

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

	Nine Months Ended September 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 19,859	\$ 19,811
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,100	4,156
Amortization of intangible assets and other assets	2,322	3,073
Provision for allowance for doubtful accounts	1,225	1,145
Share-based compensation expense	6,901	4,937
Excess tax benefits from share-based payment arrangements	(155)	-
Gains on early redemption of zero coupon convertible senior notes	-	(793)
Others	521	149
Changes in assets and liabilities:		
Accounts receivable	(10,845)	(7,820)
Prepaid and other current assets	(2,138)	(1,798)
Accounts payable	989	(268)
Accrued liabilities	17,172	(307)
Net cash provided by operating activities	42,951	22,285
Cash flows from investing activities:		
Purchase of fixed assets	(47,185)	(6,724)
Purchase of other assets	(1,986)	(1,050)
Proceeds from disposal of interest in an associate	1,731	-
Decrease (increase) of restricted cash	493	(3,750)
Acquisitions, net of cash acquired	(1,117)	(306)
Net cash used in investing activities	(48,064)	(11,830)
Cash flows from financing activities:		
Redemption of zero coupon convertible senior notes	(58,524)	(14,062)
Repurchase of common stock	-	(15,000)
Issuance of common stock	8,451	3,688
Excess tax benefits from share-based payment arrangements	155	-
Net cash used in financing activities	(49,918)	(25,374)
Effect of exchange rate change on cash and cash equivalents	2,177	1,847
Net decrease in cash and cash equivalents	(52,854)	(13,072)
Cash and cash equivalents at beginning of period	124,756	119,091
Cash and cash equivalents at end of period	\$ 71,902	\$ 106,019

The accompanying notes are an integral part of these condensed consolidated financial statements.