

SOHU.COM INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net income	\$ 228,343	\$ 198,184	\$ 176,435
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	27,261	20,699	16,607
Share-based compensation expense	18,652	27,491	17,319
Amortization of intangible assets	42,587	2,707	1,810
Goodwill impairment and impairment of intangibles via acquisition of businesses	27,511	0	0
Impairment of other intangible assets	1,104	2,949	0
Provision for allowance for doubtful accounts	2,886	1,493	1,158
Excess tax benefits from share-based payment arrangements	(3,011)	(1,170)	(3,249)
Fair value change in debt securities	(3,151)	0	0
Others	(2,082)	1,795	290
Changes in assets and liabilities, net of acquisition:			
Accounts receivable	(11,847)	(11,018)	(10,922)
Prepaid and other current assets	(6,253)	(11,216)	15,905
Accounts payable	2,897	774	632
Taxes payable	(3,095)	8,800	5,255
Accrued liabilities	23,857	25,378	7,680
Receipts in advance and deferred revenue	22,500	10,371	5,498
Other short-term liabilities	2,294	7,187	603
Net cash provided by operating activities	370,453	284,424	235,021
Cash flows from investing activities:			
Purchase of fixed assets	(169,982)	(134,638)	(78,915)
Purchase of debt securities	0	(74,615)	0
Purchase of intangible and other assets	(63,101)	(6,370)	(3,401)
Purchase of short-term investments	(41,897)	0	0
Proceeds from maturities of short-term investments	42,534	0	0
Decrease in restricted cash	0	0	2,671
Acquisitions, net of cash acquired	(71,129)	(9,332)	0
Other cash payments relating to investing activities	(2,206)	(4,859)	0
Net cash used in investing activities	(305,781)	(229,814)	(79,645)
Cash flows from financing activities:			
Issuance of common stock	1,559	2,128	4,140
Repurchase of common stock	(16,601)	0	(40,007)
Purchase of shares in subsidiary	(25,675)	0	0
Cash contribution received from the noncontrolling interest shareholders	947	48,719	0
Excess tax benefits from share-based payment arrangements	3,011	1,170	3,249
Proceeds from Changyou's initial public offering	0	0	128,340
Other cash payments relating to financing activities	0	(3,000)	(2,048)
Net cash (used in)/provided by financing activities	(36,759)	49,017	93,674
Effect of exchange rate changes on cash and cash equivalents	26,305	10,980	307
Net increase in cash and cash equivalents	54,218	114,607	249,357
Cash and cash equivalents at beginning of year	678,389	563,782	314,425
Cash and cash equivalents at end of year	\$ 732,607	\$ 678,389	\$ 563,782
Supplemental cash flow disclosures:			
Cash paid for income taxes	44,746	34,450	23,353
Barter transactions	886	0	691
Supplemental schedule of non-cash investing activity:			

Consideration payable for business acquisitions	29,579	3,318	0
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The accompanying notes are an integral part of these consolidated financial statements.

