

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

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2011	Jun. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
<b>Revenues:</b>					
Online advertising					
Brand advertising	\$ 76,572	\$ 67,728	\$ 59,083	\$ 201,453	\$ 151,757
Search and others	18,410	13,613	5,357	40,002	12,053
Subtotal	<u>94,982</u>	<u>81,341</u>	<u>64,440</u>	<u>241,455</u>	<u>163,810</u>
Online games	115,798	101,531	85,623	312,259	235,416
Wireless	14,210	11,645	13,594	37,559	37,955
Others	7,870	4,188	407	14,661	2,434
Total revenues	<u>232,860</u>	<u>198,705</u>	<u>164,064</u>	<u>605,934</u>	<u>439,615</u>
<b>Cost of revenues:</b>					
Online advertising					
Brand advertising (includes stock-based compensation expense of \$232, \$536, \$1,022, \$1,470 and \$3,193, respectively)	31,643	25,781	23,256	79,869	62,795
Search and others (includes stock-based compensation expense of \$0, \$0, \$0, \$0 and \$0, respectively)	7,521	6,104	3,650	18,502	9,746
Subtotal	<u>39,164</u>	<u>31,885</u>	<u>26,906</u>	<u>98,371</u>	<u>72,541</u>
Online games (includes stock-based compensation expense of \$21, \$19, \$40, \$73 and \$150, respectively)	14,578	9,950	8,537	33,496	20,929
Wireless (includes stock-based compensation expense of \$0, \$0, \$0, \$0 and \$0, respectively)	8,727	7,109	7,381	22,728	20,102
Others (includes stock-based compensation expense of \$0, \$0, \$1, \$0 and \$3, respectively)	4,469	4,220	352	11,359	1,351
Total cost of revenues	<u>66,938</u>	<u>53,164</u>	<u>43,176</u>	<u>165,954</u>	<u>114,923</u>
Gross profit	165,922	145,541	120,888	439,980	324,692
<b>Operating expenses:</b>					
Product development (includes stock-based compensation expense of \$1,633, \$1,421, \$2,238, \$4,826 and \$6,901, respectively)	28,019	25,316	19,479	76,171	51,882
Sales and marketing (includes stock-based compensation expense of \$874, \$872, \$1,271, \$2,835 and \$3,402, respectively)	48,640	38,316	25,410	117,133	78,025
General and administrative (includes stock-based compensation expense of \$1,617, \$1,568, \$1,989, \$4,857 and \$5,893, respectively)	15,655	13,121	10,757	40,912	30,267
Total operating expenses	<u>92,314</u>	<u>76,753</u>	<u>55,646</u>	<u>234,216</u>	<u>160,174</u>
Operating profit	73,608	68,788	65,242	205,764	164,518
Other income/(expense)	3,249	1,479	(939)	5,238	(1,294)
Interest income	4,314	3,279	1,611	10,312	4,034
Exchange difference	(2,420)	(1,658)	(561)	(4,504)	(827)
Income before income tax expenses	<u>78,751</u>	<u>71,888</u>	<u>65,353</u>	<u>216,810</u>	<u>166,431</u>
Income tax expense	14,441	10,281	11,340	35,724	25,632
Net Income	<u>64,310</u>	<u>61,607</u>	<u>54,013</u>	<u>181,086</u>	<u>140,799</u>
Less: Net income attributable to the mezzanine classified noncontrolling interest shareholders	1,092	361	-	1,453	-
Net income attributable to the noncontrolling interest shareholders	16,406	16,981	13,004	43,748	36,146
Net income attributable to Sohu.com Inc.	<u>46,812</u>	<u>44,265</u>	<u>41,009</u>	<u>135,885</u>	<u>104,653</u>
Basic net income per share attributable to Sohu.com Inc.	\$ 1.22	\$ 1.16	\$ 1.08	\$ 3.55	\$ 2.77
Shares used in computing basic net income per share attributable to Sohu.com Inc.	<u>38,298</u>	<u>38,295</u>	<u>37,896</u>	<u>38,262</u>	<u>37,832</u>
Diluted net income per share attributable to Sohu.com Inc.	\$ 1.17	\$ 1.10	\$ 1.01	\$ 3.28	\$ 2.55
Shares used in computing diluted net income per share attributable to Sohu.com Inc.	<u>38,844</u>	<u>38,860</u>	<u>38,377</u>	<u>38,824</u>	<u>38,370</u>

Note:  
(a) Certain amounts from prior periods have been reclassified to conform with 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)**

**NON-GAAP NET INCOME EXCLUDING IMPACT OF SHARE-BASED AWARDS**

	Three Months Ended Sep. 30, 2011			Three Months Ended Jun. 30, 2011			Three Months Ended Sep. 30, 2010		
	GAAP	Non-GAAP Adjustments (a)	Non-GAAP	GAAP	Non-GAAP Adjustments (a)	Non-GAAP	GAAP	Non-GAAP Adjustments (a)	Non-GAAP
Brand advertising gross profit	\$ 44,929	\$ 232	\$ 45,161	\$ 41,947	\$ 536	\$ 42,483	\$ 35,827	\$ 1,022	\$ 36,849
Brand advertising gross margin	59%		59%	62%		63%	61%		62%
Search and others gross profit	\$ 10,889	\$ -	\$ 10,889	\$ 7,509	\$ -	\$ 7,509	\$ 1,707	\$ -	\$ 1,707
Search and others gross margin	59%		59%	55%		55%	32%		32%
Online advertising gross profit	\$ 55,818	\$ 232	\$ 56,050	\$ 49,456	\$ 536	\$ 49,992	\$ 37,534	\$ 1,022	\$ 38,556
Online advertising gross margin	59%		59%	61%		61%	58%		60%
Online games gross profit	\$ 101,220	\$ 21	\$ 101,241	\$ 91,581	\$ 19	\$ 91,600	\$ 77,086	\$ 40	\$ 77,126
Online games gross margin	87%		87%	90%		90%	90%		90%
Wireless gross profit	\$ 5,483	\$ -	\$ 5,483	\$ 4,536	\$ -	\$ 4,536	\$ 6,213	\$ -	\$ 6,213
Wireless gross margin	39%		39%	39%		39%	46%		46%
Others gross profit	\$ 3,401	\$ -	\$ 3,401	\$ (32)	\$ -	\$ (32)	\$ 55	\$ 1	\$ 56
Others gross margin	43%		43%	(1%)		(1%)	14%		14%
Gross profit	\$ 165,922	\$ 253	\$ 166,175	\$ 145,541	\$ 555	\$ 146,096	\$ 120,888	\$ 1,063	\$ 121,951
Gross margin	71%		71%	73%		74%	74%		74%
Operating profit	\$ 73,608	\$ 4,377	\$ 77,985	\$ 68,788	\$ 4,416	\$ 73,204	\$ 65,242	\$ 6,561	\$ 71,803
Operating margin	32%		33%	35%		37%	40%		44%
Income tax expense/(benefit)	\$ 14,441	\$ (294)	\$ 14,147	\$ 10,281	\$ (934)	\$ 9,347	\$ 11,340	\$ (733)	\$ 10,607
Net income before Non-Controlling Interest	\$ 64,310	\$ 4,671	\$ 68,981	\$ 61,607	\$ 5,350	\$ 66,957	\$ 54,013	\$ 7,294	\$ 61,307
Net income attributable to Sohu.com Inc. for <b>basic</b> net income per share	\$ 46,812	\$ 3,886	\$ 50,698	\$ 44,265	\$ 4,849	\$ 49,114	\$ 41,009	\$ 6,780	\$ 47,789
Net income attributable to Sohu.com Inc for <b>diluted</b> net income per share (b)	\$ 45,254	\$ 3,777	\$ 49,031	\$ 42,693	\$ 4,698	\$ 47,391	\$ 38,654	\$ 6,498	\$ 45,152
<b>Diluted</b> net income per share attributable to Sohu.com Inc.	\$ 1.17		\$ 1.26	\$ 1.10		\$ 1.21	\$ 1.01		\$ 1.16
Shares used in computing	38,844		39,068	38,860		39,105	38,377		39,019

**diluted** net income per share  
attributable to Sohu.com Inc.

Note:

- (a) To eliminate the impact of share-based awards as measured using the fair value method.
- (b) To adjust Sohu's economic interest in Changyou and Sogou under the treasury stock method and if-converted method, respectively.
- (c) Certain amounts from prior periods have been reclassified to conform with current period presentation.