

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

	<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Net income	\$ 86,910	\$ 61,755
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,833	6,154
Share-based compensation expense	8,901	5,668
Amortization of intangible assets and other assets	902	1,582
Provision for allowance for doubtful accounts	485	137
Reversal of excess tax benefits/(excess tax benefits) from share-based payment arrangements	678	(2,465)
Others	209	940
Changes in current assets and liabilities:		
Prepaid and other current assets	13,692	(14,167)
Accounts receivable	(16,704)	(6,888)
Tax payables	1,700	12,955
Accrued liabilities to suppliers and agents	1,130	6,078
Receipts in advance and deferred revenue	(3,126)	10,296
Accounts payable	2,377	1,317
Other accrued liabilities	(1,623)	15,503
Net cash provided by operating activities	<u>103,364</u>	<u>98,865</u>
Cash flows from investing activities:		
Purchase of fixed assets	(4,954)	(17,266)
Purchase of intangible and other assets	(137)	(624)
Decrease in restricted cash	2,671	1,489
Net cash used in investing activities	<u>(2,420)</u>	<u>(16,401)</u>
Cash flows from financing activities:		
Issuance of common stock	3,015	11,872
(Reversal of excess tax benefits)/excess tax benefits from share-based payment arrangements	(678)	2,465
Cash contributions received from a noncontrolling interest shareholder	-	427
Proceeds from Changyou's initial public offering	128,340	-
Other proceeds relating to financing activities	1,087	-
Other payments relating to financing activities	(263)	-
Net cash provided by financing activities	<u>131,501</u>	<u>14,764</u>
Effect of exchange rate changes on cash and cash equivalents	(124)	6,049
Net increase in cash and cash equivalents	<u>232,321</u>	<u>103,277</u>
Cash and cash equivalents at beginning of period	<u>314,425</u>	<u>122,706</u>
Cash and cash equivalents at end of period	<u>\$ 546,746</u>	<u>\$ 225,983</u>