

SOHU.COM INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(In thousands)

	Six Months Ended June 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 10,173	\$ 13,210
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,519	2,664
Amortization of intangible assets and other assets	1,688	2,041
Provision for allowance for doubtful accounts	955	756
Share-based compensation expense	4,880	3,002
Excess tax benefits from share-based payment arrangements	(102)	-
Gains on early redemption of zero coupon convertible senior notes	-	(793)
Others	452	954
Changes in assets and liabilities:		
Accounts receivable	(5,125)	(4,932)
Prepaid and other current assets	(1,040)	(58)
Accounts payable	280	(262)
Accrued liabilities	3,337	(927)
Net cash provided by operating activities	20,017	15,655
Cash flows from investing activities:		
Purchase of fixed assets	(40,995)	(3,711)
Purchase of other assets	(1,497)	(854)
Decrease of restricted cash	974	-
Acquisitions, net of cash acquired	(637)	(306)
Net cash used in investing activities	(42,155)	(4,871)
Cash flows from financing activities:		
Early redemption of zero coupon convertible senior notes	-	(14,062)
Issuance of common stock	4,102	2,424
Excess tax benefits from share-based payment arrangements	102	-
Net cash provided by (used in) financing activities	4,204	(11,638)
Effect of exchange rate change on cash and cash equivalents	1,345	781
Net decrease in cash and cash equivalents	(16,589)	(73)
Cash and cash equivalents at beginning of period	124,756	119,091
Cash and cash equivalents at end of period	\$ 108,167	\$ 119,018

The accompanying notes are an integral part of these condensed consolidated financial statements.