

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cash flows from operating activities:			
Net income /(loss)	\$ 108,855	\$ (114,973)	\$ (470,003)
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:			
Amortization of intangible assets and purchased video content in prepaid expense	159,945	131,182	140,881
Depreciation	77,421	73,449	83,114
Goodwill impairment and impairment of intangible assets acquired as part of business acquisitions	40,324	0	86,882
Share-based compensation expense	53,443	19,120	41,468
Impairment loss of available-for-sale equity securities	0	0	5,754
Impairment of other intangible assets and other assets	17,837	22,906	72,259
Investment loss from equity investments	7,509	2,085	1,451
Provision for allowance for doubtful accounts	2,175	7,109	9,076
Gain from sale of the 7Road business and certain Changyou subsidiaries	(55,139)	0	0
Gain /(loss) from sale of equity investments	(11,942)	(149)	523
Change in fair value of financial instruments	(1,331)	(13,133)	(10,447)
Others	968	(1,182)	(1,063)
Changes in assets and liabilities, net of acquisition:			
Accounts receivable	(61,917)	62,520	(55,061)
Prepaid and other assets	101	15,091	19,551
Accounts payable	2,208	40,273	33,395
Receipts in advance and deferred revenue	11,782	(8,152)	1,404
Taxes payable	29,573	(36,666)	48,154
Deferred tax	6,020	5,268	214,909
Accrued liabilities and other short-term liabilities	118,221	34,872	(38,464)
Net cash provided by operating activities	<u>506,053</u>	<u>239,620</u>	<u>183,783</u>
Cash flows from investing activities:			
Purchase of fixed assets	(101,076)	(105,063)	(78,924)
Purchase of intangible and other assets	(142,212)	(183,791)	(66,393)
Purchase of long-term investments	(39,547)	(20,950)	(7,680)
Return of funds from a third party	9,415	5,061	4,928
Proceeds from financial instruments	642,471	415,383	1,219,986
Purchase of financial instruments	(646,322)	(382,908)	(1,785,012)
Funds to a third party	(20,033)	0	0
Matching loan to a related party	(13,086)	(18,115)	0
Consideration received from sale of the 7Road business and certain Changyou subsidiaries, net of cash in 7Road upon its disposition	184,354	0	0
Release of restricted time deposits	40,372	234,462	0

Proceeds received from sale of equity investment	15,938	0	0
Other cash proceeds /(payments) related to investing activities	(41)	5,182	(1,408)
	<u>(69,767)</u>	<u>(50,739)</u>	<u>(714,503)</u>
Cash flows from financing activities:			
Consideration received from Sogou IPO, net of IPO Transaction Expenses	0	0	622,131
Proceeds from long-term bank loan	0	0	122,433
Proceeds from short-term bank loan	0	0	67,785
Exercise of share-based awards in subsidiary	7	291	494
Issuance of common stock	2,126	0	0
Repayments of loans from banks	(25,500)	(344,500)	(7,684)
Repurchase of Sogou Pre-IPO Class A Ordinary Shares from noncontrolling shareholders	0	0	(3,190)
Matching loan from a related party	12,900	17,041	0
Repurchase of Sogou Pre-IPO Series A Preferred Shares from noncontrolling shareholders	(21,015)	0	0
Repurchase of Changyou American depositary shares (“ADSs”)	(14,506)	0	0
Other cash proceeds /(payments) related to financing activities	2,872	(766)	6
	<u>(43,116)</u>	<u>(327,934)</u>	<u>801,975</u>
Effect of exchange rate changes on cash and cash equivalents	(24,305)	(43,511)	30,200
Reclassification of cash and cash equivalents to assets held for sale	0	(11,684)	11,684
	<u>368,865</u>	<u>(194,248)</u>	<u>313,139</u>
Net increase /(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	876,340	1,245,205	1,050,957
Cash and cash equivalents at end of year	<u>\$ 1,245,205</u>	<u>\$ 1,050,957</u>	<u>\$ 1,364,096</u>
Supplemental cash flow disclosures:			
Cash paid for income taxes	(43,988)	(25,179)	(43,264)
Cash paid for interest expense	(7,235)	(965)	(7,176)
Barter transactions	1,808	12,384	6,110
Supplemental schedule of non-cash investing activity:			
Changes in payables and other liabilities related to fixed assets and intangible assets additions	20,270	35,470	56,486
Consideration payable for acquisitions and equity investment	5,722	0	0