

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

	Three Months Ended		
	Jun. 30, 2015	Mar. 31, 2015	Jun. 30, 2014
Revenues:			
Online advertising			
Brand advertising	\$ 150,849	\$ 133,821	\$ 133,408
Search and Web directory	135,206	105,126	85,064
Subtotal	<u>286,055</u>	<u>238,947</u>	<u>218,472</u>
Online games	172,350	184,994	153,877
Others (a)	35,161	31,391	27,802
Total revenues	<u>493,566</u>	<u>455,332</u>	<u>400,151</u>
Cost of revenues:			
Online advertising			
Brand advertising (includes stock-based compensation expense of \$508, \$155, and \$700, respectively)	99,847	104,552	82,898
Search and Web directory (includes stock-based compensation expense of \$54, \$53, and \$482, respectively)	58,552	49,919	40,420
Subtotal	<u>158,399</u>	<u>154,471</u>	<u>123,318</u>
Online games (includes stock-based compensation expense of \$44, \$44, and \$17, respectively)	43,929	49,485	30,263
Others (includes stock-based compensation expense of \$0, \$0, and \$0, respectively) (a)	18,872	18,198	16,305
Total cost of revenues	<u>221,200</u>	<u>222,154</u>	<u>169,886</u>
Gross profit	272,366	233,178	230,265
Operating expenses:			
Product development (includes stock-based compensation expense of \$6,234, \$4,776, and \$7,294, respectively)	100,771	102,191	102,218
Sales and marketing (includes stock-based compensation expense of \$862, \$245, and \$2,111, respectively)	103,977	83,128	136,606
General and administrative (includes stock-based compensation expense of \$10,838, \$6,953, and \$15,961, respectively)	49,720	45,164	53,246
Total operating expenses	<u>254,468</u>	<u>230,483</u>	<u>292,070</u>
Operating profit /(loss)	17,898	2,695	(61,805)
Other income/(loss)	(437)	3,154	694
Interest income	6,228	6,035	8,779
Exchange difference	(687)	(183)	59
Income /(loss) before income tax expense/(benefit)	<u>23,002</u>	<u>11,701</u>	<u>(52,273)</u>
Income tax expense/ (benefit)	11,519	16,300	(1,740)
Net Income /(loss)	<u>11,483</u>	<u>(4,599)</u>	<u>(50,533)</u>
Less: Net income / (loss) attributable to the noncontrolling interest shareholders	38,682	26,521	(9,443)
Net loss attributable to Sohu.com Inc.	<u>(27,199)</u>	<u>(31,120)</u>	<u>(41,090)</u>
Basic net loss per share attributable to Sohu.com Inc.	\$ (0.70)	\$ (0.81)	\$ (1.07)
Shares used in computing basic net loss per share attributable to Sohu.com Inc.	<u>38,587</u>	<u>38,525</u>	<u>38,475</u>
Diluted net loss per share attributable to Sohu.com Inc.	\$ (0.71)	\$ (0.81)	\$ (1.16)
Shares used in computing diluted net loss per share attributable to Sohu.com Inc.	<u>38,587</u>	<u>38,525</u>	<u>38,475</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 Jun. 30, 2015			Three Months Ended Mar. 31, 2015			Three Months Ended Jun. 30, 2014		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Brand advertising gross profit	\$ 51,002	\$ 508	\$ 51,510	\$ 29,269	\$ 155	\$ 29,424	\$ 50,510	\$ 700	\$ 51,210
Brand advertising gross margin	34%		34%	22%		22%	38%		38%
Search and Web directory gross profit	\$ 76,654	\$ 54	\$ 76,708	\$ 55,207	\$ 53	\$ 55,260	\$ 44,644	\$ 482	\$ 45,126
Search and Web directory gross margin	57%		57%	53%		53%	52%		53%
Online advertising gross profit	\$ 127,656	\$ 562	\$ 128,218	\$ 84,476	\$ 208	\$ 84,684	\$ 95,154	\$ 1,182	\$ 96,336
Online advertising gross margin	45%		45%	35%		35%	44%		44%
Online games gross profit	\$ 128,421	\$ 44	\$ 128,465	\$ 135,509	\$ 44	\$ 135,553	\$ 123,614	\$ 17	\$ 123,631
Online games gross margin	75%		75%	73%		73%	80%		80%
Others gross profit	\$ 16,289	\$ -	\$ 16,289	\$ 13,193	\$ -	\$ 13,193	\$ 11,497	\$ -	\$ 11,497
Others gross margin	46%		46%	42%		42%	41%		41%
Gross profit	\$ 272,366	\$ 606	\$ 272,972	\$ 233,178	\$ 252	\$ 233,430	\$ 230,265	\$ 1,199	\$ 231,464
Gross margin	55%		55%	51%		51%	58%		58%
Operating profit /(loss)	\$ 17,898	\$ 18,540	\$ 36,438	\$ 2,695	\$ 12,226	\$ 14,921	\$ (61,805)	\$ 26,565	\$ (35,240)
Operating margin	4%		7%	1%		3%	-15%		-9%
Net income /(loss) before Non-Controlling Interest	\$ 11,483	\$ 18,540	\$ 30,023	\$ (4,599)	\$ 12,226	\$ 7,627	\$ (50,533)	\$ 26,565	\$ (23,968)

		<u>13,088</u>	(a)(b)			<u>6,074</u>	(a)(b)			<u>10,499</u>	(a)(b)							
Net loss attributable to Sohu.com Inc. for <b>diluted</b> net loss per share	\$	<u>(27,538)</u>	\$	<u>13,088</u>	\$	<u>(14,450)</u>	\$	<u>(31,341)</u>	\$	<u>6,074</u>	\$	<u>(25,267)</u>	\$	<u>(44,509)</u>	\$	<u>10,499</u>	\$	<u>(34,010)</u>
<b>Diluted</b> net loss per share attributable to Sohu.com Inc.	\$	<u>(0.71)</u>	\$	<u>(0.37)</u>	\$	<u>(0.81)</u>	\$	<u>(0.66)</u>	\$	<u>(1.16)</u>	\$	<u>(0.88)</u>	\$	<u>(0.88)</u>	\$	<u>(0.88)</u>	\$	<u>(0.88)</u>
Shares used in computing <b>diluted</b> net loss per share attributable to Sohu.com Inc.		<u>38,587</u>		<u>38,587</u>		<u>38,525</u>		<u>38,525</u>		<u>38,475</u>		<u>38,475</u>		<u>38,475</u>		<u>38,475</u>		<u>38,475</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.