

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

	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash flows from operating activities:			
Net income /(loss)	\$ (171,219)	\$ 108,855	\$ (114,973)
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:			
Amortization of intangible assets and purchased video content in prepaid expense	130,044	159,945	131,182
Depreciation	78,417	77,421	73,449
Goodwill impairment and impairment of intangible assets acquired as part of business acquisitions	52,282	40,324	0
Share-based compensation expense	64	53,443	20
Impairment loss of other assets	1,687	17,837	22,906
Investment (income) /loss from investments in debt securities and equity investments	(1,370)	7,509	2,085
Provision /(Reversal) for allowance for doubtful accounts	(4)	2,175	7,109
Change in fair value of China Web put option	(2,304)	0	0
Gain from sale of the 7Road business and certain Changyou subsidiaries	0	(55,139)	0
Gain from sale of equity investments	0	(11,942)	(149)
Change in fair value of financial instruments	(1,611)	(1,331)	(13,133)
Others	(38)	968	(1,182)
Changes in assets and liabilities, net of acquisition:			
Accounts receivable	(74,428)	(61,917)	62,520
Prepaid and other assets	30,577	101	15,091
Accounts payable	(11,144)	2,208	40,273
Receipts in advance and deferred revenue	14,353	11,782	(8,152)
Taxes payable	(16,256)	29,573	(36,666)
Deferred tax	(20,629)	6,020	5,268
Accrued liabilities and other short-term liabilities	86,662	118,221	34,872
Net cash provided by operating activities	<u>152,283</u>	<u>506,053</u>	<u>239,620</u>
Cash flows from investing activities:			
Purchase of fixed assets	(90,896)	(101,076)	(105,063)
Purchase of intangible and other assets	(119,290)	(142,212)	(183,791)
Purchase of long-term investments	(26,135)	(39,547)	(20,950)
Funds to a third party	0	(20,033)	0
Return of funds from a third party	0	9,415	5,061
Matching loan to a related party	0	(13,086)	(18,115)
Consideration received from sale of the 7Road business and certain Changyou subsidiaries, net of cash in 7Road upon its disposition	0	184,354	0

Release of restricted time deposits	5,763	40,372	234,462
Proceeds received from sale of equity investment	0	15,938	0
Proceeds from financial instruments	22,981	642,471	415,383
Purchase of financial instruments	(209,489)	(646,322)	(382,908)
Acquisitions, net of cash acquired	(106,369)	0	0
Proceeds received from debt securities at maturity	82,009	0	0
Other cash proceeds related to investing activities	2,952	(41)	5,182
Net cash used in investing activities	(438,474)	(69,767)	(50,739)
Cash flows from financing activities:			
Matching loan from a related party	0	12,900	17,041
Issuance of common stock	611	2,124	0
Exercise of share-based awards in subsidiary	425	7	291
Repayments of loans from offshore banks	(410,194)	(25,500)	(344,500)
Repurchase of Sogou Series A Preferred Shares from noncontrolling shareholders	(47,285)	(21,015)	0
Repurchase of Changyou American depository shares (“ADSs”)	(3,577)	(14,506)	0
Repurchase of Sogou Class A Ordinary Shares from noncontrolling shareholders	(24,679)	0	0
Proceeds of loans from offshore banks	370,000	0	0
Payment of contingent consideration	(2,813)	0	0
Other cash proceeds /(payments) related to financing activities	(5,298)	2,874	(766)
Net cash used in financing activities	(122,810)	(43,116)	(327,934)
Effect of exchange rate changes on cash and cash equivalents	(1,947)	(24,305)	(43,511)
Reclassification of cash and cash equivalents to assets held for sale	0	0	(11,684)
Net increase /(decrease) in cash and cash equivalents	(410,948)	368,865	(194,248)
Cash and cash equivalents at beginning of year	1,287,288	876,340	1,245,205
Cash and cash equivalents at end of year	<u>\$ 876,340</u>	<u>\$ 1,245,205</u>	<u>\$ 1,050,957</u>
Supplemental cash flow disclosures:			
Cash paid for income taxes	(5,262)	(43,988)	(25,179)
Cash paid for interest expense	(6,283)	(7,235)	(965)
Barter transactions	1,651	1,808	12,384
Supplemental schedule of non-cash investing activity:			
Changes in payables and other liabilities related to fixed assets and intangible assets additions	53,309	20,270	35,470
Consideration payable for acquisitions and equity investment	5,000	5,722	0

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