

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

	<u>Year Ended December 31,</u>		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Cash flows from operating activities:			
Net income /(loss)	\$ 177,192	\$ 166,949	\$ (171,219)
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of intangible assets and purchased video content in prepaid expense	63,014	75,741	130,044
Depreciation	38,748	54,948	78,417
Share-based compensation expense	13,966	10,429	57,264
			52,28
Goodwill impairment and impairment of intangible assets acquired as part of business acquisitions	2,906	0	2
Impairment of purchased video content	15,083	0	0
Impairment of other intangible assets	5,741	3,624	1,687
Provision /(Reversal) for allowance for doubtful	3,613	(120)	(4)
Excess tax benefits from share-based payment	(5,591)	0	0
Investment income from investments in debt	(5,479)	(5,564)	(1,370)
Contribution from noncontrolling shareholders	0	4,218	0
Change in fair value of put option	0	(2,160)	(2,304)
Change in fair value of short-term investments	(1,546)	(2,452)	(1,611)
Others	363	1,164	(38)
Changes in assets and liabilities, net of acquisition:			
Accounts receivable	(14,761)	(49,432)	(74,428)
Prepaid and other assets	2,807	(51,172)	30,577
Accounts payable	24,445	38,333	(11,144)
Receipts in advance and deferred revenue	14,051	12,562	14,353
Taxes payable	(3,946)	17,171	(16,256)
Deferred tax	9,750	3,796	(20,629)
Accrued liabilities and other short-term liabilities	62,231	125,898	86,662
Net cash provided by operating activities	402,587	403,933	152,283
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(683)	(33,685)	(106,369)
Purchase of noncontrolling interest in 7Road	0	(76,010)	0
Purchase of fixed assets	(89,417)	(113,842)	(90,896)
Purchase of intangible and other assets	(65,130)	(98,006)	(119,290)
Purchase of long-term investments	0	0	(26,135)
Cash paid related to restricted time deposits, net	(244,849)	(177,701)	5,763
Proceeds from /(purchase of) short-term investments,	(35,785)	54,398	(186,508)
Proceeds received from debt securities at maturity	0	0	82,009
Loans granted to third parties	(4,170)	0	0
Loan repayments received from third parties	4,170	0	0
Other cash proceeds related to investing activities	3,269	3,217	2,952
Net cash used in investing activities	(432,595)	(441,629)	(438,474)
Cash flows from financing activities:			
Issuance of common stock	790	1,915	611
Issuance of Sogou Series B Preferred Shares and Class B Ordinary Shares	0	476,948	0
Sohu's purchase of Sogou Series A Preferred Shares	(25,800)	0	0
Repurchase of common stock	(12,566)	0	0

Repurchase of Changyou American depositary shares	0	(17,240)	(3,577)
Repurchase of Sogou Series A Preferred Shares from noncontrolling shareholders	0	0	(47,285)
Repurchase of Sogou Class A Ordinary Shares from noncontrolling shareholders	0	0	(24,679)
Portion of Changyou dividend distribute to noncontrolling interest shareholders	(64,551)	0	0
Portion of Sogou special dividend distributed to holders of Series A Preferred Shares other than Sohu	0	(139,700)	0
Proceeds of loans from offshore banks	239,353	167,000	370,000
Repayments of loans to offshore banks	0	0	(410,194)
Payment of contingent consideration	(13,806)	(19,736)	(2,813)
Excess tax benefits from share-based payment	5,591	0	0
Exercise of share-based awards in subsidiary	1,353	1,794	425
Proceeds received from early exercise of share-based	0	5,278	0
Payment of transaction expenses for issuance of Sogou Series B Preferred Shares and Class B	0	(5,918)	0
Other cash payments related to financing activities	<u>(1,647)</u>	<u>0</u>	<u>(5,298)</u>
Net cash provided by /(used in) financing activities	128,717	470,341	(122,810)
Effect of exchange rate changes on cash and cash	<u>2,219</u>	<u>21,108</u>	<u>(1,947)</u>
Net increase /(decrease) in cash and cash	100,928	453,753	(410,948)
Cash and cash equivalents at beginning of year	<u>732,607</u>	<u>833,535</u>	<u>1,287,288</u>
Cash and cash equivalents at end of year	<u>\$ 833,535</u>	<u>\$ 1,287,288</u>	<u>\$ 876,340</u>
Supplemental cash flow disclosures:			
Cash paid for income taxes	(67,444)	(50,188)	(5,262)
Cash paid for interest expense	(1,992)	(8,812)	(6,283)
Barter transactions	846	380	1,651
Supplemental schedule of non-cash investing activity:			
Consideration payable for acquisitions	0	29,555	5,000

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