

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): April 28, 2005

SOHU.COM INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-30961
(Commission File Number)

98-0204667
(I.R.S. Employer
Identification No.)

**Level 12, Vision International Center
No. 1 Unit Zhongguancun East Road, Haidian District
Beijing 100084
People's Republic of China
(011) 8610-6272-6666**

(Address, including zip code, of registrant's principal executive offices
and registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On April 28, 2005, the registrant announced its earnings results for the quarter ended March 31, 2005. A copy of the press release issued by the registrant regarding the foregoing is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

In addition, on April 28, 2005, the registrant's management team hosted a conference call to discuss the earnings press release. A transcript of the call (excluding the question and answer portion of the call) is filed herewith as Exhibit 99.2 and is incorporated herein by reference.

During the question and answer portion of the call, the registrant's management team disclosed that the high end of the registrant's guidance for non-advertising revenue of US\$ 9.0 million consists of US\$ 6.5 million from wireless revenue, US\$ 1.0 million from online games revenue and US\$ 1.5 million from e-commerce revenue. Management further disclosed that it had 88,000 retail clients for its paid search service, up from 84,000 retail clients in the fourth quarter of 2004. Management further disclosed that it expects the registrant's 2.5 Generation wireless value-added services, which contributed one-third of the registrant's total wireless revenues in the first quarter of 2005, to contribute half of its total wireless revenues in the fourth quarter of 2005.

Safe Harbor Statement

This current report on 8-K contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

Potential risks and uncertainties include, but are not limited to, our historical and possible future losses, limited operating history, uncertain regulatory landscape in the People's Republic of China, fluctuations in quarterly operating results, and the company's reliance on online advertising sales, wireless services (most wireless revenues are collected from a few mobile telecom operators), online games and e-commerce for its revenues. Further information regarding these and other risks is included in our Annual Report on Form 10-K for the year ended December 31, 2004, and in our other filings with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

99.1 Press Release dated April 28, 2005

99.2 Transcript of earnings conference call (excluding question and answer portion)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DATED: April 29, 2005

SOHU.COM INC.

By: /s/ Carol Yu

Carol Yu
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated April 28, 2005
99.2	Transcript of earnings conference call (excluding question and answer portion)

SOHU.com Reports First Quarter 2005 Unaudited Financial Results

*First Quarter Revenues of US\$23.73 million; Wireless Revenue Growth of 28% Quarter-on-Quarter;
Net Income of US\$0.15 Per Fully Diluted Share*

BEIJING, CHINA, April 28, 2005 - SOHU.COM Inc. (Nasdaq: SOHU), China's leading online media, communications, commerce and mobile value-added services company, reported unaudited financial results for the first quarter ended March 31, 2005.

Business HighlightsHighlights for the first quarter 2005:

- Total revenues of US\$23.73 million, above company guidance
- Advertising revenue of US\$14.86 million, within the high end of company guidance
- Non-advertising revenue of US\$8.87 million, exceeding company guidance due to wireless business recovery resulting in 28% quarter-on-quarter growth
- Net profit of US\$5.71 million or US\$0.15 per fully diluted share, meeting company guidance

"We are pleased to report these first quarter results. Despite seasonal weakness in online advertising due to the Chinese New Year holidays in February, advertising and sponsored search sales performed strongly relative to our expectations. Wireless business has turned the corner with quarterly sequential revenue growth exceeding our expectations, indicating that we have left last year's transitional and regulatory issues behind us. As a result, we believe SOHU's first quarter results put us on firm ground for a good business year. I am particularly pleased to note that quarter-on-quarter sponsored search revenue achieved some growth while search traffic doubled," said Charles Zhang, Chairman and CEO of SOHU.

Business Results

Revenues for the first quarter ended March 31, 2005 totaled US\$23.73 million, compared to revenues of US\$24.07 million for the fourth quarter ended December 31, 2004, and US\$25.94 million for the first quarter ended March 31, 2004. Gross margin of 68% in Q1

2005 was unchanged from the previous quarter and slightly up from 67% in Q1 2004. Net income for the first quarter of 2005 was US\$5.71 million or US\$0.15 per fully diluted share. This compares to net income of US\$6.50 million or US\$0.17 per fully diluted share for the fourth quarter of 2004 and US\$10.93 million or US\$0.27 per fully diluted share for the first quarter of 2004.

SOHU's advertising revenue for the first quarter of 2005 totaled US\$14.86 million, a 35% year-on-year improvement and 6% decline quarter-on-quarter. Advertising revenue, consisting of US\$12.13 million in brand advertising and US\$2.73 million in sponsored search, accounted for 63% of total revenues in the first quarter of 2005. Advertising gross margin was 76%, compared to 80% in Q4 2004 and 75% in Q1 2004.

For the first quarter of 2005 SOHU's non-advertising revenue, which are derived from wireless value-added services, online games and e-commerce, decreased by 41% year-on-year but increased 8% quarter-on-quarter to US\$8.87 million, representing 37% of total revenues. The year-on-year decline was predominantly caused by the loss in wireless revenue, which went down by 51% year-on-year, while the quarterly sequential increase was similarly due to the resumption of growth in wireless revenue. Non-advertising gross margin was 55% compared to 45% in Q4 2004 and 61% in Q1 2004.

The martial arts fighting game Blade Online, in commercial operation since October 17, 2004, generated revenue in line with company expectations. Together with Knight Online, SOHU's first online game, the two multi-player online role-playing games represented 6% of overall revenues in the first quarter.

For the first quarter of 2005, SOHU's operating expenses totaled US\$10.74 million, an increase of 4% quarter-on-quarter and 59% year-on-year. Operating profit margin of 23% was down from 25% in Q4 2004 and 41% in the same period last year. The year-on-year increase in operating expenses is mostly due to investment in long-term growth opportunities, the rise in sales and marketing spending, and the consolidation of operating expenses from the wireless services provider Goodfeel that SOHU acquired in mid-2004.

In February 2005 SOHU repurchased 885,605 shares of common stock, thereby completing a ten months old stock repurchase program with an accumulated stock buy-back of 6% of the total shares outstanding.

In April 2005, SOHU signed a definitive agreement to acquire Go2Map, one of the leading online mapping service providers in China. The acquisition will enable SOHU to apply Go2Map's rich technological expertise in professional location-based information to SOHU's search engine capabilities as well as online website content.

"We believe both the stock repurchase program and the acquisition of Go2Map have been attractive investments for the company. We will continue to look into strategic opportunities to leverage the Company's organic growth and drive long-term shareholder value," Carol Yu, SOHU's Chief Financial Officer, said.

At March 31, 2005, SOHU's cash and marketable debt securities balance was US\$128.7 million.

Business Outlook

SOHU estimates total revenues for the second quarter 2005 to be between US\$25.0 million and US\$26.0 million, with advertising revenue of US\$16.5 million to US\$17.0 million and non-advertising revenues of US\$8.5 million to US\$9.0 million. Second quarter earnings per fully diluted share are expected to be between US\$0.17 and US\$0.19.

Note to the Financial Information

The financial information in this press release are extracted from financial statements prepared in accordance with generally accepted accounting principles in the United States.

Safe Harbor Statement

This announcement contains forward-looking statements. It is currently expected the Business Outlook will not be updated until the release of SOHU's next quarterly earnings announcement; however, SOHU reserves the right to update its Business Outlook at any time for any reason.

Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Potential risks and uncertainties include, but are not limited to, SOHU's historical and possible future losses, limited operating history, uncertain regulatory landscape in the People's Republic of China, fluctuations in quarterly operating results, and the company's reliance on online advertising sales, wireless services (most wireless revenues are collected from a few mobile telecom operators), online games and e-commerce for its revenues. Further information regarding these and other risks is included in SOHU's annual report on Form 10-K for the year ended December 31, 2004, and other filings with the Securities and Exchange Commission.

Conference Call

SOHU's management team will host a conference call at 9:00 PM EST, April 27, 2005 (or 9:00 AM on April 28, 2005 in the Beijing/Hong Kong time zone) following the quarterly results announcement.

To listen to the conference call, please use the dial in numbers below:

CHINA (NORTH) Toll Free Number: 10800-852-0824

CHINA (SOUTH) Toll Free Number: 10800-152-0824

HONG KONG Toll Number: +852-2258-4102

USA Toll Number: +1-210-795-0495

PASSCODE: 7840490

The conference call will be available on web cast live and replayed at: <http://www.sohu.com/about/English/conference.htm>

About SOHU

SOHU.COM Inc. (NASDAQ: SOHU) is China's premier online brand and indispensable to the daily life of millions of Chinese who use the portal network for their news, search, e-mail, wireless messaging, instant messaging, browsing, games and shopping. SOHU has built one of the most comprehensive matrices of Chinese language web properties and proprietary search engines, consisting of the mass portal and leading online media destination www.sohu.com; interactive search engine www.sogou.com; the #1 online alumni club www.chinaren.com; #1 games information portal www.17173.com; top real estate website www.focus.cn; and wireless value-added services provider www.goodfeel.com.cn. This network of web properties offers the vast SOHU user community very broad choices regarding information, entertainment, communication and commerce.

SOHU corporate services consist of online advertising on its matrix of websites as well as paid listing and bidding listing on its in-house developed search directory and engine. SOHU also offers three types of consumer services. SOHU offers wireless value-added services such as news, information, ringtone and picture content sent over mobile phones. The company also operates two massively multi-player online role-playing games and manages a business-to-consumer e-commerce platform.

SOHU.COM, established by Dr. Charles Zhang, one of China's Internet pioneers, is in its ninth year of operation.

For further information:

Caroline Straathof

SOHU Investor Relations and Communications

Tel: +86 10 6272 6596

E-mail: ir@sohu-inc.com

<http://www.sohu.com/about/English>

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

	Three Months Ended		
	Mar. 31, 2005	Dec. 31, 2004	Mar. 31, 2004
Revenues:			
Advertising			
Brand advertising	\$ 12,124	\$ 13,187	\$ 8,993
Sponsored search	2,731	2,692	2,021
Subtotal of advertising revenues	14,855	15,879	11,014
Non-advertising:			
Wireless	5,959	4,663	12,245
E-commerce	1,265	1,996	1,319
Other	1,646	1,529	1,357
Subtotal of non-advertising revenues	8,870	8,188	14,921
Total revenues	23,725	24,067	25,935
Cost of revenues:			
Advertising			
Brand advertising	3,229	2,970	2,660
Sponsored search	293	281	128
Subtotal of advertising cost of revenues	3,522	3,251	2,788
Non-advertising:			
Wireless	2,205	1,933	4,181
E-commerce	1,231	1,963	1,286
Other	572	592	368
Subtotal of non-advertising cost of revenues	4,008	4,488	5,835
Total cost of revenues	7,530	7,739	8,623
Gross profit	16,195	16,328	17,312
Operating expenses:			
Product development	3,142	2,387	1,880
Sales and marketing	4,734	4,547	3,121
General and administrative	2,412	2,987	1,572
Amortization of intangibles	456	455	177
Total operating expenses	10,744	10,376	6,750
Operating profit	5,451	5,952	10,562
Other expense	(248)	(244)	(208)
Interest income	573	595	630
Net income before taxes	5,776	6,303	10,984
Income tax expense	(62)	199	(54)
Net income	5,714	6,502	10,930
Basic net income per share	\$ 0.16	\$ 0.18	\$ 0.30
Shares used in computing basic net income per share	36,171	36,478	36,225
Diluted net income per share	\$ 0.15	\$ 0.17	\$ 0.27
Shares used in computing diluted net income per share	39,931	40,533	41,920

SOHU.COM INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED, IN THOUSANDS)

	As of	
	March 31, 2005	December 31, 2004
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 128,701	\$ 141,322
Accounts receivable, net	19,149	19,901
Prepaid and other current assets	5,118	4,894
Fixed assets, net	14,632	12,175
Goodwill	44,502	44,502
Intangible assets, net	7,047	7,503
Other assets, net	4,176	4,470
	223,325	234,767
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	27,802	30,799
Deferred revenues	4,810	5,469
Zero coupon convertible senior notes	90,000	90,000
	122,612	126,268
Total liabilities	122,612	126,268
Shareholders' equity	100,713	108,499
	\$ 223,325	\$ 234,767

**SOHU.COM
FIRST QUARTER 2005 EARNINGS REPORT
CONFERENCE CALL**

Caroline Straathof, Director Investor Relations

Thank you for joining Sohu.com to discuss our First Quarter 2005 Results. Online today are Charles Zhang, Chairman of the Board and CEO, and Carol Yu, Chief Financial Officer.

Before the management presentations I would like to read you the Safe Harbor Statement in connection with today's conference call.

Except for the historical information contained herein, the matters discussed in this conference call are forward looking statements.

These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

Potential risks and uncertainties include, but are not limited to, Sohu's historical and possible future losses, limited operating history, uncertain regulatory landscape in the People's Republic of China, fluctuations in quarterly operating results, and the company's reliance on online advertising sales, mobile phone related wireless revenue, online game and e-commerce for its revenues. Further information regarding these and other risks is included in Sohu's Annual Report on Form 10-K and other filings with the Securities and Exchange Commission.

Thank you for your patience. Now, let me turn the call to Charles Zhang, Chairman of the board and CEO,

Charles Zhang:

Thank you all for being on our conference call today.

We are pleased to report these first quarter results that reflect how we were able to meet or exceed our own expectations for this quarter. Our first quarter revenues of US\$23.7 million came in above company guidance. Our advertising revenues, which include brand advertising and sponsored search, were at the high end of our expectations despite strong seasonality of the Chinese New Year holidays. Our game operations are on track, with Q1 revenues in line with company expectations. And we are particularly pleased to note that wireless business has turned the corner with quarterly sequential revenue at \$6.0 million, well above our expectations. We believe that we have left last year's transitional and regulatory issues behind us. As a result, we expect that SOHU's first quarter results put us on firm footing for a good business year.

Let me discuss the progress of our business this quarter in more detail.

First, advertising revenues.

Our advertising revenue of US\$14.86 million met the high end of company guidance. These are solid first quarter results from which we can now move into the traditional high season for advertising in Q2 and Q3. Therefore we can reaffirm our full year guidance of 30% year-over-year growth in advertising revenues for 2005.

In our brand advertising we continue to see strong contributions from advertisers in the dotcom sector, financial services, fast moving consumer goods, as well as real estate advertising.

In sponsored search, I am happy to report that we launched our search engine SoGou version 2.0 during the first quarter, which is a significant technical upgrade of the first version that we launched in August last year. Sogou's traffic has already shown some initial uptake from the upgrade in the first quarter with traffic that is double the Q4 level. As we explained before, our key objective for this year is to grow our search traffic, so that we build up a solid basis from which to monetize our search engine.

Even so, I am pleased to see that client spending on our Sponsored Search has strongly picked up again after the Chinese New Year. Therefore we expect quarter-on-quarter growth in Sponsored Search of 15%, growing faster than our brand advertising.

Our longer-term aim is to make SoGou the #1 search engine for Chinese language search in terms of technology, product and usage. A key component of our drive to grow traffic is our effort to build the largest web page database in the Chinese language. Currently our indexed web pages in the search engine stand at 800 million pages, and we expect our database to surpass one billion pages within weeks.

We expect our long-term prospects in online search to be further strengthened with our acquisition of Go2Map, an online mapping service provider. This seven-year old company is the dominant player in mapping technology in China. Through this acquisition, which we expect to close soon, we aim to quickly establish a market position in mapping solutions for the most than 100 million Internet users who go online to find city destinations such as government offices, restaurants and hotels, and bus line information. We believe the acquisition will enhance our overall competitive strength as a portal and search engine.

Turning to our other business lines, our non-advertising revenue of US\$8.87 million exceeded company guidance because of a stronger than expected recovery in our wireless business.

Let me now briefly go over each of our non-advertising business lines: wireless business, online games, and e-commerce.

We finally turned the corner in the first quarter in our wireless business, which returned to quarterly sequential growth for the first time after 5 quarters of sequential decline. Each of our wireless business segments recorded growth, with SMS and WAP now providing the bulk of our wireless value-added services.

We are also pleased to note that our acquisition of Goodfeel, the WAP company we acquired last year, has started to pay off. The fully integrated SOHU-Goodfeel WAP team is taking full advantage of Chinese consumers' increasing acceptance of WAP services.

We had an inline quarter for online games, with our two multi-player games Blade online and Knight online performing as expected. We are committed to online games for the long term and we are encouraged by this incremental progress. We are preparing to launch a casual game portal in the second half of this year. These games will not be revenue generating for now, but will enhance our overall portal entertainment offerings and lengthen the amount of time our users spend online with us.

Finally, a few words on e-commerce. Our e-commerce operation was affected by seasonality as well this past quarter. Our order intake is traditionally strong in the weeks leading up to Chinese New Year holidays. But just as with the Christmas holidays in other countries, customers do not shop much during and shortly after the holidays. We strongly believe in the long-term opportunity for e-commerce in China.

I'd like to make one final point before we move to the financial presentation. I have noticed that there is some confusion about my ownership holdings of Sohu. Let me clarify that here. I own 9.5 million shares, which is 26.1% of the company. I increased my holdings in the past year by 2%.

The bulk of these shares is held by the Photon Group, of which I am the sole owner. I transferred shares to Photon last year for personal planning purposes. My ownership furthermore includes 1.2 million shares subject to a 3-year variable prepaid forward sales contract signed in August 2003. You can find more details about my ownership of Sohu in the SEC filings.

Now I would like to give the floor to our CFO, Carol Yu, for a financial review.

Carol Yu:

Thank you Charles. I would like to take this opportunity to discuss some key points of our first quarter results to enhance your understanding of our business operations.

I. Revenues

We are pleased to report that revenues of \$23.73 million for the first quarter exceeded our guidance.

With advertising revenue of \$14.86 million we experienced a seasonal decline of 6% quarter-on-quarter, which was less severe than expected. Our sponsored search grew slightly, by 1%, over the previous quarter despite the negative impact of Chinese New Year. We believe we are still on the right track to reach our full year target of 30% growth for the entire advertising business.

We are very pleased to note that our wireless business is back on a growth track. Let me give you a breakdown:

Our SMS services grew 21% quarter-on quarter to US\$ 3.3 million.

Our WAP services grew 38% to US\$ 2.1 million, because our strong WAP team is tapping into growing popularity of WAP services, as Charles mentioned earlier.

Our IVR business grew 13% to 470 thousand dollar.

Our MMS and RingBackTone services contribute only very small amounts.

Going forward we believe that we will continue to see a cautious recovery in our wireless business.

II. Turning to our gross margin:

Overall gross margin of 68% was unchanged from the previous two quarters. Our advertising gross margin in Q1 at 76% was 4 basis points lower than in Q4 due to our seasonal sequential decline in sales.

Our non-advertising gross margin in Q1 was up to 55% from 45% in Q4. This was due to the resumption in growth of relatively high margin wireless products, especially WAP products.

III. Operating expenses

Total spending, which consists of operating expenses plus the cost of revenue for advertising amounted to \$14.3 million in Q1, as compared to \$13.6 million in the fourth quarter. Our professional fees were nearly \$1 million lower than in Q4, when we incurred in a first-time one-time cost of professional fees in relation to our SO 404 project. At the same time, we incurred cost increases in Q1 for commissions, extra headcount and benefits, as well as increases in amortization and facilities related to our recent office relocation and a one-time write-off for leasehold improvements. These all together more than offset the reduction in professional fees.

IV. Operating Profit Margin

Operating profit margin in the first quarter was 23%, compared to 25% in the fourth quarter. We are still in the build-up phase of a very promising but competitive market, therefore we need to continue to invest in the future growth of the company.

V. Balance Sheet.

Let me now make a few comments on the Balance Sheet.

Our DSO for Q1 is 79 days, compared to 74 days in Q4. Advertising DSO is 93 days, up slightly from 92 days in Q4. Our March 31 net accounts receivable balance was \$19.1 million, compared to \$19.9 million in Q4, including \$12.3 million related to our advertising business and \$ 5.9 million for our wireless business.

Our bad debts provision for our advertising business as of March 31 2005 amounted to \$1.7 million, an increase of \$750 thousand compared to the provision as of December 31, 2004. While we consider this level of bad debt provision to be still relatively low as compared to our level of advertising sales, we pay particular attention to continue to be prudent in our credit extension policy.

As in the past, we had regular collections from our mobile operators. I would like you to reassure you that we have never had a bad debt from a mobile operator.

VI. And finally, the Business Outlook

You will find detailed guidance for the second quarter in our earnings release. Let me explain a few key points regarding our guidance.

- We are moving into the high season for online advertising. The second and third quarter of the year is traditionally the period in which marketers allocate the bulk of their advertising budget. As Charles mentioned we expect sponsored search to grow by 15% in Q2.
- On the expenses side, let me remind you of what we said in our last call: We have budgeted for Q2 a total of \$800 thousand dollar for additional amortization, extra employee benefits and additional rent over 2004 levels. This is greater than the \$500 thousand dollar we incrementally incurred in the first quarter, because we moved office in early February 2005. The annualized additional expenses related to the new office total \$3.2 million dollar in 2005.

Before we start the Q&A let me summarize the key points underlying our confidence in SOHU's long term future.

- Our dominant position in online advertising will continue to pay off given that the dynamic online advertising market in China is still in an early growth stage.
- And the paid search market offers us another tremendous long-term growth opportunity because SOHU is an early player with proprietary technology in this market.

That concludes my presentation. Thank you for your attention and now I would like to open the floor for questions. Operator?