

SOHU.COM INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2010	2009	2008
Cash flows from operating activities:			
Net income	\$ 198,184	\$ 176,435	\$ 158,586
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	20,699	16,607	13,485
Share-based compensation expense	27,491	17,319	10,620
Amortization and impairment of intangible assets	5,656	1,810	3,159
Losses on disposal of fixed assets	109	290	1,269
Provision for allowance for doubtful accounts	1,493	1,158	579
Excess tax benefits from share-based payment	(1,170)	(3,249)	0
Loss from equity investment	1,686	0	0
Others	0	0	(241)
Changes in assets and liabilities, net of acquisition:			
Accounts receivable	(11,018)	(10,922)	(8,653)
Prepaid and other current assets	(11,216)	15,905	(19,630)
Accounts payable	1,338	263	1,672
Tax payables	8,800	5,255	12,042
Accrued liabilities to suppliers and agents	24,814	8,049	9,313
Receipts in advance and deferred revenue	10,371	5,498	17,307
Other accrued liabilities	7,187	603	18,850
Net cash provided by operating activities	284,424	235,021	218,358
Cash flows from investing activities:			
Purchase of fixed assets	(134,638)	(78,915)	(26,373)
Purchase of debt securities	(74,615)	0	0
Purchase of intangible and other assets	(6,370)	(3,401)	(2,301)
Shareholder loan to an equity investee	(4,859)	0	0
Decrease in restricted cash	0	2,671	1,653
Acquisitions, net of cash acquired	(9,332)	0	0
Net cash used in investing activities	(229,814)	(79,645)	(27,021)
Cash flows from financing activities:			
Issuance of common stock	2,128	4,140	13,103
Repurchase of common stock	0	(40,007)	(19,997)
Redemption of zero coupon convertible senior notes	0	0	(6)
Cash contribution received from noncontrolling	48,719	0	427
Excess tax benefits from share-based payment	1,170	3,249	0
Proceeds from Changyou's initial public offering	0	128,340	0
Other payments relating to financing activities, net	(3,000)	(2,048)	(917)
Net cash provided by (used in) financing activities	49,017	93,674	(7,390)
Effect of exchange rate change on cash and cash equivalents	10,980	307	7,772
Net increase in cash and cash equivalents	114,607	249,357	191,719
Cash and cash equivalents at beginning of year	563,782	314,425	122,706
Cash and cash equivalents at end of year	\$ 678,389	\$ 563,782	\$ 314,425
Supplemental cash flow disclosures:			
Cash paid for income taxes	34,450	23,353	4,484
Barter transactions	0	691	519

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