

SOHU.COM INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2005	2004	2003
Revenues:			
Advertising:			
Brand advertising (including \$0, \$519 and \$0 from related parties, respectively) \$	58,483	\$ 46,062	\$ 23,878
Sponsored search	12,414	9,686	5,625
Subtotal of advertising revenues	<u>70,897</u>	<u>55,748</u>	<u>29,503</u>
Non-advertising:			
Wireless (including \$0, \$0 and \$19,455 from a related party, respectively)	26,330	36,369	44,047
E-commerce (including \$0, \$0 and \$2,159 from a related party, respectively)	3,801	6,171	3,787
Others (including \$0, \$0 and \$334 from a related party, respectively)	7,320	4,921	3,088
Subtotal of non-advertising revenues	<u>37,451</u>	<u>47,461</u>	<u>50,922</u>
Total revenues	<u>108,348</u>	<u>103,209</u>	<u>80,425</u>
Cost of revenues:			
Advertising:			
Brand advertising (including \$0, \$0 and \$72 to a related party, respectively)	14,611	10,786	6,711
Sponsored search	3,077	1,272	476
Subtotal of advertising cost of revenues	<u>17,688</u>	<u>12,058</u>	<u>7,187</u>
Non-advertising:			
Wireless (including \$0, \$0 and \$5,767 to a related party, respectively)	11,983	13,756	13,051
E-commerce (including \$184, \$126 and \$1,899 to related parties, respectively)	3,901	6,115	3,441
Others (including \$1,288, \$219 and \$426 to related parties, respectively)	2,748	2,056	1,527
Subtotal of non-advertising cost of revenues	<u>18,632</u>	<u>21,927</u>	<u>18,019</u>
Total cost of revenues	<u>36,320</u>	<u>33,985</u>	<u>25,206</u>
Gross profit	<u>72,028</u>	<u>69,224</u>	<u>55,219</u>
Operating expenses:			
Product development	13,730	8,820	7,542
Sales and marketing	21,342	16,529	10,570
General and administrative	10,163	8,521	5,029
Amortization of intangible assets	1,948	1,360	57
Total operating expenses	<u>47,183</u>	<u>35,230</u>	<u>23,198</u>
Operating profit	<u>24,845</u>	<u>33,994</u>	<u>32,021</u>
Other income (expenses)	2,447	(838)	(964)
Interest income	2,500	2,444	1,950
Income before income tax expense	29,792	35,600	33,007
Income tax (expense) benefit	(11)	37	(6,650)
Net income	<u>\$ 29,781</u>	<u>\$ 35,637</u>	<u>\$ 26,357</u>
Basic net income per share	<u>\$ 0.82</u>	<u>\$ 0.98</u>	<u>\$ 0.74</u>
Shares used in computing basic net income per share	<u>36,309</u>	<u>36,369</u>	<u>35,483</u>
Diluted net income per share	<u>\$ 0.77</u>	<u>\$ 0.89</u>	<u>\$ 0.66</u>
Shares used in computing diluted net income per share	<u>39,680</u>	<u>41,011</u>	<u>40,351</u>