

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

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2005	Sep. 30, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Revenues:					
Advertising					
Brand advertising	\$ 16,882	\$ 15,618	\$ 13,187	\$ 58,483	\$ 46,062
Sponsored search	3,406	3,172	2,692	12,414	9,686
Subtotal of advertising revenues	20,288	18,790	15,879	70,897	55,748
Non-advertising					
Wireless	7,249	6,762	4,663	26,330	36,369
E-commerce	816	879	1,996	3,801	6,171
Other	2,113	1,847	1,529	7,320	4,921
Subtotal of non-advertising revenues	10,178	9,488	8,188	37,451	47,461
Total revenues	30,466	28,278	24,067	108,348	103,209
Cost of revenues:					
Advertising					
Brand advertising	4,272	4,122	2,626	14,611	10,786
Sponsored search	1,084	813	388	3,077	1,272
Subtotal of advertising cost of revenues	5,356	4,935	3,014	17,688	12,058
Non-advertising					
Wireless	3,437	3,353	2,054	11,983	13,756
E-commerce	849	1,014	1,977	3,901	6,115
Other	774	626	694	2,748	2,056
Subtotal of non-advertising cost of revenues	5,060	4,993	4,725	18,632	21,927
Total cost of revenues	10,416	9,928	7,739	36,320	33,985
Gross profit	20,050	18,350	16,328	72,028	69,224
Operating expenses:					
Product development	3,555	3,439	2,387	13,730	8,820
Sales and marketing	7,724	4,615	4,547	21,342	16,529
General and administrative	2,451	2,813	2,987	10,163	8,521
Amortization of intangibles	509	509	455	1,948	1,360
Total operating expenses	14,239	11,376	10,376	47,183	35,230
Operating profit	5,811	6,974	5,952	24,845	33,994
Other income/(expense)	2,351	358	(244)	2,447	(838)
Interest income	755	617	595	2,500	2,444
Income before income tax expense	8,917	7,949	6,303	29,792	35,600
Income tax expense	20	81	199	(11)	37
Net income	\$ 8,937	\$ 8,030	\$ 6,502	\$ 29,781	\$ 35,637
Basic net income per share	\$ 0.24	\$ 0.22	\$ 0.18	\$ 0.82	\$ 0.98
Shares used in computing basic net income per share	36,626	36,417	36,478	36,309	36,369
Diluted net income per share	\$ 0.23	\$ 0.21	\$ 0.17	\$ 0.77	\$ 0.89
Shares used in computing diluted net income per share	39,435	39,750	40,533	39,680	41,011

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

	<u>As of Dec. 31, 2005</u>	<u>As of Dec. 31, 2004</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 134,077	\$ 141,322
Accounts receivable, net	19,283	19,901
Prepaid and other current assets	4,546	4,894
Fixed assets, net	15,745	12,175
Goodwill	50,918	44,502
Intangible assets, net	8,244	7,503
Other assets, net	<u>6,868</u>	<u>4,470</u>
	<u>\$ 239,681</u>	<u>\$ 234,767</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 35,053	\$ 36,268
Zero coupon convertible senior notes	<u>74,780</u>	<u>90,000</u>
Total liabilities	109,833	126,268
 Shareholders' equity	 <u>129,848</u>	 <u>108,499</u>
	<u>\$ 239,681</u>	<u>\$ 234,767</u>