11,868	19,656	16,300
Net Income /(loss)	<u>10,945</u>	<u>8,797</u>	<u>(4,599)</u>
Less: Net income attributable to the noncontrolling interest shareholders	31,231	39,197	26,521
Net loss attributable to Sohu.com Inc.	<u>(20,286)</u>	<u>(30,400)</u>	<u>(31,120)</u>
Basic net loss per share attributable to Sohu.com Inc.	\$ (0.52)	\$ (0.79)	\$ (0.81)
Shares used in computing basic net loss per share attributable to Sohu.com Inc.	<u>38,666</u>	<u>38,646</u>	<u>38,525</u>
Diluted net loss per share attributable to Sohu.com Inc.	\$ (0.53)	\$ (0.80)	\$ (0.81)
Shares used in computing diluted net loss per share attributable to Sohu.com Inc.	<u>38,666</u>	<u>38,646</u>	<u>38,525</u>

SOHU.COM INC.

RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATION MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES

(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Three Months Ended Mar. 31, 2016			Three Months Ended Dec. 31, 2015			Three Months Ended Mar. 31, 2015		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 39,867	\$ 62	(a) \$ 39,929	\$ 53,302	\$ 534	(a) \$ 53,836	\$ 29,269	\$ 155	(a) \$ 29,424
Brand advertising gross margin	32%		32%	38%		38%	22%		22%
Search and search-related gross profit	\$ 71,722	\$ -	(a) \$ 71,722	\$ 83,143	\$ 211	(a) \$ 83,354	\$ 55,207	\$ 53	(a) \$ 55,260
Search and search-related gross margin	54%		54%	55%		55%	53%		53%
Online advertising gross profit	\$ 111,589	\$ 62	(a) \$ 111,651	\$ 136,445	\$ 745	(a) \$ 137,190	\$ 84,476	\$ 208	(a) \$ 84,684
Online advertising gross margin	43%		43%	47%		47%	35%		35%
Online games gross profit	\$ 76,396	\$ (7)	(a) \$ 76,389	\$ 98,735	\$ 45	(a) \$ 98,780	\$ 135,509	\$ 44	(a) \$ 135,553
Online games gross margin	75%		75%	78%		78%	73%		73%
Others gross profit	\$ 27,120	\$ -	(a) \$ 27,120	\$ 29,372	\$ -	(a) \$ 29,372	\$ 13,193	\$ -	(a) \$ 13,193
Others gross margin	59%		59%	63%		63%	42%		42%
Gross profit	\$ 215,105	\$ 55	(a) \$ 215,160	\$ 264,552	\$ 790	(a) \$ 265,342	\$ 233,178	\$ 252	(a) \$ 233,430
Gross margin	53%		53%	57%		57%	51%		51%
Operating profit	\$ 14,772	\$ 433	(a) \$ 15,205	\$ 18,974	\$ 24,979	(a) \$ 43,953	\$ 2,695	\$ 12,226	(a) \$ 14,921
Operating margin	4%		4%	4%		9%	1%		3%
Net income /(loss) before Non-Controlling Interest	\$ 10,945	\$ 448	(a) \$ 11,393	\$ 8,797	\$ 25,047	(a) \$ 33,844	\$ (4,599)	\$ 12,226	(a) \$ 7,627

		448	(a)		25,047	(a)		12,226	(a)									
		<u>(1,403)</u>	(b)		<u>(7,352)</u>	(b)		<u>(6,152)</u>	(b)									
Net loss attributable to Sohu.com Inc. for <b>diluted</b> net loss per share	\$	<u>(20,576)</u>	\$	<u>(955)</u>	\$	<u>(21,531)</u>	\$	<u>(30,746)</u>	\$	<u>17,695</u>	\$	<u>(13,051)</u>	\$	<u>(31,341)</u>	\$	<u>6,074</u>	\$	<u>(25,267)</u>
<b>Diluted</b> net loss per share attributable to Sohu.com Inc.	\$	<u>(0.53)</u>	\$	<u>(0.56)</u>	\$	<u>(0.80)</u>	\$	<u>(0.34)</u>	\$	<u>(0.81)</u>	\$	<u>(0.66)</u>						
Shares used in computing <b>diluted</b> net loss per share attributable to Sohu.com Inc.		<u>38,666</u>		<u>38,666</u>		<u>38,646</u>		<u>38,646</u>		<u>38,525</u>		<u>38,525</u>						

Note:

(a) To eliminate the impact of share-based awards as measured using the fair value method.

(b) To adjust Sohu's economic interests in Changyou and Sogou under the treasury stock method.