

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

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Cash flows from operating activities:		
Net income	\$ 61,751	\$ 10,173
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,154	4,519
Amortization of intangible assets and other assets	1,582	1,688
Allowance for doubtful accounts	137	955
Share-based compensation expense	5,668	4,880
Excess tax benefits from share-based payment arrangements	(2,465)	(102)
Minority interests	4	(30)
Others	940	37
Changes in assets and liabilities:		
Accounts receivable	(6,888)	(5,125)
Prepaid and other current assets	(14,167)	(1,172)
Accounts payable	1,317	280
Accrued liabilities to suppliers and agents	6,078	4,666
Receipts in advance and deferred revenue	10,296	258
Tax payables	12,955	(3,408)
Other accrued liabilities	15,503	2,398
Net cash provided by operating activities	<u>98,865</u>	<u>20,017</u>
Cash flows from investing activities:		
Purchase of fixed assets	(17,266)	(40,995)
Purchase of intangible and other assets	(624)	(1,497)
Decrease in restricted cash	1,489	974
Acquisitions, net of cash acquired	-	(637)
Net cash used in investing activities	<u>(16,401)</u>	<u>(42,155)</u>
Cash flows from financing activities:		
Issuance of common stock	11,872	4,102
Excess tax benefits from share-based payment arrangements	2,465	102
Cash contributions received from a minority shareholder	427	-
Net cash provided by financing activities	<u>14,764</u>	<u>4,204</u>
Effect of exchange rate change on cash and cash equivalents	6,049	1,345
Net increase (decrease) in cash and cash equivalents	<u>103,277</u>	<u>(16,589)</u>
Cash and cash equivalents at beginning of period	<u>122,706</u>	<u>124,756</u>
Cash and cash equivalents at end of period	<u>\$ 225,983</u>	<u>\$ 108,167</u>