

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

	Three Months Ended March 31,	
	2008	2007
Cash flows from operating activities:		
Net income	\$ 21,562	\$ 4,466
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,918	2,174
Amortization of intangible assets and other assets	859	830
Provision for allowance for doubtful accounts	(74)	427
Share-based compensation expense	3,510	2,484
Excess tax benefits from share-based payment arrangements	(211)	(79)
Minority interests	(8)	(12)
Others	998	(38)
Changes in assets and liabilities:		
Accounts receivable	(6,708)	(3,988)
Prepaid and other current assets	(4,682)	(2,008)
Accounts payable	1,439	436
Accrued liabilities to suppliers and agents	(326)	(2,406)
Receipts in advance and deferred revenue	3,632	(928)
Tax payables	10,172	(2,639)
Other accrued liabilities	6,653	5,056
Net cash provided by operating activities	<u>39,734</u>	<u>3,775</u>
Cash flows from investing activities:		
Purchase of fixed assets	(7,087)	(38,380)
Purchase of intangible and other assets	(403)	(16)
Decrease in restricted cash	1,064	990
Acquisitions, net of cash acquired	-	(637)
Net cash used in investing activities	<u>(6,426)</u>	<u>(38,043)</u>
Cash flows from financing activities:		
Issuance of common stock	455	1,429
Excess tax benefits from share-based payment arrangements	211	79
Cash contributions received from a minority shareholder	427	-
Net cash provided by financing activities	<u>1,093</u>	<u>1,508</u>
Effect of exchange rate change on cash and cash equivalents	3,284	577
Net increase (decrease) in cash and cash equivalents	<u>37,685</u>	<u>(32,183)</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>\$ 160,391</u>	<u>\$ 92,573</u>