

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

	<b>Six Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
Cash flows from operating activities:		
Net income	\$ 86,786	\$ 86,910
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,010	7,833
Share-based compensation expense	12,981	8,901
Amortization of intangible assets and other assets	1,139	902
Provision for allowance for doubtful accounts	301	485
(Excess tax benefits) Reversal of excess tax benefits from share-based payment arrangements	(1,155)	678
Others	73	209
Changes in assets and liabilities, net of acquisition:		
Prepaid and other current assets	(6,886)	13,692
Accounts receivable	(14,857)	(16,704)
Tax payables	(2,175)	1,700
Accrued liabilities to suppliers and agents	8,130	1,130
Receipts in advance and deferred revenue	638	(3,126)
Accounts payable	2,795	2,377
Other accrued liabilities	2,756	(1,623)
Net cash provided by operating activities	<u>100,536</u>	<u>103,364</u>
Cash flows from investing activities:		
Purchase of fixed assets	(47,843)	(4,954)
Purchase of intangible and other assets	(4,394)	(137)
Decrease in restricted cash	0	2,671
Acquisitions, net of cash acquired	(13,321)	0
Net cash used in investing activities	<u>(65,558)</u>	<u>(2,420)</u>
Cash flows from financing activities:		
Issuance of common stock	376	3,015
Excess tax benefits (Reversal of excess tax benefits) from share-based payment arrangements	1,155	(678)
Proceeds from Changyou's initial public offering	0	128,340
Other proceeds relating to financing activities	0	1,087
Other payments relating to financing activities	(3,001)	(263)
Net cash (used in) provided by financing activities	<u>(1,470)</u>	<u>131,501</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,815</u>	<u>(124)</u>
Net increase in cash and cash equivalents	35,323	232,321
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>\$ 599,105</u>	<u>\$ 546,746</u>

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