

Phoenix New Media Reports Fourth Quarter and Fiscal Year 2013 Unaudited Financial Results

4Q13 Total Revenues Up 32.4% YOY

4Q13 Net Advertising Revenues Up 36.7% YOY

4Q13 Net Income Attributable to PNM Up 197.4% YOY

4Q13 Adjusted Net Income Attributable to PNM Up 257.0% YOY

FY2013 Net Income Attributable to PNM was RMB279.6 million

Live Conference Call to be Held at 8:00 PM U.S. Eastern Time on February 25

BEIJING, China, February 26, 2014 – Phoenix New Media Limited (NYSE: FENG), a leading new media company in China (“Phoenix New Media”, “PNM”, “ifeng” or the “Company”), today announced its unaudited financial results for the fourth quarter and fiscal year ended December 31, 2013.

Fourth Quarter and Fiscal Year 2013 Highlights

- Total revenues for the fourth quarter of 2013 increased by 32.4% year-over-year to RMB400.1 million (US\$66.1 million), driven by a 36.7% increase in net advertising revenues, and a 24.9% increase in paid service revenues.
- Net income attributable to Phoenix New Media Limited for the fourth quarter of 2013 increased by 197.4% year-over-year to RMB82.9 million (US\$13.7 million). Adjusted net income attributable to Phoenix New Media Limited¹ for the fourth quarter of 2013 increased by 257.0% year-over-year to RMB92.0 million (US\$15.2 million).
- Net income per diluted ADS² for the fourth quarter of 2013 increased by 203.2% year-over-year to RMB1.07 (US\$0.18). Adjusted net income per diluted ADS for the fourth quarter of 2013 increased by 263.9% year-over-year to RMB1.19 (US\$0.20).
- Total revenues for fiscal year 2013 increased by 28.2% year-over-year to RMB1.4 billion (US\$235.3 million), primarily driven by a 41.6% increase in net advertising revenues.
- Net income attributable to Phoenix New Media for fiscal year 2013 increased by 160.4% year-over-year to RMB279.6 million (US\$46.2 million).

Mr. Shuang Liu, CEO of Phoenix New Media, stated, “In the past year, we saw our company evolve from a news-focused portal leader into a diversified news and lifestyle media company, as we expanded our offering into several new verticals as well as deepening our connection with our Chinese audience by hosting many high-profile offline media events. We are very pleased to close out 2013 with another solid quarter, having achieved total revenues growth of 32% year over year and

¹An explanation of the Company’s non-GAAP financial measures is included in the section entitled “Use of Non-GAAP Financial Measures” below, and the related reconciliations to GAAP financial measures are presented in the accompanying “Reconciliations of Non-GAAP Results of Operation Measures to the Nearest Comparable GAAP Measures”.

² “ADS” means American Depositary Share of the Company. Each ADS represents eight Class A ordinary shares of the Company.

adjusted net income attributable to PNM growth of 257% in the fourth quarter. Our strong financial performance was fueled by our success in expanding the brand popularity and user-reach of our platform with daily unique visitors to our site growing by over 23% year-over-year. Our homepage has now become the second most visited homepage among all Chinese media websites in terms of daily unique visitor, according to iResearch, further demonstrating our strong competitive positioning among Chinese Internet media companies.”

“Serving in my newly-assumed dual role as both CEO of ifeng and COO of Phoenix Satellite TV, I will lead our effort in strategizing, overseeing and allocating resources to implement the convergence of TV and new media businesses, allowing us to further capitalize on the synergies and economies of scale inherent in our expanding media platform. We are confident that we are well-positioned and well-equipped to expand our user-base and meet our audience’s dynamic needs as we solidify our cross-platform media leadership in the Chinese market in 2014 and beyond.”

Fourth Quarter 2013 Financial Results

REVENUES

Total revenues for the fourth quarter of 2013 increased by 32.4% to RMB400.1 million (US\$66.1 million) from RMB302.2 million in the fourth quarter of 2012.

Net advertising revenues (net of advertising agency service fees), for the fourth quarter of 2013 increased by 36.7% to RMB263.9 million (US\$43.6 million) from RMB193.1 million in the fourth quarter of 2012, primarily due to an increase in average revenue per advertiser (“ARPA”) of 24.9% to RMB0.8 million (US\$0.1 million) and an increase in the total number of advertisers of 9.4% to 349.

Paid service revenues³ for the fourth quarter of 2013 increased by 24.9% to RMB136.2 million (US\$22.5 million) from RMB109.1 million in the fourth quarter of 2012. Mobile value-added services (“MVAS”)⁴ revenues increased by 12.2% to RMB107.7 million (US\$17.8 million) in the fourth quarter of 2013 from RMB96.0 million in the fourth quarter of 2012, due to Company’s improvements in paid product distribution, diversification and marketing. Games and others⁵ revenues increased by 118.4% to RMB28.5 million (US\$4.7 million) in the fourth quarter of 2013 from RMB13.0 million in the fourth quarter of 2012, primarily driven by the increase in revenues generated from web-based games on the Company’s game platform.

COST OF REVENUES AND GROSS PROFIT

³ In 2013, the Company recast paid service revenues classification from previously mobile Internet value-added services, or MIVAS, and video value-added services, or VVAS, into currently mobile value-added services, or MVAS, and games and others.

⁴ MVAS includes wireless value-added services, or WVAS, mobile video, mobile digital reading, mobile games and other paid services through China’s three telecom operators’ platforms.

⁵ Games and others includes web-based games, content sales, and other online and mobile paid services through the Company’s own platforms.

Cost of revenues for the fourth quarter of 2013 increased by 11.9% to RMB184.6 million (US\$30.5 million) from RMB165.1 million in the fourth quarter of 2012, primarily due to an increase in content and operational costs and revenue sharing fees. Revenue sharing fees to telecom operators and channel partners increased to RMB56.1 million (US\$9.3 million) in the fourth quarter of 2013 from RMB47.3 million in the fourth quarter of 2012, primarily due to an increase in MVAS revenues. Content and operational costs increased to RMB80.2 million (US\$13.3 million) in the fourth quarter of 2013 from RMB73.1 million in the fourth quarter of 2012 due to an increase in staff-related costs. Bandwidth costs increased to RMB19.6 million (US\$3.2 million) in the fourth quarter of 2013 from RMB19.0 million in the fourth quarter of 2012, primarily due to the increase in the Company's user traffic. Sales taxes and surcharges increased to RMB28.7 million (US\$4.7 million) in the fourth quarter of 2013 from RMB25.6 million in the fourth quarter of 2012. Share-based compensation expenses included in cost of revenues were RMB2.8 million (US\$0.5 million) in the fourth quarter of 2013, compared to negative RMB1.1 million in the fourth quarter of 2012. The year-over-year increase in share-based compensation expenses was primarily due to the newly-issued stock options in 2013.

Gross profit for the fourth quarter of 2013 increased by 57.1% to RMB215.5 million (US\$35.6 million) from RMB137.1 million in the fourth quarter of 2012. Gross margin for the fourth quarter of 2013 increased to 53.9% from 45.4% in the fourth quarter of 2012, mainly due to the increased revenue contribution from advertising. Adjusted gross margin, which excludes share-based compensation expenses, increased to 54.6% in the fourth quarter of 2013 from 45.0% in the fourth quarter of 2012.

OPERATING EXPENSES AND INCOME FROM OPERATIONS

Total operating expenses for the fourth quarter of 2013 increased by 22.1% to RMB144.5 million (US\$23.9 million) from RMB118.4 million in the fourth quarter of 2012. The increase in operating expenses was primarily attributable to the increase in staff-related costs, and expenses associated with the Company's marketing and promotional initiatives. Share-based compensation expenses included in operating expenses were RMB6.3 million (US\$1.0 million) in the fourth quarter of 2013, compared to negative RMB1.0 million in the fourth quarter of 2012. The year-over-year increase in share-based compensation expenses was primarily due to the stock options newly granted in 2013.

Income from operations for the fourth quarter of 2013 increased significantly to RMB70.9 million (US\$11.7 million) from RMB18.7 million in the fourth quarter of 2012. Operating margin for the fourth quarter of 2013 increased to 17.7% from 6.2% in the fourth quarter of 2012, mainly due to increased revenue contribution from advertising.

Adjusted income from operations, which excludes share-based compensation expenses, for the fourth quarter of 2013 increased significantly to RMB80.1 million (US\$13.2 million) from RMB16.6 million in the fourth quarter of 2012. Adjusted operating margin for the fourth quarter of 2013 increased to 20.0% from 5.5% in the fourth quarter of 2012.

FOREIGN CURRENCY EXCHANGE GAIN AND INTEREST INCOME

Foreign currency exchange gain for the fourth quarter of 2013 was RMB4.5 million (US\$0.8 million), compared to RMB6.6 million in the fourth quarter of 2012. Interest income for the fourth quarter of 2013 increased to RMB9.5 million (US\$1.6 million) from RMB7.4 million in the fourth quarter of 2012.

NET INCOME ATTRIBUTABLE TO PHOENIX NEW MEDIA LIMITED

Net income attributable to Phoenix New Media Limited for the fourth quarter of 2013 increased by 197.4% to RMB82.9 million (US\$13.7 million) from RMB27.9 million in the fourth quarter of 2012. Net margin for the fourth quarter of 2013 increased to 20.7% from 9.2% in fourth quarter of 2012. Net income per diluted ADS in the fourth quarter of 2013 increased by 203.2% to RMB1.07 (US\$0.18) from RMB0.35 in the fourth quarter of 2012.

Adjusted net income attributable to Phoenix New Media Limited, which excludes share-based compensation expenses, for the fourth quarter of 2013 increased by 257.0% to RMB92.0 million (US\$15.2 million) from RMB25.8 million in the fourth quarter of 2012. Adjusted net margin for the fourth quarter of 2013 increased to 23.0% from 8.5% in the fourth quarter of 2012. Adjusted net income per diluted ADS in the fourth quarter of 2013 increased by 263.9% to RMB1.19 (US\$0.20) from RMB0.33 in the fourth quarter of 2012.

For the fourth quarter of 2013, the Company's weighted average number of ADSs used in the computation of diluted net income per ADS was 77,524,623.

Fiscal Year 2013 Financial Results

REVENUES

Total revenues for fiscal year 2013 increased by 28.2% to RMB1.4 billion (US\$235.3 million) from RMB1.1 billion in fiscal year 2012

Net advertising revenues (net of advertising agency service fees), for fiscal year 2013 increased by 41.6% to RMB863.7 million (US\$142.7 million) from RMB610.2 million in fiscal year 2012. This increase was primarily due to an increase in average revenue per advertiser ("ARPA") of 29.9% to RMB1.5 million (US\$0.3 million) for 569 total advertisers.

Paid service revenues for fiscal year 2013 increased by 12.0% to RMB560.7 million (US\$92.6 million) from RMB500.8 million in fiscal year 2012. The growth in paid service revenues was primarily due to Company's web-based games business development and improvements in paid product distribution, diversification and marketing.

COST OF REVENUES AND GROSS PROFIT

Cost of revenues for fiscal year 2013 increased by 10.3% to RMB696.4 million (US\$115.0 million) from RMB631.3 million in fiscal year 2012. Share-based compensation expense included in cost of revenues was RMB7.3 million (US\$1.2 million) in fiscal year 2013.

Gross profit for fiscal year 2013 increased by 51.8% to RMB728.1 million (US\$120.3 million) from RMB479.7 million in fiscal year 2012.

Gross margin for fiscal year 2013 increased to 51.1% from 43.2% in fiscal year 2012, mainly due to the increased revenue contributions from advertising. Adjusted gross margin, which excludes the impact of share-based compensation expenses, increased to 51.6% for fiscal year 2013 from 43.3% in fiscal year 2012.

OPERATING EXPENSES AND INCOME FROM OPERATIONS

Total operating expenses for fiscal year 2013 increased by 21.5% to RMB479.9 million (US\$79.3 million) from RMB395.1 million in fiscal year 2012. The increase in operating expenses was primarily due to the increase in staff-related costs, as well as sales and marketing expenses associated with the Company's marketing and promotional initiatives. Share-based compensation expenses included in operating expenses were RMB9.4 million (US\$1.6 million) in fiscal year 2013 compared to RMB5.8 million in fiscal year 2012.

Income from operations for fiscal year 2013 increased by 193.2% to RMB248.2 million (US\$41.0 million) from RMB84.6 million in fiscal year 2012. Operating income margin for fiscal year 2013 increased to 17.4% from 7.6% in fiscal year 2012.

Adjusted income from operations, which excludes the impact of share-based compensation expenses, for fiscal year 2013 increased by 189.8% to RMB264.9 million (US\$43.8 million) from RMB91.4 million in fiscal year 2012. Adjusted operating income margin for fiscal year 2013 increased to 18.6% from 8.2% in fiscal year 2012.

NET INCOME ATTRIBUTABLE TO PHOENIX NEW MEDIA LIMITED

Net income attributable to Phoenix New Media for fiscal year 2013 increased by 160.4% to RMB279.6 million (US\$46.2 million) from RMB107.4 million in fiscal year 2012. Net margin for fiscal year 2013 increased to 19.6% from 9.7% in fiscal year 2012. Net income per diluted ADS for fiscal year 2013 increased by 169.3% to RMB3.59 (US\$0.59) from RMB1.33 in fiscal year 2012.

Adjusted net income attributable to Phoenix New Media for fiscal year 2013, which excludes share-based compensation expenses, increased by 159.6% to RMB296.3 million (US\$48.9 million) from RMB114.1 million in fiscal year 2012. Adjusted net margin for fiscal year 2013 increased to 20.8% from 10.3% in fiscal year 2012. Adjusted net income attributable to Phoenix New Media per diluted ADS for fiscal year 2013 increased by 168.5% to RMB3.81 (US\$0.63) from RMB1.42 in fiscal year 2012.

Business Outlook

For the first quarter of 2014, the Company expects its total revenues to be between RMB340 million and RMB351 million. Net advertising revenues are expected to be between RMB230 million and

RMB235 million. Paid service revenues are expected to be between RMB110 million and RMB116 million. These forecasts reflect the Company's current and preliminary view on the market and operational conditions, which are subject to change.

Conference Call Information

The Company will hold a conference call at 8:00 p.m. U.S. Eastern Time on February 25, 2014 (February 26, 2014 at 9:00 a.m. Beijing / Hong Kong time) to discuss its fourth quarter and fiscal year 2013 unaudited financial results and operating performance.

To participate in the call, please dial the following numbers:

| | |
|----------------|--------------|
| International: | +6567239385 |
| China: | 4001200654 |
| Hong Kong: | +85230512745 |
| United States: | +18456750438 |
| Conference ID: | 27502646 |

A replay of the call will be available through March 5, 2014 by dialing the following numbers:

| | |
|----------------|--------------|
| International: | +61281990299 |
| China: | 4001200932 |
| Hong Kong: | +85230512780 |
| United States: | +16462543697 |
| Conference ID: | 27502646 |

A live and archived webcast of the conference call will also be available at the Company's investor relations website at <http://ir.ifeng.com>

Use of Non-GAAP Financial Measures

To supplement the consolidated financial statements presented in accordance with the United States Generally Accepted Accounting Principles ("GAAP"), Phoenix New Media Limited uses adjusted gross profit, adjusted gross margin, adjusted income from operations, adjusted operating margin, adjusted net income attributable to Phoenix New Media Limited, adjusted net margin and adjusted net income per diluted ADS, each of which is a non-GAAP financial measure. Adjusted gross profit is gross profit excluding share-based compensation expenses. Adjusted gross margin is adjusted gross profit divided by total revenues. Adjusted income from operations is income from operations excluding share-based compensation expenses. Adjusted operating margin is adjusted income from operations divided by total revenues. Adjusted net income attributable to Phoenix New Media Limited is net income attributable to Phoenix New Media Limited excluding share-based compensation expenses. Adjusted net margin is adjusted net income attributable to Phoenix New Media Limited divided by total revenues. Adjusted net income per diluted ADS is adjusted net income attributable to Phoenix New Media Limited divided by weighted average number of diluted

ADSs. The Company believes that separate analysis and exclusion of the non-cash impact of share-based compensation adds clarity to the constituent parts of its performance. The Company reviews adjusted net income together with net income to obtain a better understanding of its operating performance. It uses this non-GAAP financial measure for planning, forecasting and measuring results against the forecast. The Company believes that using multiple measures to evaluate its business allows both management and investors to assess the Company's performance against its competitors and ultimately monitor its capacity to generate returns for its investors. The Company also believes that non-GAAP financial measures are useful supplemental information for investors and analysts to assess its operating performance without the effect of non-cash share-based compensation expenses, which have been and will continue to be significant recurring expenses in its business. However, the use of non-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that they do not include all items that impact the Company's net income for the period. In addition, because non-GAAP financial measures are not measured in the same manner by all companies, they may not be comparable to other similar titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measure in isolation from or as an alternative to the financial measure prepared in accordance with U.S. GAAP.

Exchange Rate

This announcement contains translations of certain RMB amounts into U.S. dollars ("USD") at specified rates solely for the convenience of the reader. Unless otherwise stated, all translations from RMB to USD were made at the rate of RMB6.0537 to US\$1.00, the noon buying rate in effect on December 31, 2013 in the H.10 statistical release of the Federal Reserve Board. The Company makes no representation that the RMB or USD amounts referred could be converted into USD or RMB, as the case may be, at any particular rate or at all. For analytical presentation, all percentages are calculated using the numbers presented in the financial statements contained in this earnings release.

About Phoenix New Media Limited

Phoenix New Media Limited (NYSE: FENG) is the leading new media company providing premium content on an integrated platform across Internet, mobile and TV channels in China. Having originated from a leading global Chinese language TV network based in Hong Kong, Phoenix TV, the Company enables consumers to access professional news and other quality information and share user-generated content on the Internet and through their mobile devices. Phoenix New Media's platform includes its ifeng.com channel, consisting of its ifeng.com website and web-based game platform, its video channel, comprised of its dedicated video vertical and mobile video services, and its mobile channel, including its mobile Internet website, mobile applications and mobile value-added services.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates,"

“future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Among other things, the business outlook and quotations from management in this announcement, as well as Phoenix New Media’s strategic and operational plans, contain forward-looking statements. Phoenix New Media may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (“SEC”) on Forms 20-F and 6-K, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Phoenix New Media’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: the Company’s goals and strategies; the Company’s future business development, financial condition and results of operations; the expected growth of the online and mobile advertising, online video and mobile paid service markets in China; the Company’s reliance on online advertising and MVAS for the majority of its total revenues; the Company’s expectations regarding demand for and market acceptance of its services; the Company’s expectations regarding the retention and strengthening of its relationships with advertisers, partners and customers; fluctuations in the Company’s quarterly operating results; the Company’s plans to enhance its user experience, infrastructure and service offerings; the Company’s reliance on mobile operators in China to provide most of its MVAS; changes by mobile operators in China to their policies for MVAS; competition in its industry in China; and relevant government policies and regulations relating to the Company. Further information regarding these and other risks is included in the Company’s filings with the SEC, including its registration statement on Form F-1, as amended, and its annual reports on Form 20-F. All information provided in this press release and in the attachments is as of the date of this press release, and Phoenix New Media does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

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Phoenix New Media Limited
Condensed Consolidated Balance Sheets
(Amounts in thousands)

| | December 31, 2012 | December 31, 2013 | December 31, 2013 |
|---|----------------------|----------------------|----------------------|
| | RMB Audited* | RMB Unaudited | US\$ Unaudited |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 916,169 | 1,308,138 | 216,089 |
| Restricted cash | - | 10,000 | 1,652 |
| Term deposits | 235,000 | 93,672 | 15,474 |
| Accounts receivable, net | 280,987 | 353,379 | 58,374 |
| Amounts due from related parties | 63,811 | 125,158 | 20,675 |
| Prepayment and other current assets | 42,557 | 27,911 | 4,610 |
| Deferred tax assets | 17,504 | 22,779 | 3,763 |
| Total current assets | 1,556,028 | 1,941,037 | 320,637 |
| Non-current assets: | | | |
| Property and equipment, net | 102,547 | 95,126 | 15,714 |
| Intangible assets, net | 9,488 | 7,919 | 1,308 |
| Other non-current assets | 13,104 | 12,678 | 2,094 |
| Total non-current assets | 125,139 | 115,723 | 19,116 |
| Total assets | 1,681,167 | 2,056,760 | 339,753 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | 154,637 | 218,604 | 36,111 |
| Amounts due to related parties | 1,806 | 21,034 | 3,475 |
| Advances from customers | 5,884 | 10,732 | 1,773 |
| Taxes payable | 40,156 | 58,140 | 9,604 |
| Salary and welfare payable | 63,631 | 98,831 | 16,326 |
| Accrued expenses and other current liabilities | 40,717 | 62,153 | 10,267 |
| Total current liabilities | 306,831 | 469,494 | 77,556 |
| Long-term liabilities | 7,996 | 12,231 | 2,020 |
| Total liabilities | 314,827 | 481,725 | 79,576 |
| Shareholders' equity | | | |
| Phoenix New Media Limited shareholders' equity | | | |
| Class A ordinary shares | 19,575 | 18,530 | 3,061 |
| Class B ordinary shares | 22,053 | 22,053 | 3,643 |
| Additional paid-in capital | 1,785,597 | 1,734,993 | 286,600 |
| Treasury stock | (112) | - | - |
| Statutory reserves | 31,985 | 50,330 | 8,314 |
| Accumulated deficit | (455,810) | (194,601) | (32,146) |
| Accumulated other comprehensive loss | (36,948) | (60,127) | (9,932) |
| Total Phoenix New Media Limited shareholders' equity | 1,366,340 | 1,571,178 | 259,540 |
| Noncontrolling interests | - | 3,857 | 637 |
| Total shareholders' equity | 1,366,340 | 1,575,035 | 260,177 |
| Total liabilities and shareholders' equity | 1,681,167 | 2,056,760 | 339,753 |

* Derived from audited financial statements included in the Company's Form 20-F dated April 26, 2013.

Phoenix New Media Limited
Condensed Consolidated Statements of Comprehensive Income
(Amounts in thousands, except for number of shares and per share (or ADS) data)

| | Three Months Ended | | | | Twelve Months Ended | | |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | September 30, 2013 | December 31, 2013 | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2013 |
| | RMB Unaudited | RMB Unaudited | RMB Unaudited | US\$ Unaudited | RMB Audited* | RMB Unaudited | US\$ Unaudited |
| Revenues: | | | | | | | |
| Net advertising revenues | 193,138 | 223,831 | 263,940 | 43,600 | 610,160 | 863,737 | 142,679 |
| Paid service revenues | 109,056 | 154,910 | 136,169 | 22,494 | 500,844 | 560,738 | 92,627 |
| Total revenues | 302,194 | 378,741 | 400,109 | 66,094 | 1,111,004 | 1,424,475 | 235,306 |
| Cost of revenues | (165,075) | (194,434) | (184,645) | (30,501) | (631,299) | (696,355) | (115,030) |
| Gross profit | 137,119 | 184,307 | 215,464 | 35,593 | 479,705 | 728,120 | 120,276 |
| Operating expenses: | | | | | | | |
| Sales and marketing expenses | (66,265) | (65,839) | (88,062) | (14,546) | (197,038) | (273,399) | (45,162) |
| General and administrative expenses | (28,732) | (16,604) | (27,093) | (4,475) | (106,736) | (97,849) | (16,164) |
| Technology and product development expenses | (23,417) | (27,224) | (29,377) | (4,853) | (91,292) | (108,683) | (17,953) |
| Total operating expenses | (118,414) | (109,667) | (144,532) | (23,874) | (395,066) | (479,931) | (79,279) |
| Income from operations | 18,705 | 74,640 | 70,932 | 11,719 | 84,639 | 248,189 | 40,997 |
| Other income: | | | | | | | |
| Interest income | 7,403 | 8,860 | 9,522 | 1,573 | 32,869 | 32,775 | 5,414 |
| Foreign currency exchange gain | 6,589 | 3,008 | 4,537 | 749 | 1,897 | 19,687 | 3,252 |
| Others, net | 423 | 2,769 | 7,537 | 1,245 | 4,931 | 14,960 | 2,471 |
| Income before tax | 33,120 | 89,277 | 92,528 | 15,286 | 124,336 | 315,611 | 52,134 |
| Income tax expense | (5,258) | (9,235) | (11,192) | (1,849) | (16,977) | (37,588) | (6,209) |
| Net income | 27,862 | 80,042 | 81,336 | 13,437 | 107,359 | 278,023 | 45,925 |
| Net loss attributable to noncontrolling interests | - | - | 1,531 | 253 | - | 1,531 | 253 |
| Net income attributable to Phoenix New Media Limited | 27,862 | 80,042 | 82,867 | 13,690 | 107,359 | 279,554 | 46,178 |
| Net income | 27,862 | 80,042 | 81,336 | 13,437 | 107,359 | 278,023 | 45,925 |
| Other comprehensive loss, net of tax: foreign currency | (8,305) | (3,722) | (5,598) | (925) | (1,979) | (23,179) | (3,829) |

| | | | | | | | | |
|--|---------------|---------------|---------------|---------------|----------------|----------------|---------------|--|
| translation adjustment | | | | | | | | |
| Comprehensive income | 19,557 | 76,320 | 75,738 | 12,512 | 105,380 | 254,844 | 42,096 | |
| Comprehensive loss attributable to noncontrolling interests | - | - | 1,531 | 253 | - | 1,531 | 253 | |
| Comprehensive income attributable to Phoenix New Media Limited | 19,557 | 76,320 | 77,269 | 12,765 | 105,380 | 256,375 | 42,349 | |
| Net income attributable to Phoenix New Media Limited | 27,862 | 80,042 | 82,867 | 13,690 | 107,359 | 279,554 | 46,178 | |
| Net income per Class A and Class B ordinary share: | | | | | | | | |
| Basic | 0.05 | 0.13 | 0.14 | 0.02 | 0.17 | 0.46 | 0.08 | |
| Diluted | 0.04 | 0.13 | 0.13 | 0.02 | 0.17 | 0.45 | 0.07 | |
| Net income per ADS (1 ADS represents 8 Class A ordinary shares): | | | | | | | | |
| Basic | 0.36 | 1.07 | 1.10 | 0.18 | 1.38 | 3.69 | 0.61 | |
| Diluted | 0.35 | 1.04 | 1.07 | 0.18 | 1.33 | 3.59 | 0.59 | |
| Weighted average number of Class A and Class B ordinary shares used in computing net income per share: | | | | | | | | |
| Basic | 616,690,252 | 599,683,858 | 601,035,630 | 601,035,630 | 624,010,270 | 605,988,397 | 605,988,397 | |
| Diluted | 632,217,567 | 617,788,630 | 620,196,981 | 620,196,981 | 643,748,146 | 622,420,459 | 622,420,459 | |

* Derived from audited financial statements included in the Company's Form 20-F dated April 26, 2013.

Reconciliations of Non-GAAP Results of Operations Measures to the Nearest Comparable GAAP Measures
(Amounts in thousands, except for number of ADSs and per ADS data)

| | Three Months Ended December 31, 2012 | | | Three Months Ended September 30, 2013 | | | Three Months Ended December 31, 2013 | | |
|--|--------------------------------------|----------------------------|------------------|---------------------------------------|----------------------------|------------------|--------------------------------------|----------------------------|------------------|
| | Non-GAAP | | | Non-GAAP | | | Non-GAAP | | |
| | GAAP | Adjustments ⁽¹⁾ | Non-GAAP | GAAP | Adjustments ⁽¹⁾ | Non-GAAP | GAAP | Adjustments ⁽¹⁾ | Non-GAAP |
| | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited |
| Gross profit | 137,119 | (1,082) | 136,037 | 184,307 | 1,929 | 186,236 | 215,464 | 2,827 | 218,291 |
| Gross margin | 45.4% | | 45.0% | 48.7% | | 49.2% | 53.9% | | 54.6% |
| Income from operations | 18,705 | (2,092) | 16,613 | 74,640 | 1,973 | 76,613 | 70,932 | 9,138 | 80,070 |
| Operating margin | 6.2% | | 5.5% | 19.7% | | 20.2% | 17.7% | | 20.0% |
| Net income attributable to Phoenix New Media Limited | 27,862 | (2,092) | 25,770 | 80,042 | 1,973 | 82,015 | 82,867 | 9,138 | 92,005 |
| Net margin | 9.2% | | 8.5% | 21.1% | | 21.7% | 20.7% | | 23.0% |
| Net income per ADS—diluted | 0.35 | | 0.33 | 1.04 | | 1.06 | 1.07 | | 1.19 |
| Weighted average number of ADSs used in computing diluted net income per ADS | 79,027,196 | | 79,027,196 | 77,223,579 | | 77,223,579 | 77,524,623 | | 77,524,623 |

| | Twelve Months Ended December 31, 2012 | | | Twelve Months Ended December 31, 2013 | | |
|--|---------------------------------------|----------------------------|------------------|---------------------------------------|----------------------------|------------------|
| | Non-GAAP | | | Non-GAAP | | |
| | GAAP | Adjustments ⁽¹⁾ | Non-GAAP | GAAP | Adjustments ⁽¹⁾ | Non-GAAP |
| | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited | RMB Unaudited |
| Gross profit | 479,705 | 958 | 480,663 | 728,120 | 7,293 | 735,413 |
| Gross margin | 43.2% | | 43.3% | 51.1% | | 51.6% |
| Income from operations | 84,639 | 6,759 | 91,398 | 248,189 | 16,723 | 264,912 |
| Operating margin | 7.6% | | 8.2% | 17.4% | | 18.6% |
| Net income attributable to Phoenix New Media Limited | 107,359 | 6,759 | 114,118 | 279,554 | 16,723 | 296,277 |
| Net margin | 9.7% | | 10.3% | 19.6% | | 20.8% |
| Net income per ADS—diluted | 1.33 | | 1.42 | 3.59 | | 3.81 |
| Weighted average number of ADSs used in computing diluted net income per ADS | 80,468,518 | | 80,468,518 | 77,802,557 | | 77,802,557 |

(1) Non-GAAP adjustment is only to exclude share-based compensation expenses or (reversal) of share-based compensation expenses.

Details of cost of revenues is as follows:

| | Three Months Ended | | | | Twelve Months Ended | | |
|-------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | September 30, 2013 | December 31, 2013 | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2013 |
| | RMB | RMB | RMB | US\$ | RMB | RMB | US\$ |
| | Unaudited | Unaudited | Unaudited | Unaudited | Audited* | Unaudited | Unaudited |
| (Amounts in thousands) | | | | | | | |
| Revenue sharing fees | 47,284 | 76,182 | 56,140 | 9,274 | 263,518 | 249,797 | 41,264 |
| Content and operational costs | 73,125 | 75,538 | 80,246 | 13,255 | 227,934 | 277,038 | 45,763 |
| Bandwidth costs | 19,020 | 18,331 | 19,579 | 3,234 | 67,721 | 76,583 | 12,651 |
| Sales taxes and surcharges | 25,646 | 24,383 | 28,680 | 4,738 | 72,126 | 92,937 | 15,352 |
| Total cost of revenues | 165,075 | 194,434 | 184,645 | 30,501 | 631,299 | 696,355 | 115,030 |

* Derived from audited financial statements included in the Company's Form 20-F dated April 26, 2013.