

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

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income /(loss)	\$ (106,575)	\$ 111,408
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	38,751	23,833
Share-based compensation expense	14,771	2,325
Amortization of intangible assets and purchased video content in prepaid expense	64,562	32,309
Impairment of intangible assets	412	1,444
Provision for allowance for doubtful accounts	471	(386)
Investment income from investments in debt securities	(1,370)	(2,748)
Change in fair value of put option	(2,304)	0
Others	1,299	(1,507)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(12,082)	(38,516)
Prepaid and other assets	(2,978)	(24,002)
Accounts payable	(9,168)	5,534
Receipts in advance and deferred revenue	(10,582)	1,141
Taxes payable	(9,337)	1,744
Deferred tax	(17,058)	6,133
Accrued and other short-term liabilities	20,847	33,014
Net cash provided by /(used in) operating activities	(30,341)	151,726
Cash flows from investing activities:		
Purchase of noncontrolling interest in 7Road	0	(76,010)
Purchase of fixed assets	(56,070)	(48,655)
Purchase of intangible and other assets	(54,363)	(38,942)
Proceeds received from maturity of debt securities	82,009	0
Cash received /(paid) related to restricted time deposits	48,764	(90,963)
Proceeds from /(purchase of) short-term investments, net	2,827	(40,682)
Other cash proceeds related to investing activities	1,687	93
Net cash provided by /(used in) investing activities	24,854	(295,159)
Cash flows from financing activities:		
Issuance of common stock	425	784
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
Proceeds /(repayments) of loans from offshore banks	(153,193)	81,000
Payment of contingent consideration	(2,813)	(19,736)
Exercise of share-based awards in subsidiary	404	1,324
Proceeds received from early exercise of share-based awards in subsidiary	0	5,278
Net cash provided by /(used in) financing activities	(226,994)	68,650
Effect of exchange rate changes on cash and cash equivalents	(4,445)	11,790
Net decrease in cash and cash equivalents	(236,926)	(62,993)

Cash and cash equivalents at beginning of period	1,287,288	833,535
Cash and cash equivalents at end of period	<u>\$ 1,050,362</u>	<u>\$ 770,542</u>
Supplemental cash flow disclosures:		
Barter transactions	721	374
Supplemental schedule of non-cash investing activity:		
Consideration payable for purchase of noncontrolling interest in 7Road	0	2,000
Changes in government grant in prepaid and other current assets	0	1,066

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

