

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

	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net income	\$ 40,819	\$ 55,169
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,447	5,873
Share-based compensation expense	2,930	5,268
Amortization of intangible assets	17,629	6,437
Impairment of other intangible assets	575	0
Provision for allowance for doubtful accounts	2,981	461
Excess tax benefits from share-based payment arrangements	(1,048)	(173)
Others	(1,404)	350
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	421	1,839
Prepaid and other current assets	4,176	8,177
Deferred tax	3,045	0
Accounts payable	1,414	2,190
Taxes payable	(816)	(5,470)
Accrued liabilities	(10,172)	(14,085)
Receipts in advance and deferred revenue	(970)	3,712
Other short-term liabilities	5,025	2,607
Net cash provided by operating activities	<u>73,052</u>	<u>72,355</u>
Cash flows from investing activities:		
Purchase of fixed assets	(12,735)	(8,445)
Purchase of intangible and other assets	(10,722)	(10,028)
Purchase of short-term investments	(30,428)	0
Proceeds from maturities of short-term investments	17,710	0
Acquisitions, net of cash acquired	(183)	(1,408)
Other cash payments relating to investing activities	1,417	0
Net cash used in investing activities	<u>(34,941)</u>	<u>(19,881)</u>
Cash flows from financing activities:		
Issuance of common stock	40	1,219
Repurchase of common stock	(12,566)	0
Cash contribution received from the noncontrolling interest shareholders	0	941
Excess tax benefits from share-based payment arrangements	1,048	173
Exercise of share-based awards in subsidiary	974	0
Other cash payments relating to financing activities	(251)	0
Net cash (used in)/ provided by financing activities	<u>(10,755)</u>	<u>2,333</u>
Effect of exchange rate changes on cash and cash equivalents	1,481	4,739
Net increase in cash and cash equivalents	<u>28,837</u>	<u>59,546</u>

Cash and cash equivalents at beginning of period	<u>732,607</u>	<u>678,389</u>
Cash and cash equivalents at end of period	<u>\$ 761,444</u>	<u>\$ 737,935</u>
Supplemental schedule of non-cash investing activity:		
Consideration payable for business acquisitions	0	915

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