

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

	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 41,321	\$ 44,574
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,593	3,811
Share-based compensation expense	6,528	2,287
Amortization of intangible assets and other assets	475	426
Provision for allowance for doubtful accounts	88	51
Excess tax benefits from share-based payment arrangements	(531)	(103)
Others	132	(7)
Changes in current assets and liabilities:		
Prepaid and other current assets	(3,184)	12,613
Accounts receivable	(1,336)	(7,094)
Tax payables	266	6,021
Accrued liabilities to suppliers and agents	619	(3,292)
Receipts in advance and deferred revenue	(4,071)	(2,317)
Accounts payable	2,627	(137)
Other accrued liabilities	(4,598)	(148)
Net cash provided by operating activities	<u>42,929</u>	<u>56,685</u>
Cash flows from investing activities:		
Purchase of fixed assets	(6,113)	(2,154)
Purchase of intangible and other assets	(1,071)	(19)
Decrease in restricted cash	-	2,296
Acquisitions, net of cash acquired	(1,239)	-
Net cash (used in) provided by investing activities	<u>(8,423)</u>	<u>123</u>
Cash flows from financing activities:		
Issuance of common stock	252	1,786
Excess tax benefits from share-based payment arrangements	531	103
Net cash provided by financing activities	<u>783</u>	<u>1,889</u>
Effect of exchange rate changes on cash and cash equivalents	<u>82</u>	<u>44</u>
Net increase in cash and cash equivalents	35,371	58,741
Cash and cash equivalents at beginning of period	<u>563,782</u>	<u>314,425</u>
Cash and cash equivalents at end of period	<u>\$ 599,153</u>	<u>\$ 373,166</u>