

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

	<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income	\$ 152,497	\$ 126,090
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	37,997	28,137
Share-based compensation expense	5,523	10,202
Amortization of intangible assets and purchased video content in prepaid expense	53,378	48,541
Impairment of purchased video content	0	15,101
Impairment of other intangible assets	1,504	7,522
Provision /(Reversal) for allowance for doubtful accounts	(134)	3,538
Excess tax benefits from share-based payment arrangements	0	(3,492)
Investment income from investments in debt securities	(4,143)	(4,098)
Others	(1,722)	89
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(49,920)	(15,025)
Prepaid and other assets	(25,135)	(4,042)
Deferred tax	6,928	7,595
Accounts payable	11,921	22,487
Taxes payable	870	(5,010)
Accrued liabilities	58,493	19,165
Receipts in advance and deferred revenue	12,578	4,809
Other short-term liabilities	14,751	18,172
Net cash provided by operating activities	<u>275,386</u>	<u>279,781</u>
Cash flows from investing activities:		
Purchase of noncontrolling interest in 7Road	(76,010)	0
Purchase of fixed assets	(84,201)	(50,840)
Purchase of intangible and other assets	(61,738)	(44,048)
Cash paid related to restricted time deposits	(121,705)	(225,757)
Proceeds /purchase of short-term investments, net	32,856	(24,436)
Other acquisitions, net of cash acquired	0	(683)
Other cash proceeds /(payments) related to investing activities	1,783	(979)
Net cash used in investing activities	<u>(309,015)</u>	<u>(346,743)</u>
Cash flows from financing activities:		
Issuance of common stock	964	240
Issuance of Sogou series B preferred shares and Class B ordinary shares	475,472	0
Sohu's purchase of Sogou Series A Preferred Shares from Alibaba	0	(25,800)
Repurchase of common stock	0	(12,566)
Repurchase of Changyou American depositary shares ("ADSs")	(9,048)	0
Portion of Changyou dividend distributed to noncontrolling interest shareholders	0	(64,551)
Portion of Sogou special dividend distributed to holders of Series A Preferred Shares other than Sohu	(139,700)	0
Proceeds of loans from offshore banks	111,530	222,353
Payment of contingent consideration	(19,736)	(13,806)
Excess tax benefits from share-based payment arrangements	0	3,492
Exercise of share-based awards in subsidiary	1,794	1,352

Proceeds received from early exercise of share-based awards in subsidiary	5,278	0
Other cash payments related to financing activities	(447)	(281)
Net cash provided by financing activities	426,107	110,433
Effect of exchange rate changes on cash and cash equivalents	14,829	(2,609)
Net increase in cash and cash equivalents	407,307	40,862
Cash and cash equivalents at beginning of period	833,535	732,607
Cash and cash equivalents at end of period	<u>\$ 1,240,842</u>	<u>\$ 773,469</u>
Supplemental cash flow disclosures:		
Barter transactions	\$ 380	\$ 451
Supplemental schedule of non-cash investing activity:		
Consideration payable for acquisition of Shi Ji Guang Su	24,398	0
Consideration payable for the purchase of noncontrolling interest in 7Road	2,000	0
Changes in government grant in prepaid and other current assets	1,066	794
Supplemental schedule of non-cash financing activity:		
Transaction expenses payable for issuance of Sogou Series B Preferred Shares and Class B Ordinary Shares	5,898	0

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

