

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

	Three Months Ended March 31,	
	2016	2017
Cash flows from operating activities:		
Net income /(loss)	\$ 10,945	\$ (50,353)
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:		
Amortization of intangible assets and purchased video content in prepaid expense	29,115	35,777
Depreciation	17,159	19,360
Share-based compensation expense	433	3,220
Provision for allowance for doubtful accounts	1,064	2,035
Investment loss from equity investments	518	572
Impairment of intangible assets and other assets	3,509	359
Change in fair value of financial instruments	(2,459)	(2,064)
Others	(288)	(328)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	19,058	15,723
Prepaid and other assets	5,576	(924)
Accounts payable	11,304	15,801
Receipts in advance and deferred revenue	(7,857)	(4,205)
Taxes payable	(15,188)	(1,152)
Deferred tax	5,139	4,204
Accrued liabilities and other short-term liabilities	(18,422)	(69,695)
Net cash provided by /(used in) operating activities	<u>59,606</u>	<u>(31,670)</u>
Cash flows from investing activities:		
Purchase of financial instruments	(104,399)	(119,024)
Purchase of intangible and other assets	(29,942)	(23,316)
Purchase of fixed assets	(11,110)	(10,502)
Purchase of long-term investments	(11,739)	(2,190)
Proceeds from financial instruments	171,088	87,317
Return of funds from a third party	0	4,928
Matching loan to a related party	(30,180)	0
Cash received related to restricted time deposits and time deposits, net	225,462	0
Other cash proceeds related to investing activities	635	31
Net cash provided by /(used in) investing activities	<u>209,815</u>	<u>(62,756)</u>
Cash flows from financing activities:		
Exercise of share-based awards in subsidiaries	0	450
Repurchase of Sogou Class A Common Shares from a noncontrolling shareholder	0	(3,190)
Matching loan from a related party	29,941	0
Repayments of loans from offshore banks	(344,500)	0
Net cash used in financing activities	<u>(314,559)</u>	<u>(2,740)</u>
Effect of exchange rate changes on cash and cash equivalents	2,309	3,474
Reclassification of cash and cash equivalents from assets held for sale	0	11,684
Net decrease in cash and cash equivalents	<u>(42,829)</u>	<u>(82,008)</u>

Cash and cash equivalents at beginning of period	<u>1,245,205</u>	<u>1,050,957</u>
Cash and cash equivalents at end of period	<u>\$ 1,202,376</u>	<u>\$ 968,949</u>
Supplemental cash flow disclosures:		
Barter transactions	7,453	3,185
Supplemental schedule of non-cash investing activity:		
Changes in payables and other liabilities related to fixed assets and intangible assets additions	7,474	8,084

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

