

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

	Year Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income	\$ 176,435	\$ 158,586	\$ 34,884
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	16,607	13,485	9,801
Share-based compensation expense	17,319	10,620	8,786
Amortization of intangible assets and other	1,810	3,159	3,082
Losses on disposal of fixed assets	290	1,269	837
Provision for allowance for doubtful accounts	1,158	579	1,719
Excess tax benefits from share-based payment	(3,249)	-	(247)
Others	-	(241)	(793)
Changes in current assets and liabilities:			
Accounts receivable	(10,922)	(8,653)	(1,977)
Prepaid and other current assets	15,905	(19,630)	(81)
Accounts payable	263	1,672	1,490
Tax payable	5,255	12,042	3,286
Accrued liabilities to suppliers and agents	8,049	9,313	11,440
Receipts in advance and deferred revenue	5,498	17,307	7,949
Other accrued liabilities	603	18,850	11,249
Net cash provided by operating activities	235,021	218,358	91,425
Cash flows from investing activities:			
Purchase of fixed assets	(78,915)	(26,373)	(53,588)
Purchase of intangible assets and other assets	(3,401)	(2,301)	(2,218)
Decrease of restricted cash	2,671	1,653	450
Acquisitions, net of cash acquired	-	-	(1,117)
Proceeds from maturities of marketable debt	-	-	5,000
Proceeds from disposal of interest in an	-	-	1,731
Net cash used in investing activities	(79,645)	(27,021)	(49,742)
Cash flows from financing activities:			
Issuance of common stock	4,140	13,103	10,785
Repurchase of common stock	(40,007)	(19,997)	-
Redemption of zero coupon convertible senior	-	(6)	(58,524)
Cash contribution received from a	-	427	-
Excess tax benefits from share-based payment	3,249	-	247
Proceeds from Changyou's initial public	128,340	-	-
Other proceeds relating to financing activities	1,087	-	-
Other payments relating to financing activities	(3,135)	(917)	-
Net cash provided by (used in) financing activities	93,674	(7,390)	(47,492)
Effect of exchange rate change on cash and cash equivalents	307	7,772	3,759
Net increase (decrease) in cash and cash equivalents at beginning of year	249,357	191,719	(2,050)
Cash and cash equivalents at beginning of year	314,425	122,706	124,756
Cash and cash equivalents at end of year	<u>\$ 563,782</u>	<u>\$ 314,425</u>	<u>\$ 122,706</u>