

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

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Net income	\$ 126,090	\$ 181,086
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	28,137	19,143
Share-based compensation expense	10,202	14,061
Amortization of intangible assets	48,541	26,342
Impairment of intangible assets	7,522	233
Impairment of purchased video content	15,101	0
Provision for allowance for doubtful accounts	3,538	911
Excess tax benefits from share-based payment arrangements	(3,492)	(1,401)
Investment income of investments in debt securities	(4,098)	(2,207)
Others	89	(1,066)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(15,025)	(22,957)
Prepaid and other current assets	2,321	1,699
Deferred tax	7,595	(300)
Accounts payable	16,124	5,418
Taxes payable	(5,010)	365
Accrued liabilities	19,165	22,177
Receipts in advance and deferred revenue	4,809	10,833
Other short-term liabilities	18,172	2,154
Net cash provided by operating activities	<u>279,781</u>	<u>256,491</u>
Cash flows from investing activities:		
Purchase of fixed assets	(50,840)	(84,130)
Purchase of intangible and other assets	(44,048)	(45,936)
Cash paid relating to restricted time deposits	(225,757)	0
Purchase of /proceeds from short-term investments, net	(24,436)	(4,393)
Acquisitions, net of cash acquired	(683)	(71,129)
Other cash payments relating to investing activities	(979)	(4,348)
Net cash used in investing activities	<u>(346,743)</u>	<u>(209,936)</u>
Cash flows from financing activities:		
Issuance of common stock	240	1,507
Sohu's purchase of Sogou Series A Preferred Shares from Alibaba	(25,800)	0
Repurchase of common stock	(12,566)	(16,601)
Purchase of shares in subsidiary	0	(25,675)
Portion of Changyou dividend distribute to noncontrolling interest shareholders	(64,551)	0
Purchase of offshore bridge loans from banks	222,353	0
Cash contribution received from the noncontrolling interest shareholders	0	159
Payment of contingent consideration	(13,806)	0
Excess tax benefits from share-based payment arrangements	3,492	1,401
Exercise of share-based awards in subsidiary	1,352	0
Other cash payments relating to financing activities	(281)	0
Net cash provided by /(used in) financing activities	<u>110,433</u>	<u>(39,209)</u>
Effect of exchange rate changes on cash and cash equivalents	(2,609)	21,688

Net increase in cash and cash equivalents	<u>40,862</u>	<u>29,034</u>
Cash and cash equivalents at beginning of period	<u>732,607</u>	<u>678,389</u>
Cash and cash equivalents at end of period	<u>\$ 773,469</u>	<u>\$ 707,423</u>
Supplemental schedule of non-cash investing activity:		
Consideration payable for business acquisitions	0	32,066

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