

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

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2014	Sep. 30, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Revenues:					
Online advertising					
Brand advertising	\$ 147,824	\$ 148,823	\$ 123,318	\$ 541,158	\$ 428,526
Search and Web directory	110,029	98,437	64,387	357,839	198,915
Subtotal	<u>257,853</u>	<u>247,260</u>	<u>187,705</u>	<u>898,997</u>	<u>627,441</u>
Online games	184,405	150,338	171,958	652,008	669,168
Others(a)	34,938	32,817	25,788	122,072	103,665
Total revenues	<u>477,196</u>	<u>430,415</u>	<u>385,451</u>	<u>1,673,077</u>	<u>1,400,274</u>
Cost of revenues:					
Online advertising					
Brand advertising (includes stock-based compensation expense of \$167, \$218, \$235, \$823 and \$455, respectively)	77,246	83,424	61,445	307,708	221,659
Search and Web directory (includes stock-based compensation expense of \$386, \$193, \$20, \$1,092 and \$49, respectively)	45,386	46,375	37,064	163,918	109,139
Subtotal	<u>122,632</u>	<u>129,799</u>	<u>98,509</u>	<u>471,626</u>	<u>330,798</u>
Online games (includes stock-based compensation expense of \$-37, \$58, \$24, \$55 and \$71, respectively)	51,754	33,949	25,926	142,552	93,307
Others (includes stock-based compensation expense of \$2, \$0, \$0, \$2 and \$0, respectively)(a)	21,204	17,912	12,951	71,456	55,945
Total cost of revenues	<u>195,590</u>	<u>181,660</u>	<u>137,386</u>	<u>685,634</u>	<u>480,050</u>
Gross profit	281,606	248,755	248,065	987,443	920,224
Operating expenses:					
Product development (includes stock-based compensation expense of \$8,983, \$6,052, \$2,967, \$24,982 and \$4,637, respectively)	81,374	107,971	90,389	409,285	276,120
Sales and marketing (includes stock-based compensation expense of \$1,894, \$937, \$339, \$5,645 and \$1,071, respectively)	115,812	131,742	130,524	526,514	351,653
General and administrative (includes stock-based compensation expense of \$16,442, \$7,342, \$1,321, \$41,843 and \$4,146, respectively)	65,995	49,730	31,244	204,325	108,970
Goodwill impairment and impairment of intangibles via acquisitions of businesses	52,282	-	-	52,282	-
Total operating expenses	<u>315,463</u>	<u>289,443</u>	<u>252,157</u>	<u>1,192,406</u>	<u>736,743</u>
Operating profit /(loss)	(33,857)	(40,688)	(4,092)	(204,963)	183,481
Other income	4,619	896	7,125	9,959	12,721
Interest income	6,273	7,468	8,035	30,977	27,829
Exchange difference	(1,169)	(610)	(1,386)	(1,142)	(6,660)
Income /(loss) before income tax expense/(benefit)	(24,134)	(32,934)	9,682	(165,169)	217,371
Income tax expense/ (benefit)	8,612	(1,036)	(4,770)	6,050	50,422
Net Income /(loss)	<u>(32,746)</u>	<u>(31,898)</u>	<u>14,452</u>	<u>(171,219)</u>	<u>166,949</u>
Less: Net income attributable to the mezzanine classified noncontrolling interest shareholders	-	-	-	-	17,780
Net income / (loss) attributable to the noncontrolling interest shareholders	(13,171)	(4,760)	11,618	(32,309)	82,044
Dividend or deemed dividend to non-controlling Sogou series A preferred shareholders	-	-	-	27,747	82,423
Net income/ (loss) attributable to Sohu.com Inc.	<u>(19,575)</u>	<u>(27,138)</u>	<u>2,834</u>	<u>(166,657)</u>	<u>(15,298)</u>
Basic net income/ (loss) per share attributable to Sohu.com Inc.	\$ (0.51)	\$ (0.71)	\$ 0.07	\$ (4.33)	\$ (0.40)
Shares used in computing basic net income/ (loss) per share attributable to Sohu.com Inc.	<u>38,501</u>	<u>38,485</u>	<u>38,301</u>	<u>38,468</u>	<u>38,255</u>
Diluted net income /(loss) per share attributable to Sohu.com Inc.	\$ (0.52)	\$ (0.74)	\$ 0.06	\$ (4.43)	\$ (0.47)
Shares used in computing diluted net income/ (loss) per share attributable to Sohu.com Inc.	<u>38,501</u>	<u>38,485</u>	<u>38,564</u>	<u>38,468</u>	<u>38,502</u>

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 Dec. 31, 2014			Three Months Ended Sep. 30, 2014			Three Months Ended Dec. 31, 2013		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 70,578	\$ 167	\$ 70,745	\$ 65,399	\$ 218	\$ 65,617	\$ 61,873	\$ 235	\$ 62,108
Brand advertising gross margin	48%		48%	44%		44%	50%		50%
Search and Web directory gross profit	\$ 64,643	\$ 386	\$ 65,029	\$ 52,062	\$ 193	\$ 52,255	\$ 27,323	\$ 20	\$ 27,343
Search and Web directory gross margin	59%		59%	53%		53%	42%		42%
Online advertising gross profit	\$ 135,221	\$ 553	\$ 135,774	\$ 117,461	\$ 411	\$ 117,872	\$ 89,196	\$ 255	\$ 89,451
Online advertising gross margin	52%		53%	48%		48%	48%		48%
Online games gross profit	\$ 132,651	\$ (37)	\$ 132,614	\$ 116,389	\$ 58	\$ 116,447	\$ 146,032	\$ 24	\$ 146,056
Online games gross margin	72%		72%	77%		77%	85%		85%
Others gross profit	\$ 13,734	\$ 2	\$ 13,736	\$ 14,905	\$ -	\$ 14,905	\$ 12,837	\$ -	\$ 12,837
Others gross margin	39%		39%	45%		45%	50%		50%
Gross profit	\$ 281,606	\$ 518	\$ 282,124	\$ 248,755	\$ 469	\$ 249,224	\$ 248,065	\$ 279	\$ 248,344
Gross margin	59%		59%	58%		58%	64%		64%
Operating profit /(loss)	\$ (33,857)	\$ 27,837	\$ (6,020)	\$ (40,688)	\$ 14,800	\$ (25,888)	\$ (4,092)	\$ 4,906	\$ 814
Operating margin	-7%		-1%	-9%		-6%	-1%		0%
Net income /(loss) before Non-Controlling Interest	\$ (32,746)	\$ 27,837	\$ (4,909)	\$ (31,898)	\$ 14,800	\$ (17,098)	\$ 14,452	\$ 4,906	\$ 19,358

		<u>6,080</u>	(a) (b)		<u>4,953</u>	(a) (b)		<u>2,299</u>	(a) (b)
Net income /(loss) attributable to Sohu.com Inc. for <b>diluted</b> net income/ (loss) per share	\$ <u>(20,082)</u>	<u>6,080</u>	<u>(14,002)</u>	\$ <u>(28,402)</u>	<u>4,953</u>	<u>(23,449)</u>	\$ <u>2,268</u>	<u>2,299</u>	\$ <u>4,567</u>
<b>Diluted</b> net income /(loss) per share attributable to Sohu.com Inc.	\$ <u>(0.52)</u>		<u>(0.36)</u>	\$ <u>(0.74)</u>		<u>(0.61)</u>	\$ <u>0.06</u>		\$ <u>0.12</u>
Shares used in computing <b>diluted</b> net income/ (loss) per share attributable to Sohu.com Inc.		<u>38,501</u>	<u>38,501</u>	<u>38,485</u>	<u>38,485</u>	<u>38,485</u>	<u>38,564</u>		<u>38,687</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.

## SOHU.COM INC.

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

(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Twelve Months Ended Dec. 31, 2014			Twelve Months Ended Dec. 31, 2013		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 233,450	\$ 823	\$ 234,273	\$ 206,867	\$ 455	\$ 207,322
Brand advertising gross margin	43%		43%	48%		48%
Search and Web directory gross profit	\$ 193,921	\$ 1,092	\$ 195,013	\$ 89,776	\$ 49	\$ 89,825
Search and Web directory gross margin	54%		54%	45%		45%
Online advertising gross profit	\$ 427,371	\$ 1,915	\$ 429,286	\$ 296,643	\$ 504	\$ 297,147
Online advertising gross margin	48%		48%	47%		47%
Online games gross profit (d)	\$ 509,456	\$ 55	\$ 509,511	\$ 575,861	\$ 71	\$ 575,932
Online games gross margin	78%		78%	86%		86%
Others gross profit (d)	\$ 50,616	\$ 2	\$ 50,618	\$ 47,720	\$ -	\$ 47,720
Others gross margin	41%		41%	46%		46%
Gross profit/(loss)	\$ 987,443	\$ 1,972	\$ 989,415	\$ 920,224	\$ 575	\$ 920,799
Gross margin	59%		59%	66%		66%
Operating profit	\$ (204,963)	\$ 74,442	\$ (130,521)	\$ 183,481	\$ 10,429	\$ 193,910
Operating margin	-12%		-8%	13%		14%
Net income before non-controlling interest	\$ (171,219)	\$ 74,442	\$ (96,777)	\$ 166,949	\$ 10,429	\$ 177,378
Net income/ (loss) attributable to Sohu.com Inc for diluted net income/(loss) per share	\$ (170,576)	\$ 50,907	\$ (119,669)	\$ (18,262)	\$ 89,102	\$ 70,840
Diluted net income/ (loss) per share attributable to Sohu.com Inc.	\$ (4.43)		\$ (3.11)	\$ (0.47)		\$ 1.84
Shares used in computing diluted net income/(loss) per share attributable to Sohu.com Inc.	38,468		38,468	38,502		38,570

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.
- (c) Dividend or deemed dividend to non-controlling Sogou series A preferred shareholders.
- (d) 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.