

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

	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
Cash flows from operating activities:		
Net income	\$ 58,165	\$ 40,819
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,169	8,447
Share-based compensation expense	1,086	2,930
Amortization of intangible assets and purchased video content in prepaid expense	16,064	17,629
Impairment of other intangible assets	428	575
Provision for allowance for doubtful accounts	111	2,981
Excess tax benefits from share-based payment arrangements	0	(1,048)
Investment income from investments in debt securities	(1,355)	(1,364)
Others	(714)	(40)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(17,688)	421
Prepaid and other current assets	(7,538)	4,416
Deferred tax	2,009	3,045
Accounts payable	(2,170)	1,414
Taxes payable	3,541	(816)
Accrued liabilities	(3,389)	(10,172)
Receipts in advance and deferred revenue	(7,828)	(970)
Other short-term liabilities	(5,123)	5,025
Net cash provided by operating activities	46,768	73,292
Cash flows from investing activities:		
Purchase of fixed assets	(28,112)	(12,735)
Purchase of intangible and other assets	(18,945)	(10,722)
Cash paid related to restricted time deposit	(39,787)	(240)
Purchase of short-term investments, net	(18,010)	(12,718)
Acquisitions, net of cash acquired	0	(183)
Other cash payments related to investing activities	1,474	1,417
Net cash used in investing activities	(103,380)	(35,181)
Cash flows from financing activities:		
Issuance of common stock	443	40
Repurchase of common stock	0	(12,566)
Proceeds of bridge loans from offshore banks	30,000	0
Payment of contingent consideration	(19,658)	0
Excess tax benefits from share-based payment arrangements	0	1,048
Exercise of share-based awards in subsidiary	1,329	974
Proceeds received from early exercise of share-based awards in subsidiary	5,258	0
Other cash payments related to financing activities	(187)	(251)

Net cash provided by /(used in) financing activities	17,185	(10,755)
Effect of exchange rate changes on cash and cash equivalents	4,222	1,481
Net (decrease) /increase in cash and cash equivalents	(35,205)	28,837
Cash and cash equivalents at beginning of period	833,535	732,607
Cash and cash equivalents at end of period	<u>\$ 798,330</u>	<u>\$ 761,444</u>
Supplemental cash flow disclosures:		
Barter transactions	43	229
Supplemental schedule of non-cash investing activity:		
Changes in government grant in prepaid and other current assets	210	794

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