

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

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
Cash flows from operating activities:		
Net income	\$ 4,466	\$ 6,038
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,174	1,293
Amortization of intangible assets and other assets	830	1,040
Provision for allowance for doubtful accounts	427	237
Share-based compensation expense	2,484	1,731
Excess tax benefits from share-based payment arrangements	(79)	-
Others	232	428
Changes in assets and liabilities:		
Accounts receivable	(3,988)	(5,685)
Prepaid and other current assets	(1,878)	334
Accounts payable	436	519
Accrued liabilities	(1,329)	(1,160)
Net cash provided by operating activities	<u>3,775</u>	<u>4,775</u>
Cash flows from investing activities:		
Purchase of fixed assets	(38,380)	(1,853)
Decrease of restricted cash	990	-
Purchase of other assets	(16)	(55)
Acquisitions, net of cash acquired	(637)	-
Net cash used in investing activities	<u>(38,043)</u>	<u>(1,908)</u>
Cash flows from financing activities:		
Issuance of common stock	1,429	1,026
Excess tax benefits from share-based payment arrangements	79	-
Net cash provided by financing activities	<u>1,508</u>	<u>1,026</u>
Effect of exchange rate change on cash and cash equivalents	577	546
Net (decrease) increase in cash and cash equivalents	<u>(32,183)</u>	<u>4,439</u>
Cash and cash equivalents at beginning of period	124,756	119,091
Cash and cash equivalents at end of period	<u><u>\$ 92,573</u></u>	<u><u>\$ 123,530</u></u>