

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

	<u>Nine Months Ended September 30,</u>	
	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net income	\$ 20,844	\$ 29,135
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,994	3,193
Amortization of other assets	1,256	1,035
Amortization of intangible assets	1,439	905
Provision for allowance for doubtful accounts	821	413
Others	319	174
Changes in current assets and liabilities:		
Accounts receivable	(3,908)	(8,800)
Prepaid and other current assets	(132)	(1,335)
Accounts payable	(682)	39
Accrued liabilities	(5,219)	9,298
Net cash provided by operating activities	<u>18,732</u>	<u>34,057</u>
Cash flows from investing activities:		
Proceeds from maturities of marketable debt securities	4,724	24,231
Purchase of fixed assets	(7,547)	(5,193)
Purchase of other assets	(418)	(2,279)
Acquisitions, net of cash acquired	(10,250)	(16,952)
Net cash used in investing activities	<u>(13,491)</u>	<u>(193)</u>
Cash flows from financing activities:		
Repurchase of common stock	(13,847)	(17,721)
Issuance of common stock	2,762	2,956
Net cash used in financing activities	<u>(11,085)</u>	<u>(14,765)</u>
Effect of exchange rate change on cash	1,936	-
Net (decrease)/ increase in cash and cash equivalents	<u>(3,908)</u>	<u>19,099</u>
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>\$ 118,476</u>	<u>\$ 118,208</u>