

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

| | Nine Months Ended September | |
|---|------------------------------------|-------------|
| | 30, | |
| | 2006 | 2005 |
| Cash flows from operating activities: | | |
| Net income | \$ 19,811 | \$ 20,844 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 4,156 | 3,994 |
| Amortization of intangible assets and other assets | 3,073 | 2,695 |
| Provision for allowance for doubtful accounts | 1,145 | 821 |
| Share-based compensation expense due to the implementation of SFAS 123(R) | 4,937 | - |
| Gains on early redemption of zero coupon convertible senior notes | (793) | - |
| Others | 149 | 319 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (7,820) | (3,908) |
| Prepaid and other current assets | (1,798) | (132) |
| Accounts payable | (268) | (682) |
| Accrued liabilities | (307) | (5,219) |
| Net cash provided by operating activities | 22,285 | 18,732 |
| Cash flows from investing activities: | | |
| Proceeds from maturities of marketable debt securities | - | 4,724 |
| Purchase of fixed assets | (6,724) | (7,547) |
| Purchase of other assets | (1,050) | (418) |
| Increase of restricted cash | (3,750) | - |
| Acquisitions, net of cash acquired | (306) | (10,250) |
| Net cash used in investing activities | (11,830) | (13,491) |
| Cash flows from financing activities: | | |
| Repurchase of common stock | (15,000) | (13,847) |
| Early redemption of zero coupon convertible senior notes | (14,062) | - |
| Issuance of common stock | 3,688 | 2,762 |
| Net cash used in financing activities | (25,374) | (11,085) |
| Effect of exchange rate change on cash and cash equivalents | 1,847 | 1,936 |
| Net decrease in cash and cash equivalents | (13,072) | (3,908) |
| Cash and cash equivalents at beginning of period | 119,091 | 122,384 |
| Cash and cash equivalents at end of period | \$ 106,019 | \$ 118,476 |