

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

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net income /(loss)	\$ (138,473)	\$ 152,497
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets and purchased video content in prepaid expense	99,264	53,378
Depreciation	59,059	37,997
Share-based compensation expense	29,513	5,523
Impairment of intangible assets	1,457	1,504
Reversal for allowance for doubtful accounts	(2)	(134)
Investment income from investments in debt securities	(1,370)	(4,143)
Change in fair value of put option	(2,304)	144
Change in fair value of short-term investments	(425)	(2,292)
Others	1,649	570
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(25,759)	(49,920)
Prepaid and other assets	32,825	(21,016)
Accounts payable	(4,194)	11,921
Receipts in advance and deferred revenue	(941)	12,578
Taxes payable	(17,463)	870
Deferred tax	(21,727)	2,809
Accrued and other short-term liabilities	83,676	73,100
Net cash provided by operating activities	<u>94,785</u>	<u>275,386</u>
Cash flows from investing activities:		
Proceeds from /(purchase of) short-term investments, net	(206,662)	32,856
Acquisition of MoboTap (net of cash acquired)	(86,539)	0
Purchase of intangible and other assets	(98,706)	(61,738)
Purchase of fixed assets	(73,440)	(84,201)
Purchase of long-term investments	(24,609)	0
Cash paid related to restricted time deposits, net	(13,554)	(121,705)
Purchase of noncontrolling interest in 7Road	0	(76,010)
Proceeds received from debt securities at maturity	82,009	0
Other cash proceeds related to investing activities	3,404	1,595
Net cash used in investing activities	<u>(418,097)</u>	<u>(309,203)</u>
Cash flows from financing activities:		
Issuance of common stock	516	964
Issuance of Sogou Series B Preferred Shares and Class B Ordinary Shares	0	475,472
Repurchase of Changyou American depository shares (“ADSs”)	0	(9,048)

Repurchase of Sogou Series A Preferred Shares from noncontrolling shareholders	(47,285)	0
Repurchase of Sogou Class A Ordinary Shares from noncontrolling shareholders	(24,591)	0
Proceeds of loans from offshore banks	370,000	111,530
Repayments of loans to offshore banks	(410,194)	0
Exercise of share-based awards in subsidiary	414	1,794
Portion of Sogou special dividend distributed to holders of Series A Preferred Shares other than Sohu	0	(139,700)
Proceeds received from early exercise of share-based awards in subsidiary	0	5,278
Payment of contingent consideration	(2,813)	(19,736)
Other cash payments related to financing activities	(4,935)	(259)
Net cash provided by /(used in) financing activities	(118,888)	426,295
Effect of exchange rate changes on cash and cash equivalents	(4,192)	14,829
Net increase /(decrease) in cash and cash equivalents	(446,392)	407,307
Cash and cash equivalents at beginning of period	1,287,288	833,535
Cash and cash equivalents at end of period	<u>\$ 840,896</u>	<u>\$ 1,240,842</u>

Supplemental cash flow disclosures:

Barter transactions	\$ 721	\$ 380
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The accompanying notes are an integral part of these condensed consolidated financial statements.