

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

	Nine Months Ended September 30,	
	2015	2016
Cash flows from operating activities:		
Net income /(loss)	\$ 100,058	\$ (77,886)
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:		
Amortization of intangible assets and purchased video content in prepaid expense	129,475	105,773
Depreciation	60,798	53,769
Goodwill impairment and impairment of intangible assets acquired as part of a business acquisition	40,324	0
Share-based compensation expense	28,465	16,147
Impairment of intangible assets	12,015	6,027
Investment loss from equity investments	3,791	1,006
Provision for allowance for doubtful accounts	1,676	4,341
Gain from sale of the 7Road business and certain Changyou subsidiaries	(55,139)	0
Gain from sale of an equity investment	(12,962)	0
Change in fair value of short-term investments	(1,050)	(7,732)
Others	2,163	(407)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(67,284)	56,560
Prepaid and other assets	2,941	17,782
Accounts payable	7,150	17,507
Accrued liabilities and other short-term liabilities	66,636	64,720
Receipts in advance and deferred revenue	11,202	(2,792)
Taxes payable	17,592	(45,782)
Deferred tax	9,612	5,191
Net cash provided by operating activities	<u>357,463</u>	<u>214,224</u>
Cash flows from investing activities:		
Purchase of intangible and other assets	(106,613)	(134,513)
Purchase of fixed assets	(84,127)	(89,990)
Proceeds from financial instruments	542,372	295,591
Purchase of financial instruments	(618,960)	(282,000)
Purchase of long-term investments	(37,803)	(12,940)
Funds to /(Return of funds from) a third party	(20,033)	3,619
Matching loan to a related party	(13,086)	(18,115)
Consideration received from sale of the 7Road business and certain Changyou subsidiaries, net of cash in 7Road upon its disposition	183,114	0
Cash received related to restricted time deposits, net	30,840	225,462

Proceeds received from sale of an equity investment	11,938	0
Other cash proceeds related to investing activities	3,866	3,840
Net cash used in investing activities	<u>(108,492)</u>	<u>(9,046)</u>
Cash flows from financing activities:		
Matching loan from a related party	12,900	17,041
Issuance of common stock	2,124	3
Exercise of share-based awards in subsidiary	7	288
Repayments of loans from offshore banks	(25,500)	(344,500)
Repurchase of Sogou Series A Preferred Shares from noncontrolling shareholders	(21,015)	0
Repurchase of Changyou American depository shares (“ADSs”)	(14,517)	0
Other cash proceeds /(payments) related to financing activities	2,855	(423)
Net cash used in financing activities	<u>(43,146)</u>	<u>(327,591)</u>
Effect of exchange rate changes on cash and cash equivalents	(8,220)	(20,427)
Reclassification of cash and cash equivalents to assets held for sale	(66)	(10,280)
Net increase /(decrease) in cash and cash equivalents	197,539	(153,120)
Cash and cash equivalents at beginning of period	876,340	1,245,205
Cash and cash equivalents at end of period	<u>\$ 1,073,879</u>	<u>\$ 1,092,085</u>
Supplemental cash flow disclosures:		
Barter transactions	\$ 1,411	\$ 9,259
Supplemental schedule of non-cash investing activity:		
Consideration payable for an acquisition and an equity investment	10,722	0

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