

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

	<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2005</u>	<u>June 30,</u> <u>2004</u>
Cash flows from operating activities:		
Net income	\$ 12,814	\$ 20,809
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,395	2,064
Amortization of other assets	800	694
Amortization of intangible assets	930	537
Provision for allowance for doubtful accounts	640	268
Others	163	147
Changes in assets and liabilities:		
Accounts receivable	(2,233)	(6,958)
Prepaid and other current assets	794	(542)
Accounts payable	(631)	272
Accrued liabilities	(4,145)	6,780
Net cash provided by operating activities	<u>11,527</u>	<u>24,071</u>
Cash flows from investing activities:		
Proceeds from maturities of marketable debt securities	3,149	7,242
Purchase of fixed assets	(5,501)	(3,458)
Purchase of other assets	(304)	(304)
Acquisitions, net of cash acquired	<u>(10,182)</u>	<u>(16,920)</u>
Net cash used in investing activities	(12,838)	(13,440)
Cash flows from financing activities:		
Repurchase of common stock	(13,847)	(17,721)
Issuance of common stock	<u>1,892</u>	<u>2,564</u>
Net cash used in financing activities	<u>(11,955)</u>	<u>(15,157)</u>
Net decrease in cash and cash equivalents	(13,266)	(4,526)
Cash and cash equivalents at beginning of period	<u>122,384</u>	<u>99,109</u>
Cash and cash equivalents at end of period	<u>\$ 109,118</u>	<u>\$ 94,583</u>