

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

	Three Months Ended		
	Sep. 30, 2014	Jun. 30, 2014	Sep. 30, 2013
Revenues:			
Online advertising			
Brand advertising	\$ 148,823	\$ 133,408	\$ 124,780
Search and others	98,437	85,064	52,305
Subtotal	247,260	218,472	177,085
Online games	150,338	153,877	161,494
Others (a)	32,817	27,802	29,744
Total revenues	430,415	400,151	368,323
Cost of revenues:			
Online advertising			
Brand advertising (includes stock-based compensation expense of \$218, \$700 and \$66, respectively)	83,424	82,898	63,780
Search and others (includes stock-based compensation expense of \$193, \$482 and \$24, respectively)	46,375	40,420	26,785
Subtotal	129,799	123,318	90,565
Online games (includes stock-based compensation expense of \$58, \$17 and \$38, respectively)	33,949	30,263	21,750
Others (includes stock-based compensation expense of \$0, \$0 and \$0, respectively) (a)	17,912	16,305	13,175
Total cost of revenues	181,660	169,886	125,490
Gross profit	248,755	230,265	242,833
Operating expenses:			
Product development (includes stock-based compensation expense of \$6,052, \$7,294 and \$912, respectively)	107,971	102,218	70,551
Sales and marketing (includes stock-based compensation expense of \$937, \$2,111 and \$359, respectively)	131,742	136,606	90,728
General and administrative (includes stock-based compensation expense of \$7,342, \$15,961 and \$1,799, respectively)	49,730	53,246	29,365
Total operating expenses	289,443	292,070	190,644
Operating profit/(loss)	(40,688)	(61,805)	52,189
Other income	896	694	1,533
Interest income	7,468	8,779	7,595
Exchange difference	(610)	59	(1,305)
Income (loss) before income tax expense	(32,934)	(52,273)	60,012
Income tax expense/ (benefit)	(1,036)	(1,740)	18,923
Net Income (loss)	(31,898)	(50,533)	41,089
Less: Net income (loss) attributable to the noncontrolling interest shareholders	(4,760)	(9,443)	22,855
Dividend to non-controlling Sogou series A preferred shareholders	-	-	82,423
Net loss attributable to Sohu.com Inc.	(27,138)	(41,090)	(64,189)
Basic net loss per share attributable to Sohu.com Inc.	\$ (0.71)	\$ (1.07)	\$ (1.68)
Shares used in computing basic net loss per share attributable to Sohu.com Inc.	38,485	38,475	38,288
Diluted net loss per share attributable to Sohu.com Inc.	\$ (0.74)	\$ (1.16)	\$ (1.69)
Shares used in computing diluted net loss per share attributable to Sohu.com Inc.	38,485	38,475	38,522

Note:

(a) Comparative revenues and cost of revenues for mobile has been merged with others to conform to the current period presentation.

**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 Sep. 30, 2014			Three Months Ended Jun. 30, 2014			Three Months Ended Sep. 30, 2013		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 65,399	\$ 218 (a)	\$ 65,617	\$ 50,510	\$ 700 (a)	\$ 51,210	\$ 61,000	\$ 66 (a)	\$ 61,066
Brand advertising gross margin	44%		44%	38%		38%	49%		49%
Search and others gross profit	\$ 52,062	\$ 193 (a)	\$ 52,255	\$ 44,644	\$ 482 (a)	\$ 45,126	\$ 25,520	\$ 24 (a)	\$ 25,544
Search and others gross margin	53%		53%	52%		53%	49%		49%
Online advertising gross profit	\$ 117,461	\$ 411 (a)	\$ 117,872	\$ 95,154	\$ 1,182 (a)	\$ 96,336	\$ 86,520	\$ 90 (a)	\$ 86,610
Online advertising gross margin	48%		48%	44%		44%	49%		49%
Online games gross profit (c)	\$ 116,389	\$ 58 (a)	\$ 116,447	\$ 123,614	\$ 17 (a)	\$ 123,631	\$ 139,744	\$ 38 (a)	\$ 139,782
Online games gross margin	77%		77%	80%		80%	87%		87%
Others gross profit (c)	\$ 14,905	\$ -	\$ 14,905	\$ 11,497	\$ -	\$ 11,497	\$ 16,569	\$ -	\$ 16,569
Others gross margin	45%		45%	41%		41%	56%		56%
Gross profit	\$ 248,755	\$ 469 (a)	\$ 249,224	\$ 230,265	\$ 1,199 (a)	\$ 231,464	\$ 242,833	\$ 128 (a)	\$ 242,961
Gross margin	58%		58%	58%		58%	66%		66%
Operating profit (loss)	\$ (40,688)	\$ 14,800 (a)	\$ (25,888)	\$ (61,805)	\$ 26,565 (a)	\$ (35,240)	\$ 52,189	\$ 3,198 (a)	\$ 55,387
Operating margin	-9%		-6%	-15%		-9%	14%		15%
Net income (loss) before Non-Controlling Interest	\$ (31,898)	\$ 14,800 (a)	\$ (17,098)	\$ (50,533)	\$ 26,565 (a)	\$ (23,968)	\$ 41,089	\$ 3,198 (a)	\$ 44,287

		<u>4,953</u>	(a)			<u>10,499</u>	(a)		2,440	(a)		<u>82,423</u>	(b)					
Net income (loss) attributable to Sohu.com Inc. for <b>diluted</b> net income (loss) per share (d)	\$	<u>(28,402)</u>		<u>4,953</u>		<u>(23,449)</u>	\$	<u>(44,509)</u>		<u>10,499</u>		<u>(34,010)</u>		<u>(65,021)</u>		<u>\$ 84,864</u>		<u>\$ 19,843</u>
<b>Diluted</b> net income (loss) per share attributable to Sohu.com Inc.	\$	<u>(0.74)</u>		<u>(0.61)</u>		<u>(1.16)</u>	\$	<u>(0.88)</u>		<u>(1.69)</u>		<u>(0.88)</u>		<u>(1.69)</u>		<u>\$ 0.51</u>		<u>\$ 0.51</u>
Shares used in computing <b>diluted</b> net income (loss) per share attributable to Sohu.com Inc.		<u>38,485</u>		<u>38,485</u>		<u>38,475</u>		<u>38,475</u>		<u>38,475</u>		<u>38,522</u>		<u>38,522</u>		<u>38,559</u>		<u>38,559</u>

Note:

- (a) To eliminate the impact of share-based awards as measured using the fair value method.
- (b) Deemed dividend to noncontrolling Sogou series A preferred shareholders.
- (c) The classification of certain comparative figures of revenues and cost of revenues for online games and others has been changed to conform to the current period presentation.
- (d) To adjust Sohu's economic interest in Changyou and Sogou under the treasury stock method and if-converted method, respectively.