

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

	<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 181,086	\$ 140,799
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	19,143	15,320
Share-based compensation expense	14,061	19,542
Amortization and impairment of intangible assets	26,342	2,899
Provision for allowance for doubtful accounts	911	88
Excess tax benefits from share-based payment arrangements	(1,401)	(1,888)
Fair value change in debt securities	(3,151)	0
Others	111	832
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(22,957)	(19,002)
Prepaid and other current assets	1,699	(8,449)
Accounts payable	5,418	2,873
Taxes payable	65	2,578
Accrued liabilities	22,177	16,804
Receipts in advance and deferred revenue	10,833	8,413
Other short-term liabilities	2,154	3,308
Net cash provided by operating activities	<u>256,491</u>	<u>184,117</u>
Cash flows from investing activities:		
Purchase of fixed assets	(84,130)	(125,522)
Purchase of debt securities	0	(74,615)
Purchase of intangible and other assets	(45,936)	(5,305)
Purchase of short-term investments	(30,937)	0
Proceeds from maturities of short-term investments	26,544	0
Acquisitions, net of cash acquired	(71,129)	(4,376)
Other cash payments relating to investing activities	(4,348)	(9,790)
Net cash used in investing activities	<u>(209,936)</u>	<u>(219,608)</u>
Cash flows from financing activities:		
Issuance of common stock	1,507	968
Repurchase of common stock	(16,601)	0
Purchase of shares in subsidiary	(25,675)	0
Cash contribution received from the noncontrolling interest shareholders	159	0
Excess tax benefits from share-based payment arrangements	1,401	1,888
Other cash payments relating to financing activities	0	(3,000)
Net cash used in financing activities	<u>(39,209)</u>	<u>(144)</u>
Effect of exchange rate changes on cash and cash equivalents	21,688	6,515
Net increase (decrease) in cash and cash equivalents	<u>29,034</u>	<u>(29,120)</u>

Cash and cash equivalents at beginning of period	678,389	563,782
Cash and cash equivalents at end of period	<u>\$ 707,423</u>	<u>\$ 534,662</u>
Supplemental schedule of non-cash investing activity:		
Consideration payable for business acquisitions	32,066	3,343

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