

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

	Six Months Ended June 30,	
	2016	2017
Cash flows from operating activities:		
Net loss	\$ (35,847)	\$ (98,405)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of intangible assets and purchased video content in prepaid expense	62,500	83,438
Depreciation	34,685	39,270
Impairment of intangible assets and other assets	5,171	44,929
Provision for allowance for doubtful accounts	3,103	3,158
Share-based compensation expense	2,977	15,900
Investment loss from equity investments	814	680
Change in fair value of financial instruments	(4,899)	(1,928)
Others	(571)	(315)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	49,697	(60,765)
Prepaid and other assets	6,419	(4,291)
Accounts payable	16,116	5,950
Accrued liabilities and other short-term liabilities	51,405	(58,122)
Receipts in advance and deferred revenue	(9,372)	(3,789)
Taxes payable	(33,272)	13,089
Deferred tax	2,721	6,338
Net cash provided by /(used in) operating activities	<u>151,647</u>	<u>(14,863)</u>
Cash flows from investing activities:		
Purchase of financial instruments	(177,188)	(263,311)
Purchase of fixed assets	(47,688)	(39,819)
Purchase of intangible and other assets	(81,382)	(31,038)
Purchase of long-term investments	(12,715)	(2,466)
Matching loan to a related party	(18,115)	0
Cash released from restricted time deposits and time deposits, net	225,462	0
Proceeds from financial instruments	201,248	200,421
Return of funds from a third party	3,619	4,928
Other cash proceeds related to investing activities	978	170
Net cash provided by /(used in) investing activities	<u>94,219</u>	<u>(131,115)</u>
Cash flows from financing activities:		
Proceeds from short-term bank loan	0	7,516
Matching loan from a related party	17,041	0
Exercise of share-based awards in subsidiaries	291	493
Repayments of loans from offshore banks	(344,500)	0
Repurchase of Sogou Class A Common Shares from a noncontrolling shareholder	0	(3,190)
Other cash proceeds related to financing activities	0	0
Net cash provided by /(used in) financing activities	<u>(327,168)</u>	<u>4,819</u>
Effect of exchange rate changes on cash and cash equivalents	(15,833)	12,229
Reclassification of cash and cash equivalents from assets held for sale	0	11,684

Net decrease in cash and cash equivalents	(97,135)	(117,246)
Cash and cash equivalents at beginning of period	1,245,205	1,050,957
Cash and cash equivalents at end of period	<u>\$ 1,148,070</u>	<u>933,711</u>
Supplemental cash flow disclosures:		
Barter transactions recognized in revenue	8,845	4,238
Supplemental schedule of non-cash investing activity:		
Changes in payables and other liabilities related to fixed assets and intangible assets additions	14,903	55,829

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

