

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

	Six Months Ended June 30,	
	2014	2015
Cash flows from operating activities:		
Net income /(loss)	\$ (106,575)	\$ 6,884
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:		
Amortization of intangible assets and purchased video content in prepaid expense	64,562	96,956
Depreciation	38,751	41,254
Share-based compensation expense	14,771	30,767
Impairment of intangible assets	412	7,082
Provision for allowance for doubtful accounts	471	1,128
Investment income from investments in debt securities	(1,370)	0
Change in fair value of put option	(2,304)	0
Change in fair value of short-term investments	0	(802)
Others	1,299	3,553
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(12,082)	(37,226)
Prepaid and other assets	(2,978)	(563)
Accounts payable	(9,168)	(953)
Accrued liabilities and other short-term liabilities	20,847	37,277
Receipts in advance and deferred revenue	(10,582)	6,448
Taxes payable	(9,337)	(647)
Deferred tax	(17,058)	9,183
Net cash provided by /(used in) operating activities	(30,341)	200,341
Cash flows from investing activities:		
Purchase of intangible and other assets	(54,363)	(73,406)
Purchase of fixed assets	(56,070)	(55,295)
Purchase of long-term investments	0	(16,657)
Deposited funds	0	(13,086)
Proceeds from /(purchase of) short-term investments, net	2,827	(5,848)
Consideration received from disposition of 7Road.com Limited (“7Road”)	0	50,610
Cash received related to restricted time deposits, net	48,764	31,422
Proceeds received from debt securities at maturity	82,009	0
Other cash proceeds related to investing activities	1,687	3,148
Net cash provided by /(used in) investing activities	24,854	(79,112)
Cash flows from financing activities:		
Loan proceeds	0	12,900
Issuance of common stock	425	2,019
Exercise of share-based awards in subsidiary	404	7
Repurchase of Changyou American depositary shares (“ADSs”)	0	(1,329)
Repurchase of Sogou Series A Preferred Shares from noncontrolling shareholders	(47,285)	0
Repurchase of Sogou Class A Ordinary Shares from noncontrolling shareholders	(24,532)	0
Repayments of loans from offshore banks	(153,193)	0
Payment of contingent consideration	(2,813)	0
Other cash proceeds related to financing activities	0	570
Net cash provided by /(used in) financing activities	(226,994)	14,167

Effect of exchange rate changes on cash and cash equivalents	(4,445)	5,114
Reclassification of cash and cash equivalents to held-for-sale assets	0	(14,871)
Net increase /(decrease) in cash and cash equivalents	(236,926)	125,639
Cash and cash equivalents at beginning of period	1,287,288	876,340
Cash and cash equivalents at end of period	<u>\$ 1,050,362</u>	<u>\$ 1,001,979</u>
Supplemental cash flow disclosures:		
Barter transactions	721	1,334
Supplemental schedule of non-cash investing activity:		
Consideration payable for acquisitions	0	5,000

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

