

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

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net income	\$ 44,574	\$ 21,554
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,811	2,918
Share-based compensation expense	2,287	3,510
Amortization of intangible assets and other assets	426	859
Provision for allowance for doubtful accounts	51	(74)
Excess tax benefits from share-based payment arrangements	(103)	(211)
Others	(7)	998
Changes in current assets and liabilities:		
Prepaid and other current assets	12,613	(4,682)
Accounts receivable	(7,094)	(6,708)
Tax payables	6,021	10,172
Accrued liabilities to suppliers and agents	(3,292)	(326)
Receipts in advance and deferred revenue	(2,317)	3,632
Accounts payable	(137)	1,439
Other accrued liabilities	(148)	6,653
Net cash provided by operating activities	<u>56,685</u>	<u>39,734</u>
Cash flows from investing activities:		
Purchase of fixed assets	(2,154)	(7,087)
Purchase of intangible and other assets	(19)	(403)
Decrease in restricted cash	2,296	1,064
Net cash provided by (used in) investing activities	<u>123</u>	<u>(6,426)</u>
Cash flows from financing activities:		
Issuance of common stock	1,786	455
Excess tax benefits from share-based payment arrangements	103	211
Cash contributions received from a noncontrolling interest shareholder	-	427
Net cash provided by financing activities	<u>1,889</u>	<u>1,093</u>
Effect of exchange rate changes on cash and cash equivalents	44	3,284
Net increase in cash and cash equivalents	<u>58,741</u>	<u>37,685</u>
Cash and cash equivalents at beginning of period	<u>314,425</u>	<u>122,706</u>
Cash and cash equivalents at end of period	<u>\$ 373,166</u>	<u>\$ 160,391</u>