

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

	<u>Six Months Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net income	\$ 74,568	\$ 116,776
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	17,959	11,987
Share-based compensation expense	6,359	9,684
Amortization of intangible assets	34,395	14,872
Impairment of intangible assets	3,564	233
Impairment of purchased video content	15,275	0
Provision for allowance for doubtful accounts	3,260	300
Excess tax benefits from share-based payment arrangements	(2,519)	(1,107)
Investment income of investments in debt securities	(2,727)	(1,450)
Others	(243)	347
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(26,853)	(10,345)
Prepaid and other current assets	2,053	5,066
Deferred tax	5,590	(199)
Accounts payable	10,471	4,491
Taxes payable	(9,313)	(6,328)
Accrued liabilities	771	2,693
Receipts in advance and deferred revenue	(6,655)	4,979
Other short-term liabilities	9,612	4,079
Net cash provided by operating activities	<u>135,567</u>	<u>156,078</u>
Cash flows from investing activities:		
Purchase of fixed assets	(32,631)	(39,058)
Purchase of intangible and other assets	(27,462)	(21,923)
Purchase of /proceeds from short-term investments, net	(4,299)	1,856
Acquisitions, net of cash acquired	(683)	(69,175)
Other cash payments relating to investing activities	(2,877)	(2,787)
Net cash used in investing activities	<u>(67,952)</u>	<u>(131,087)</u>
Cash flows from financing activities:		
Issuance of common stock	139	1,444
Sohu's purchase of Sogou Series A Preferred Shares from Alibaba	(25,800)	0
Repurchase of common stock	(12,566)	0
Cash contribution received from the noncontrolling interest shareholders	0	159
Excess tax benefits from share-based payment arrangements	2,519	1,107
Exercise of share-based awards in subsidiary	1,360	0
Other cash payments relating to financing activities	(251)	0
Net cash (used in) /provided by financing activities	<u>(34,599)</u>	<u>2,710</u>

Effect of exchange rate changes on cash and cash equivalents	(1,025)	11,965
Net increase in cash and cash equivalents	<u>31,991</u>	<u>39,666</u>
Cash and cash equivalents at beginning of period	732,607	678,389
Cash and cash equivalents at end of period	<u>\$ 764,598</u>	<u>\$ 718,055</u>
Supplemental schedule of non-cash investing activity:		
Consideration payable for business acquisitions	0	28,983

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