

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

	Six Months Ended June 30,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 111,408	\$ 74,568
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	23,833	17,959
Share-based compensation expense	2,325	6,359
Amortization of intangible assets and purchased video content in prepaid expense	32,309	34,395
Impairment of purchased video content	0	15,275
Impairment of other intangible assets	1,444	3,564
Provision /(Reversal) for allowance for doubtful accounts	(386)	3,260
Excess tax benefits from share-based payment arrangements	0	(2,519)
Investment income from investments in debt securities	(2,748)	(2,727)
Others	(1,507)	(243)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(38,516)	(26,853)
Prepaid and other assets	(24,002)	(135)
Deferred tax	6,133	5,590
Accounts payable	5,534	12,899
Taxes payable	1,744	(9,313)
Accrued liabilities	21,410	771
Receipts in advance and deferred revenue	1,141	(6,655)
Other short-term liabilities	11,604	9,612
Net cash provided by operating activities	<u>151,726</u>	<u>135,807</u>
Cash flows from investing activities:		
Purchase of noncontrolling interest in 7Road	(76,010)	0
Purchase of fixed assets	(48,655)	(32,631)
Purchase of intangible and other assets	(38,942)	(27,462)
Cash paid related to restricted time deposits	(90,963)	(240)
Purchase of short-term investments, net	(40,682)	(4,299)
Other acquisitions, net of cash acquired	0	(683)
Other cash proceeds /(payments) related to investing activities	281	(2,877)
Net cash used in investing activities	<u>(294,971)</u>	<u>(68,192)</u>
Cash flows from financing activities:		
Issuance of common stock	784	139
Sohu's purchase of Sogou Series A Preferred Shares from Alibaba	0	(25,800)
Repurchase of common stock	0	(12,566)
Proceeds of loans from offshore banks	81,000	0
Payment of contingent consideration	(19,736)	0
Excess tax benefits from share-based payment arrangements	0	2,519
Exercise of share-based awards in subsidiary	1,324	1,360
Proceeds received from early exercise of share-based awards in subsidiary	5,278	0
Other cash payments related to financing activities	(188)	(251)
Net cash provided by /(used in) financing activities	<u>68,462</u>	<u>(34,599)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>11,790</u>	<u>(1,025)</u>
Net (decrease) /increase in cash and cash equivalents	<u>(62,993)</u>	<u>31,991</u>

Cash and cash equivalents at beginning of period	<u>833,535</u>	<u>732,607</u>
Cash and cash equivalents at end of period	<u>\$ 770,542</u>	<u>\$ 764,598</u>
Supplemental cash flow disclosures:		
Barter transactions	374	229
Supplemental schedule of non-cash investing activity:		
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

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

