

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

	Three Months Ended March 31,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ (56,042)	\$ 58,165
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	19,274	11,169
Share-based compensation expense	5,240	1,086
Amortization of intangible assets and purchased video content in prepaid expense	28,436	16,064
Impairment of intangible assets	140	428
Provision for allowance for doubtful accounts	39	111
Investment income from investments in debt securities	(1,370)	(1,355)
Change in fair value of put option	(2,304)	0
Others	148	(714)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	8,781	(17,688)
Prepaid and other assets	(840)	(7,538)
Accounts payable	11,401	(2,170)
Receipts in advance and deferred revenue	(9,171)	(7,828)
Taxes payable	(9,900)	3,541
Deferred tax	(8,567)	2,009
Accrued and other short-term liabilities	(20,256)	(8,512)
Net cash provided by /(used in) operating activities	(34,991)	46,768
Cash flows from investing activities:		
Purchase of fixed assets	(10,082)	(28,112)
Purchase of intangible and other assets	(28,412)	(18,945)
Proceeds received from maturity of debt securities	82,009	0
Cash received /(paid) related to restricted time deposits	48,764	(39,787)
Proceeds from /(purchase of) short-term investments, net	2,827	(18,010)
Other cash proceeds related to investing activities	1,550	1,287
Net cash provided by /(used in) investing activities	96,656	(103,567)
Cash flows from financing activities:		
Issuance of common stock	348	443
Repurchase of Sogou Series A Preferred Shares from noncontrolling shareholders	(47,285)	0
Proceeds /(repayments) of loans from offshore banks	(153,193)	30,000
Payment of contingent consideration	0	(19,658)
Exercise of share-based awards in subsidiary	0	1,329
Proceeds received from early exercise of share-based awards in subsidiary	0	5,258
Net cash provided by /(used in) financing activities	(200,130)	17,372
Effect of exchange rate changes on cash and cash equivalents	(4,398)	4,222
Net decrease in cash and cash equivalents	(142,863)	(35,205)
Cash and cash equivalents at beginning of period	1,287,288	833,535
Cash and cash equivalents at end of period	\$ 1,144,425	\$ 798,330

Supplemental cash flow disclosures:

Barter transactions	716	43
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Supplemental schedule of non-cash investing activity:

Consideration payable for acquisition of Shi Ji Guang Su	24,382	0
Consideration payable for acquisition of Doyo	5,026	0
Consideration payable for the purchase of noncontrolling interest in 7Road	2,000	0
Changes in government grant in prepaid and other current assets	0	210

Supplemental schedule of non-cash financing activity:

Transaction expenses payable for issuance of Sogou Series B Preferred Shares and Class B Ordinary Shares	471	0
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The accompanying notes are an integral part of these condensed consolidated financial statements

