

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

	Nine Months Ended September 30,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 140,799	\$ 133,990
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	15,320	12,007
Share-based compensation expense	19,542	13,385
Amortization of intangible assets and other assets	2,899	1,355
Provision for allowance for doubtful accounts	88	393
(Excess tax benefits) Reversal of excess tax benefits from share-based payment arrangements	(1,888)	678
Others	832	309
Changes in assets and liabilities, net of acquisition:		
Prepaid and other current assets	(8,449)	15,753
Accounts receivable	(19,002)	(23,167)
Tax payables	2,578	1,225
Accrued liabilities to suppliers and agents	16,804	5,990
Receipts in advance and deferred revenue	8,413	4,098
Accounts payable	2,873	2,485
Other accrued liabilities	3,308	(76)
Net cash provided by operating activities	184,117	168,425
Cash flows from investing activities:		
Purchase of fixed assets	(125,522)	(18,167)
Purchase of debt securities	(74,615)	0
Purchase of intangible and other assets	(5,305)	(319)
Decrease in restricted cash	0	2,671
Acquisitions, net of cash acquired	(14,166)	0
Net cash used in investing activities	(219,608)	(15,815)
Cash flows from financing activities:		
Issuance of common stock	968	3,787
Excess tax benefits (Reversal of excess tax benefits) from share-based payment arrangements	1,888	(678)
Proceeds from Changyou's initial public offering	0	128,340
Other payments relating to financing activities, net	(3,000)	(1,865)
Net cash (used in) provided by financing activities	(144)	129,584
Effect of exchange rate changes on cash and cash equivalents	6,515	(266)
Net (decrease) increase in cash and cash equivalents	(29,120)	281,928
Cash and cash equivalents at beginning of period	563,782	314,425
Cash and cash equivalents at end of period	\$ 534,662	\$ 596,353

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