

SOHU.COM INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	As of	
	December 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 119,091	\$ 122,384
Accounts receivable, net (including \$358 and \$199 from related parties, respectively)	19,283	19,901
Prepaid and other current assets	4,546	4,894
Current portion of long-term investments in marketable debt securities	9,095	4,494
Total current assets	152,015	151,673
Long-term investments in marketable debt securities	4,900	14,444
Investment in an associate	1,124	995
Fixed assets, net	15,745	12,175
Goodwill	50,918	44,502
Intangible assets, net	8,244	7,503
Restricted cash	991	-
Other assets, net	5,744	3,475
	\$ 239,681	\$ 234,767
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable (including \$81 and \$0 to a related party, respectively)	\$ 1,683	\$ 2,273
Accrued liabilities	33,370	33,995
Total current liabilities	35,053	36,268
Zero coupon convertible senior notes	74,780	90,000
Total liabilities	109,833	126,268
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Common stock: \$0.001 par value per share (75,400 authorized; 36,680 and 36,537 shares issued and outstanding, respectively)	40	38
Additional paid-in capital	148,780	145,481
Treasury stock (3,446 shares and 2,561 shares, respectively)	(39,686)	(25,839)
Deferred compensation	-	(2)
Accumulated other comprehensive income	2,126	14
Retained earnings (accumulated deficit)	18,588	(11,193)
Total shareholders' equity	129,848	108,499
	\$ 239,681	\$ 234,767