

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

	<u>Year Ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:			
Net income	\$ 166,949	\$ 177,192	\$ 228,343
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	54,948	38,748	27,261
Share-based compensation expense	10,429	13,966	18,652
Amortization of intangible assets and purchased video content in prepaid expense	75,741	63,014	42,587
Goodwill impairment and impairment of intangible assets via acquisition of businesses	0	2,906	27,511
Impairment of purchased video content	0	15,083	0
Impairment of other intangible assets	3,624	5,741	1,104
Provision /(Reversal) for allowance for doubtful	(120)	3,613	2,886
Excess tax benefits from share-based payment	0	(5,591)	(3,011)
Investment income from investments in debt	(5,564)	(5,479)	(3,586)
Contribution from noncontrolling shareholders	4,218	0	0
Others	(1,288)	(1,183)	(1,647)
Changes in assets and liabilities, net of acquisition:			
Accounts receivable	(49,432)	(14,761)	(11,847)
Prepaid and other assets	(51,172)	2,807	(6,253)
Accounts payable	38,333	24,445	2,897
Taxes payable	20,967	5,804	(3,095)
Accrued liabilities	95,394	35,029	23,857
Receipts in advance and deferred revenue	12,562	14,051	22,500
Other short-term liabilities	28,344	27,202	2,294
Net cash provided by operating activities	<u>403,933</u>	<u>402,587</u>	<u>370,453</u>
Cash flows from investing activities:			
Purchase of noncontrolling interest in 7Road	(76,010)	0	0
Purchase of fixed assets	(113,842)	(89,417)	(169,982)
Purchase of intangible and other assets	(98,006)	(65,130)	(63,101)
Cash paid related to restricted time deposits	(177,701)	(244,849)	0
Proceeds from /(purchase of) short-term investments,	54,398	(35,785)	637
Other acquisitions, net of cash acquired	(33,685)	(683)	(71,129)
Loans granted to third parties	0	(4,170)	(2,360)
Loan repayments received from third parties	0	4,170	0
Other cash proceeds related to investing activities	6,009	6,083	3,746
Other cash payments related to investing activities	(2,792)	(2,814)	(3,592)
Net cash used in investing activities	<u>(441,629)</u>	<u>(432,595)</u>	<u>(305,781)</u>
Cash flows from financing activities:			
Issuance of common stock	1,915	790	1,559
Issuance of Sogou Series B Preferred Shares and Class B Ordinary Shares	476,948	0	0
Sohu's purchase of Sogou Series A Preferred Shares	0	(25,800)	0
Repurchase of common stock	0	(12,566)	(16,601)
Repurchase of Changyou American depository shares	(17,240)	0	0
Purchase of shares in subsidiary	0	0	(25,675)

Portion of Changyou dividend distribute to noncontrolling interest shareholders	0	(64,551)	0
Portion of Sogou special dividend distributed to holders of Series A Preferred Shares other than Sohu	(139,700)	0	0
Proceeds of loans from offshore banks	167,000	239,353	0
Payment of contingent consideration	(19,736)	(13,806)	0
Excess tax benefits from share-based payment	0	5,591	3,011
Exercise of share-based awards in subsidiary	1,794	1,353	0
Proceeds received from early exercise of share-based awards in subsidiary	5,278	0	0
Payment of transaction expenses for issuance of Sogou Series B Preferred Shares and Class B	(5,918)	0	0
Other cash proceeds /(payments) related to financing	<u>0</u>	<u>(1,647)</u>	<u>947</u>
Net cash provided by /(used in) financing activities	470,341	128,717	(36,759)
Effect of exchange rate changes on cash and cash equivalents	<u>21,108</u>	<u>2,219</u>	<u>26,305</u>
Net increase in cash and cash equivalents	453,753	100,928	54,218
Cash and cash equivalents at beginning of year	<u>833,535</u>	<u>732,607</u>	<u>678,389</u>
Cash and cash equivalents at end of year	<u>\$ 1,287,288</u>	<u>\$ 833,535</u>	<u>\$ 732,607</u>
Supplemental cash flow disclosures:			
Cash paid for income taxes	(50,188)	(67,444)	(44,746)
Cash paid for interest expense	(8,812)	(1,992)	0
Barter transactions	380	846	886
Supplemental schedule of non-cash investing activity:			
Consideration payable for acquisition of Shi Ji Guang	24,603	0	0
Consideration payable for acquisition of Doyo	4,952	0	0
Consideration payable for the purchase of noncontrolling interest in 7Road	2,000	0	0
Consideration payable for other business acquisitions	0	0	29,579
Purchase of fixed assets with proceeds released from restricted cash account	0	1,583	0
Changes in government grant in prepaid and other	1,355	2,378	0
Supplemental schedule of non-cash financing activity:			
Transaction expenses payable for issuance of Sogou Series B Preferred Shares and Class B Ordinary	475	0	0
Accrued professional fees in relation to initial public offering of 7Road	0	1,037	0

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