



Sohu.com

Corporate Presentation

SOHU.COM INC. (NASDAQ: SOHU)

August 2011

www.sohu.com

Safe Harbor Statement

This presentation contains forward-looking statements. Statements that are not historical facts, including statements about Sohu and Changyou's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Potential risks and uncertainties include, but are not limited to, the current global financial and credit markets crisis and its potential impact on the Chinese economy, the slower growth the Chinese economy experienced during the latter half of 2008 and in 2009, which could recur in the future, the uncertain regulatory landscape in the People's Republic of China, fluctuations in Sohu's quarterly operating results, and Sohu's reliance on online advertising sales, online games and wireless services (most wireless revenues are collected from a few mobile network operators) for its revenues. Further information regarding these and other risks is included in Sohu's annual report on Form 10-K for the year ended December 31, 2010 and quarterly report on Form 10-Q for the quarter ended June 30, 2011, Changyou's annual report on Form 20-F for the year ended December 31, 2010, and other filings by Sohu and Changyou with the Securities and Exchange Commission.

Unique Combination of Strong Businesses:

Sohu Portal

Leading Mainstream Media Platform



- Strong brand recognition
- User base of around 300m
- Extensive advertising resources
- Largest online library of authorized high definition video content in China

Changyou

Leading MMORPG Company



- TLBB continues to attract players to its community
- DMD was launched in July
- Acquired a 68% stake in 7Road (a reputable web-based game developer)

Sogou

Online Search Subsidiary



- Sogou Pinyin, a dominant software for Chinese language-input in China, has 73.6% penetration rate measured by monthly active users
- Sogou Search and Browser both ranked no.3 in the market

- Portal business: Traction is picking up as increasingly higher value advertising solutions are provided to advertising partners around China
- Online game business (Changyou): A leading player in the MMORPG industry; effectively drives high growth and high profitability, as well as generates strong cash flows
- Sogou business: Sogou business continues its strong momentum.



Financial Track Record









| | 2011 Q2 | 2011 Q1 | Q-o-Q % | 2010 Q2 | Y-o-Y % | 2011 Q3 Guidance | Q-o-Q % |
|---|----------|----------|------------|----------|------------|---------------------|------------|
| Total revenues | \$198.7m | \$174.4m | 14% | \$146.1 | 36% | 225~ 230m | 13%~16% |
| Brand advertising | \$67.7m | \$57.2m | 19% | \$53.2 | 27% | 75~77m | 11%~14% |
| Sogou | \$13.6m | \$8.0m | 71% | \$3.9 | 252% | 16m | 18% |
| Online games (CYOU) | \$101.5m | \$94.9m | 7% | \$77.7 | 31% | 112~114m | 10%~12% |
| Wireless and others | \$15.8m | \$14.3m | -1% | \$11.3 | 5% | N/A | N/A |
| Operating margin (non-GAAP)* | 37% | 39% | N/A | 39% | N/A | N/A | N/A |
| Net income before NCI (non-GAAP)* | \$67.0 | \$60.6 | 10% | \$52.5 | 27% | 64.5~67m | -4%~0% |
| Net income after NCI for diluted EPS (non-GAAP) * | \$47.4 | \$44.0 | 8% | \$37.5 | 27% | 47~49m | -1%~3% |
| Diluted EPS after NCI (non-GAAP) * | \$1.21 | \$1.13 | 8% | \$0.96 | 26% | 1.20~ 1.25 | -1%~3% |
| Cash Balance | \$718.1m | \$737.9m | -3% | \$599.1m | 20% | N/A | N/A |
| Cash inflow from operations | \$83.7m | \$72.4m | 16% | \$57.6m | 45% | N/A | N/A |

* Non-GAAP operating income, net income and diluted EPS exclude the impact of share-based awards. Please refer to our earnings release, which is posted on the IR section of Sohu's website at <http://corp.sohu.com/investorrelations> for GAAP numbers.

Supplementary Financial Data by Business Lines

| 2011 Q2 | Revenue | Non-GAAP | | GAAP | |
|--|-----------------|-------------------------|------------------|-------------------------|------------------|
| | | Operating Profit/(Loss) | Operating Margin | Operating Profit/(Loss) | Operating Margin |
| Brand Advertising, Wireless and Others | \$83.6m | \$10.3m | 15% | \$8.3m | 13% |
| Sogou (before NCI) | \$13.6m | \$(2.3m) | NA | \$(3.3m) | NA |
| Online Games (before NCI) | \$101.5m | \$65.2m | 60% | \$63.8m | 58% |
| Sohu group | \$198.7m | \$73.2m | 37% | \$68.8m | 35% |

Strong Results Delivered by an Experienced and Focused Team

| 搜 狐 sohu.com | Title | Years | 畅游 ChangYou.com | Title | Years |
|---|--|-------|--|--|-------|
|  | Dr. Charles Zhang Chairman and Chief Executive Officer | 15 |  | Mr. Tao Wang Chief Executive Officer | 7 |
|  | Ms. Carol Yu Co-President and Chief Financial Officer | 8 |  | Mr. Alex Ho Chief Financial Officer | 7 |
|  | Ms. Belinda Wang Co-President and Chief Operating Officer | 12 |  | Mr. Dewen Chen President and Chief Operating Officer | 7 |
|  | Mr. Xiaochuan Wang Chief Technology Officer and Chief Executive Officer of Sogou | 11 |  | Mr. Xiaojian Hong Chief Technology Officer | 7 |

Portal Business: Brand Advertising

Sohu Brand Advertising Performance by Industry

- For 2011 Q3, brand advertising revenue expected to grow by 27% to 30% YoY.
- For 2011 Q2, fast growing sectors on a YoY basis are IT, Real Estate and FMCG.
- E-commerce is one of the fast growing categories.
- 2011 Q2 Online video: revenue increased over 150% and nearly 50% increase in the number of advertisers YoY.
- Auto and Real Estate:
 - Expected to post steady growth despite government tightening policies.
 - In 2011, Sohu is expanding its presence in smaller cities to take advantage of stronger demand of local advertisers.

Portal Business: Online Video

A Glance at 搜狐视频 tv.sohu.com

One of the most recognized premier online video brands

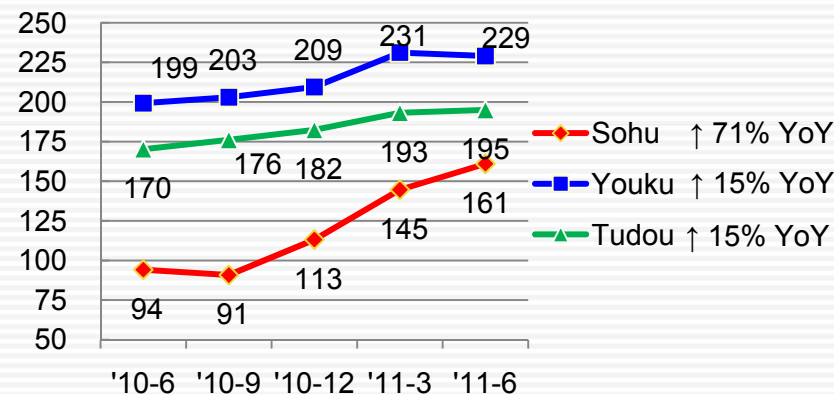
The fastest growing online video site in terms of user base

Largest premium licensed content platform

#1 site in total viewing time of premium long-form content

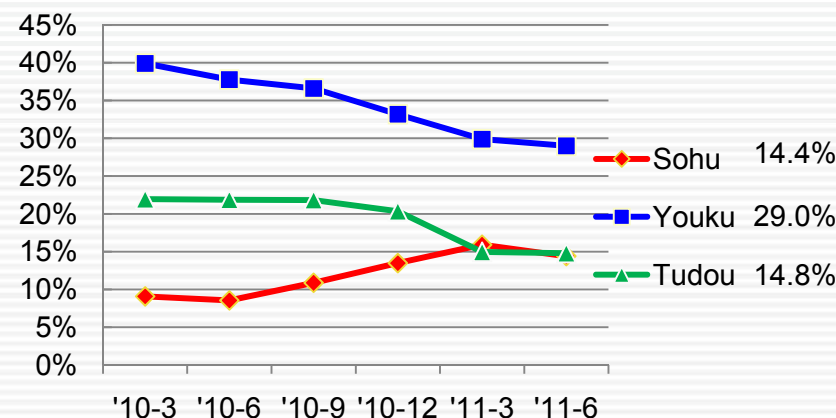
Monthly Unique Visitors

In million



* Source: iResearch, June 2011.

Market Share by User Time Spent



* Source: iResearch, June 2011.

2011 Q2 Quarterly Highlights

- Premium content – TV dramas
 - ✓ For 2011 1H top 10 series, Sohu Video broadcasts 9 out of 10, of which 4 are on exclusive basis
 - ✓ For 2012 Sohu Video secured strongest pipeline of exclusive rights
 - ✓ Unique insights of content selection was evidenced by the popularity of Qing Princess (还珠格格)
- In-house production
 - ✓ Three self-produced drama series were among the most watched programs on our platform
 - ✓ Launched “7 Film”, a project partnered with the China Film Group Corporation and Nokia with cast of seven well-known actors
- Revenue increased by more than 150%; number of advertisers rose nearly 50%
- In June 2011, monthly unique visitors increased to 161 million, up 71% compared with June of 2010, according to iResearch.

Key Competitive Advantages

Content



- Strong pipeline of exclusive premium content library
- Partnership with Fox Studio, Warner Brothers, Sony and Disney for paid content
- Professionally-made original productions that attract segmented viewers

Brand



- Influential entertainment media rather than an online distributor
- Broad connections with traditional media industry, including state-owned TV stations, domestic and overseas production studios
- Established brand that highly appeals to advertisers

User Base














- More than 300 million existing user base under the Sohu brand
- Cross marketing by leveraging the Sohu platform, i.e. portal & Sogou & SNS

Financial Strengths



- Yearly budget for content acquisition over \$30 million
- Strong cash position allows aggressive best content pursuance if needed
- Cash balance of over \$700 million with strong operating cash flow

Comprehensive Content Offering

| HD Premium | Sohu Original | National TV | UGC | Paid Content |
|--|---|---|--|---|
|  <p>Movie</p>  <p>TV Drama</p>  <p>TV show</p>  <p>Cartoon/Animation</p> |  <p>7 Film</p>  <p>Leftover Lady</p>  <p>Dapeng Talkshow</p> |  <p>Live TV</p>  <p>News</p>  <p>TV Program</p> |  <p>Funny</p>  <p>Gossip</p>  <p>Oddly enough</p> |       |
| <ul style="list-style-type: none"> ✓ ~ 30k episodes of TV series ✓ ~1,500 movies ✓ ~15k clips of TV shows ✓ ~270 titles of cartoons ✓ ~ 6,400 clips of documentaries ✓ Contents across Chinese, Japanese, Korean, Thai, American, and European. | <ul style="list-style-type: none"> ✓ Pioneer of online video website in-house productions ✓ Wide varieties of in-house productions, from short film, web drama, to talk show, celebrity interview, etc. | <ul style="list-style-type: none"> ✓ ~ 1 million clips of news ✓ ~ 100 Live TV shows | <ul style="list-style-type: none"> ✓ More than 10 million clips UGC content ✓ ~ 30k daily uploads | <ul style="list-style-type: none"> ✓ ~ 400 movies ✓ over 1K hours of educational contents ✓ HD seamless movie experience ✓ Preferred partner with Fox, WB, Paramount, etc. distributors in China |

Our Growth Strategy



Continuously pursue best quality exclusive contents to expand user base



Enrich in-house productions and develop “Sohu Branded” popular programs



Enhance mobile solutions to enable user's access anytime, anywhere



Leverage Sohu Group resources to drive traffic



Build premier brand image and expand advertiser network

Sohu Video Management



Ms. Ye Deng
Chief Executive Officer, Sohu Video
Vice President, Sohu.com



Mr. Chun Liu
Chief Operating Officer, Sohu Video
Vice President, Sohu.com

Online Search: Sogou

Sogou – Growth on All Fronts

Product Offering

Sogou Pinyin

- **No.1** application software for Chinese language-input
- One of the most used desktop software in China
- 73.6% penetration rate based on the number of monthly active users.

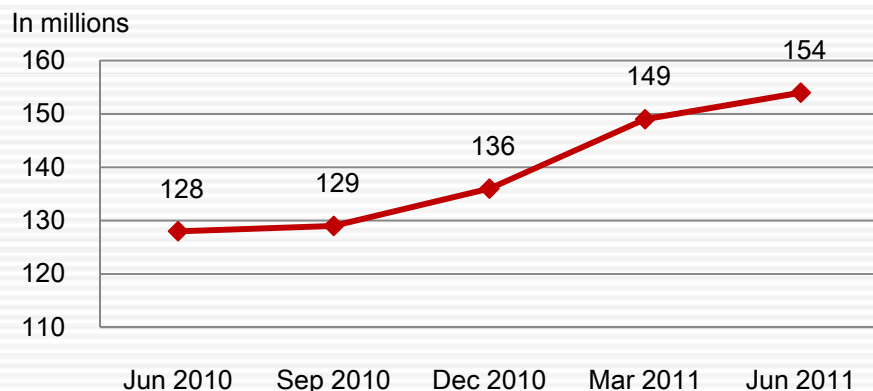
Sogou Browser

- **No.3** web browser in China
- 93.6 million monthly active users in June 2011, 16% increase QoQ
- 23% user penetration rate in June 2011, 17% increase QoQ

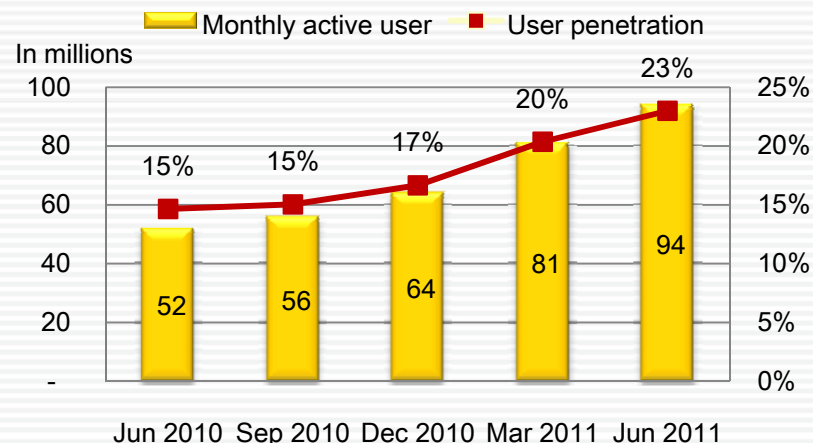
Sogou Search

- **No.3** search engine
- 51 million daily webpage search page view, doubled in a year
- As of June 2011, market share rose to 5.9% from 3.1% in June 2010.

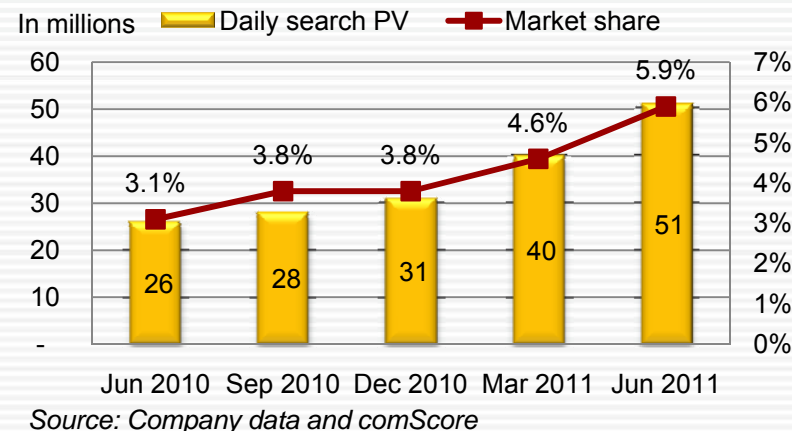
Sogou Pinyin weekly active user



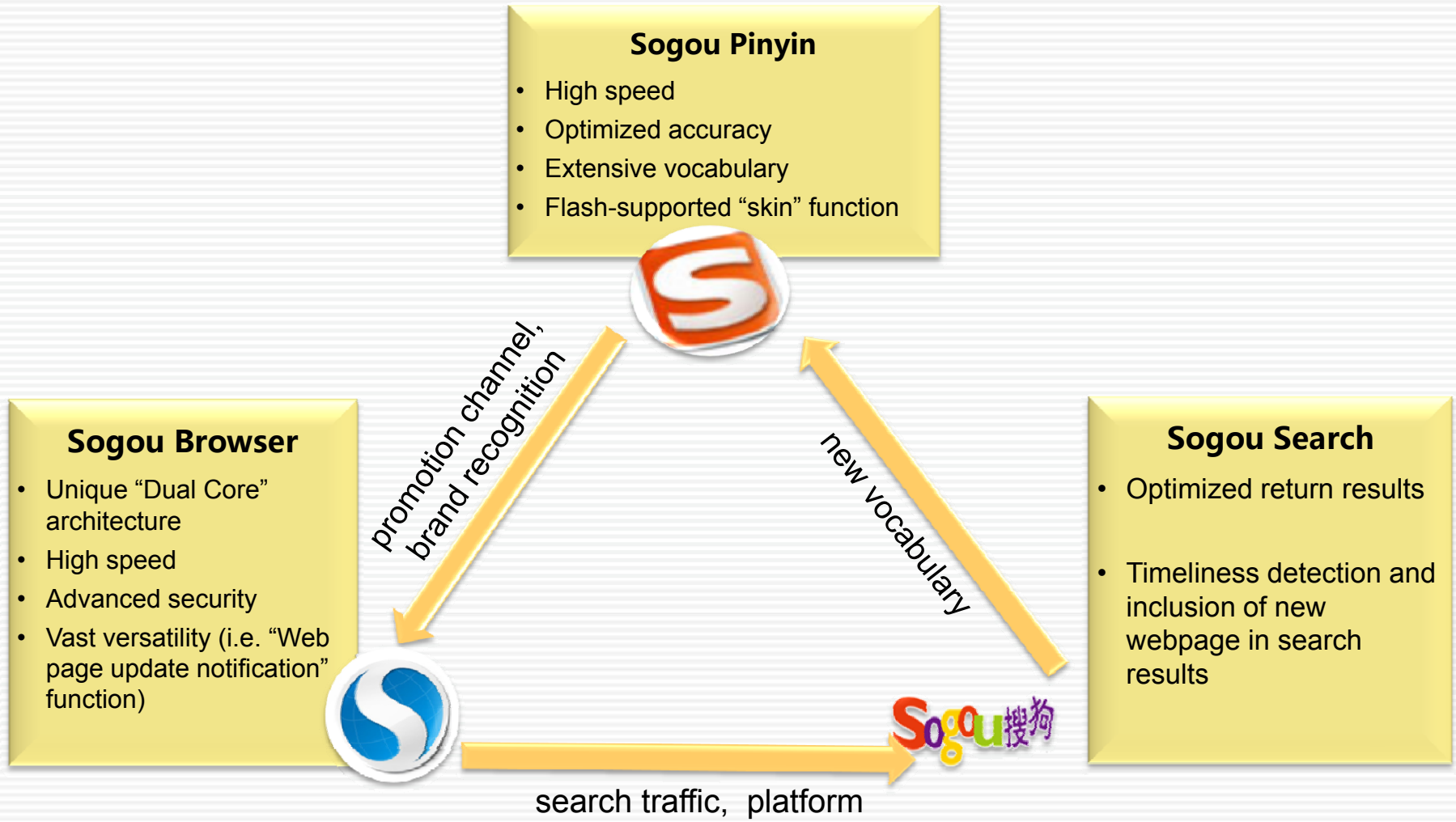
Sogou Browser monthly active user



Sogou Search -- Daily webpage search PV

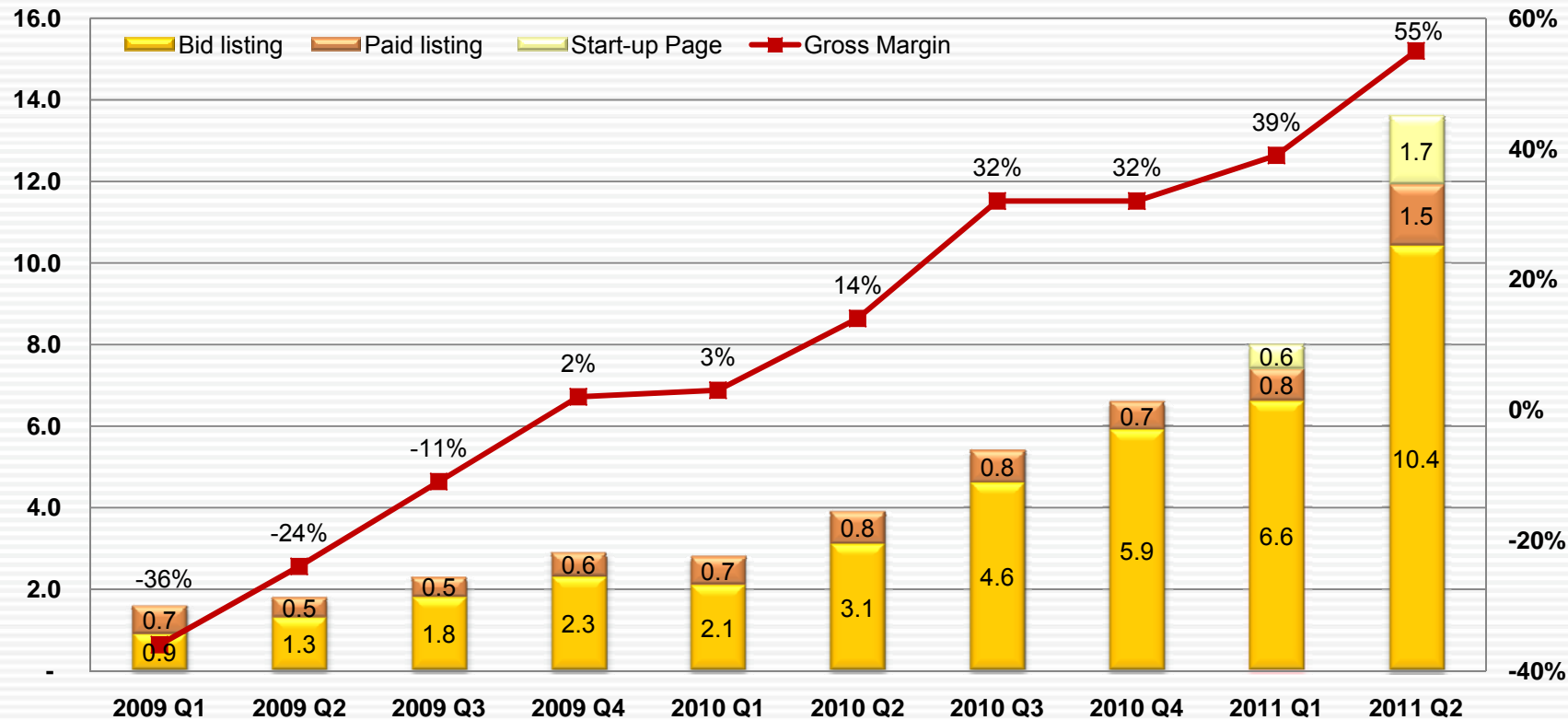


Benefits From Jointly Leveraging Three Core Products



Revenue Gains Strong Momentum

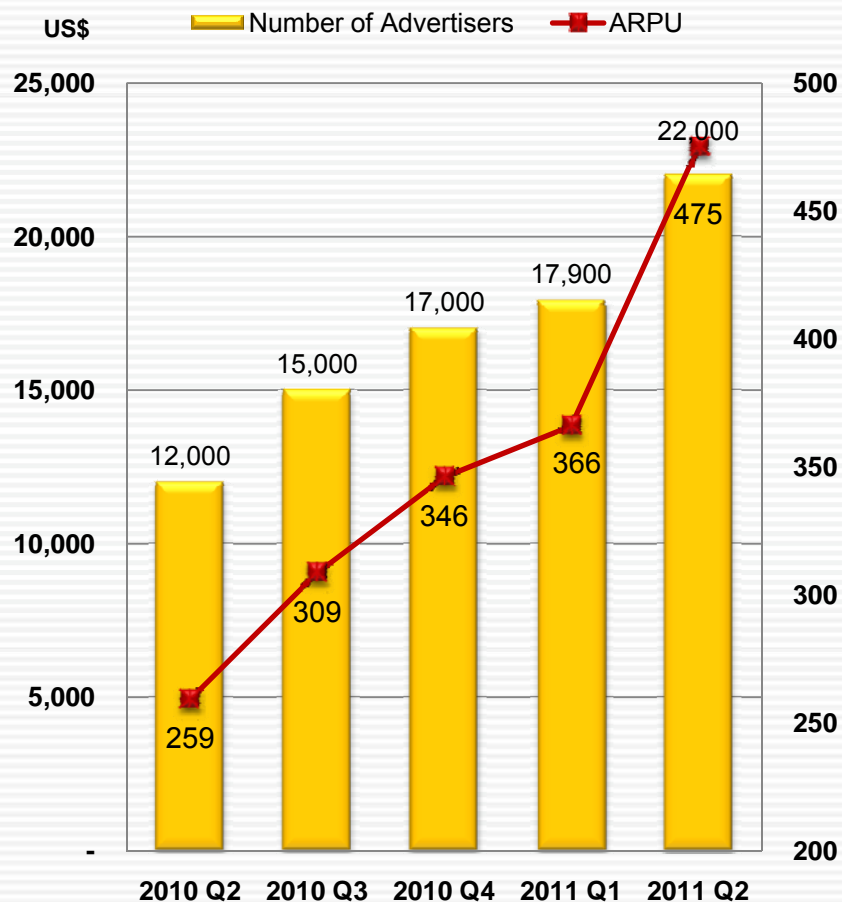
US\$ millions



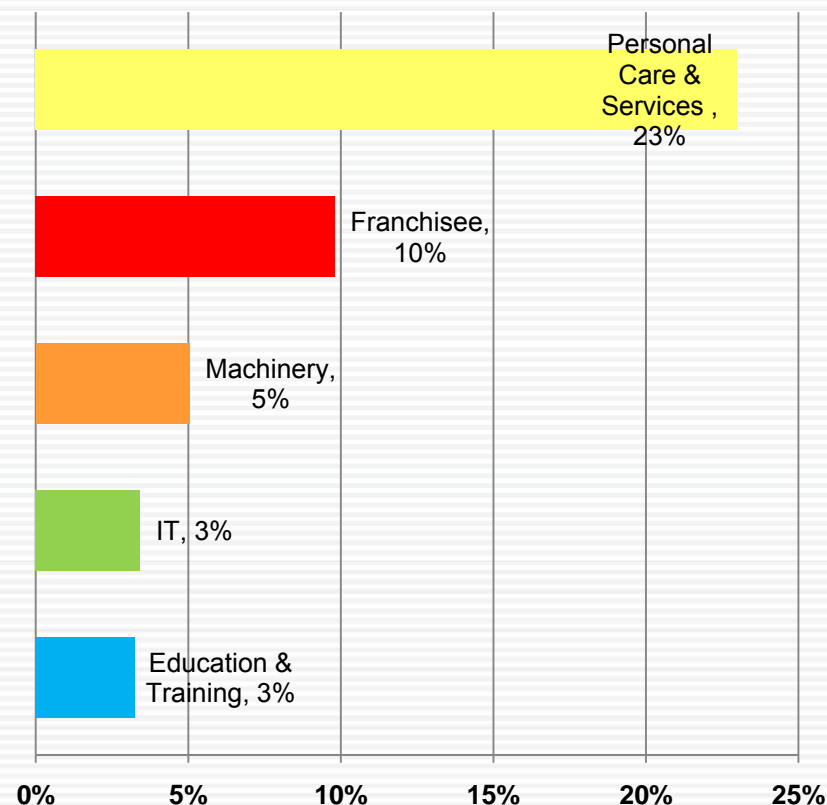
- In 2011 Q2, Sogou revenue rose 252% YoY, and 71% QoQ.
- In 2011 Q2, non-GAAP gross margin were 55%, compared with 14% in Q2 2010 and 39% in Q1 2011.
- For 2011 Q3, revenue is expected to reach \$16 million.

Expanding Advertiser Network

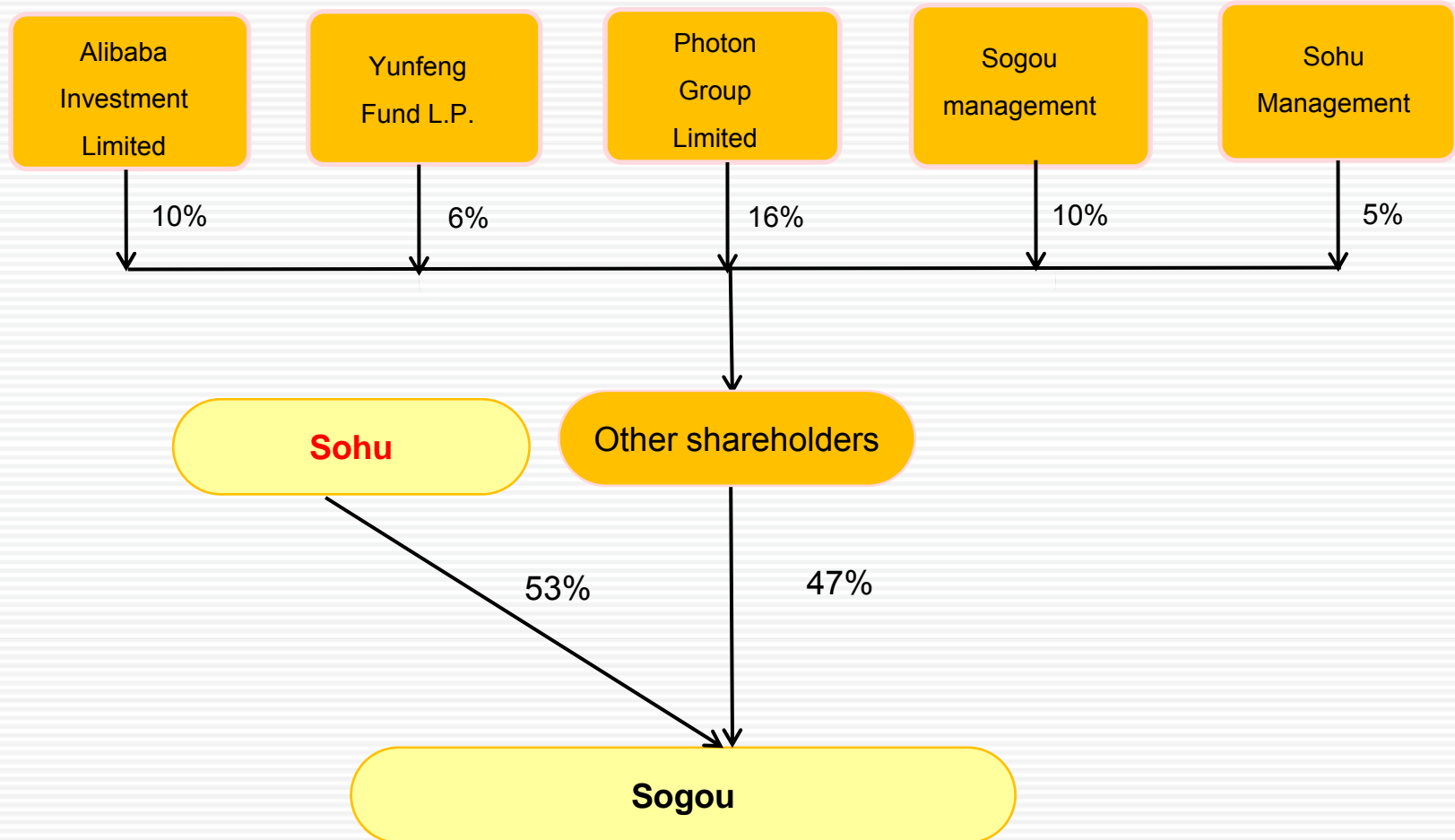
Number of Advertisers and ARPU



2011 Q2 Top Five Revenue Sectors



Sogou Capital Structure



% of shareholding is on a fully diluted basis

Online Games: CYOU



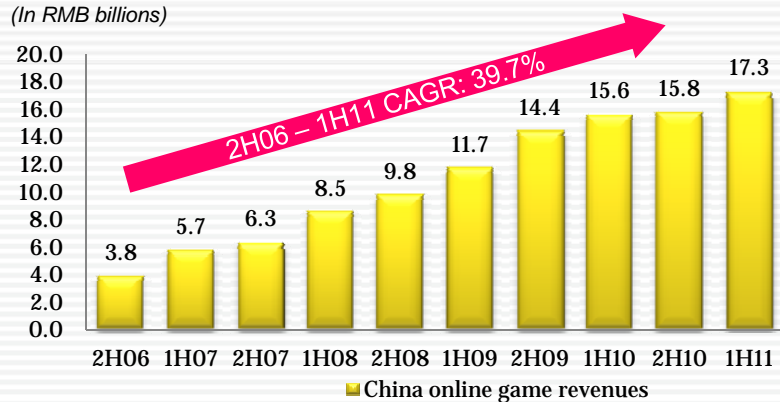
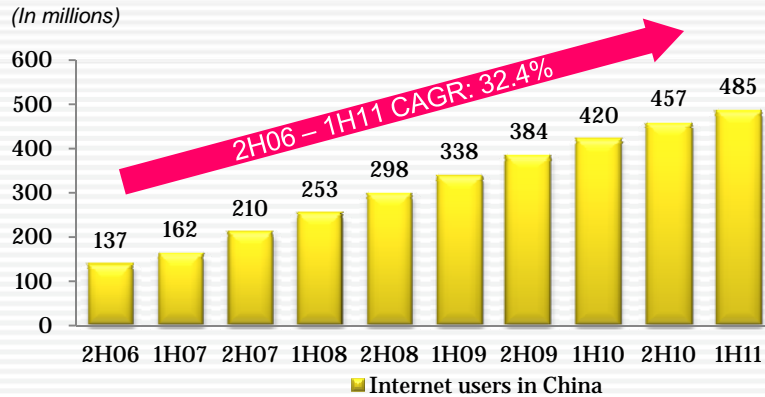
Industry Update

China's Growing Online Game Market

Internet user growth drives the expansion of the online game market in China

China – world's largest Internet market and still growing

Macro trends driving robust online game revenue growth



Government strengthens online games management, encourages creativity and focuses on healthy and sustainable development of the industry

- At the CGIAC conference on January 19, 2011, Chinese government officials stated that the government will:
 - Introduce policies related to online gaming in China to provide a solid foundation for the sustainable growth of the industry
 - Support and encourage original game content developed by Chinese companies
 - Cooperate with online companies to effectively protect intellectual property rights
 - Encourage investments in advanced technologies and talent
 - Support domestic online games companies to expand overseas
- We believe the formalization of a standard set of regulations will help the sustained development of the industry. Changyou will continue to strongly support the work of the regulators and join in the formulation and implementation of these regulations and make greater contributions to the industry's development.

Source: CNNIC, Analysys

Financial Overview

Strong Financial Track Record

| | 2011 Q2 | 2011 Q1 | 2010 Q2 | QoQ | YoY | 2011 Q3 Guidance** |
|---|----------|----------|----------|-----|-----|--------------------|
| Total revenues | \$105.0m | \$97.1m | \$77.7m | 8% | 35% | \$115.0m~118.0m |
| Online game revenues* | \$101.5m | \$94.9m | \$77.7m | 7% | 31% | \$112.0m~114.0m |
| Other revenues | \$3.5m | \$2.2m | - | 62% | N/A | N/A |
| Gross margin (non-GAAP) ** | 87% | 88% | 91% | N/A | N/A | N/A |
| Operating margin (non-GAAP) ** | 60% | 64% | 63% | N/A | N/A | N/A |
| Net income attributable to Changyou.com Limited (non-GAAP) ** | \$55.6 m | \$54.6 m | \$44.1 m | 2% | 26% | \$51.0m~52.5m |
| Diluted EPS attributable to Changyou.com Limited (non-GAAP) ** | \$1.04 | \$1.02 | \$0.82 | 2% | 26% | \$0.95~0.98 |
| Balance in cash and cash equivalents and short-term investments | \$414.4m | \$406.5m | \$294.5m | -2% | 35% | N/A |
| Debt Balance | \$0 | \$0 | \$0 | N/A | N/A | N/A |
| Cash inflow from operations | \$66.6m | \$59.3m | \$49.2m | 13% | 35% | N/A |

* Online game revenues include revenues from Changyou's game operations and overseas licensing revenues and revenues from 7Road

** Non-GAAP numbers exclude share-based compensation costs. Please refer to our earnings release, which is posted on the IR section of Changyou's website at <http://www.changyou.com/ir/> for GAAP numbers.

Changyou is a highly profitable online game developer with a strong, debt-free balance sheet and rich cash flows.

Business Highlights

1 Franchise Games are Cornerstone of Growth

TLBB Remains Our Flagship Game

Launched a hit game

1

Continued to grow user base

2

Formed a large community

3

Build into an even more valuable franchise

4



We will continue to release expansion packs regularly to drive the narrative forward and keep the franchise and its user community vibrant and growing...

- Released two expansion packs in mid-March and early July and we saw a pick up in the number of gamers after the release of each
- Plan to launch TLBB 3, another major expansion pack, in 2H2011 to further extend this game's life cycle and make it into an ever more valuable franchise over the long term

An Award-winning Game



The Most-liked Online Game by Game Players by ChinaJoy for five consecutive years from 2006 to 2010



World's Top Five Most Profitable Game Franchises in 2009 by Forbes

The Most-clicked MMORPGs in China's Internet Café

- | | | |
|---|--------------------------|-----------------|
| 1 | Fantasy Westward Journey | NetEase |
| 2 | Eudemonso | Netdragon |
| 3 | TLBB | Changyou |
| 4 | Westward Journey Online | NetEase |
| 5 | Duke of Mount Deer | Changyou |

User-centric game development model incorporating extensive feedback and solid operating strategy deliver organic growth and maintain healthy game portfolio

* Data from barchina.net for the period July 25 -31, 2011

2

Our Second In-house Developed Game – DMD

- The launch of the truly high quality world-class game



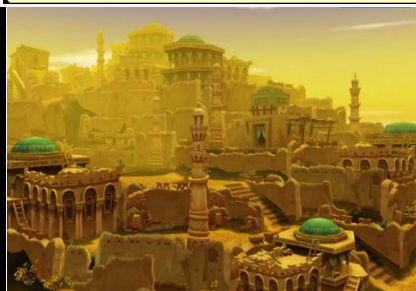
Our most anticipated 3D martial arts MMORPG launched after 4 years' dedication

| | |
|------------------|---|
| Launch date | July 22, 2011 |
| Development time | 4 years |
| Type | 3D cartoon-style martial arts MMORPG with the option to switch between 2.5D and 3D graphic modes |
| Revenue model | Item-based revenue model |
| Storyline | <ul style="list-style-type: none"> Adapted from the last martial arts novel written by Louis Cha, a book that has been adapted into numerous movies and television series and is widely known by Chinese people The story talks about the adventures of <i>Wei Xiaobao</i>, his encounters with the Emperor of the Qing Dynasty, his devious plots against the Emperor and how he eventually meets and woos 7 wives along the way |

Cartoonish graphic style



Visually attractive scenery



Multiple graphic modes



Social interactive game-play

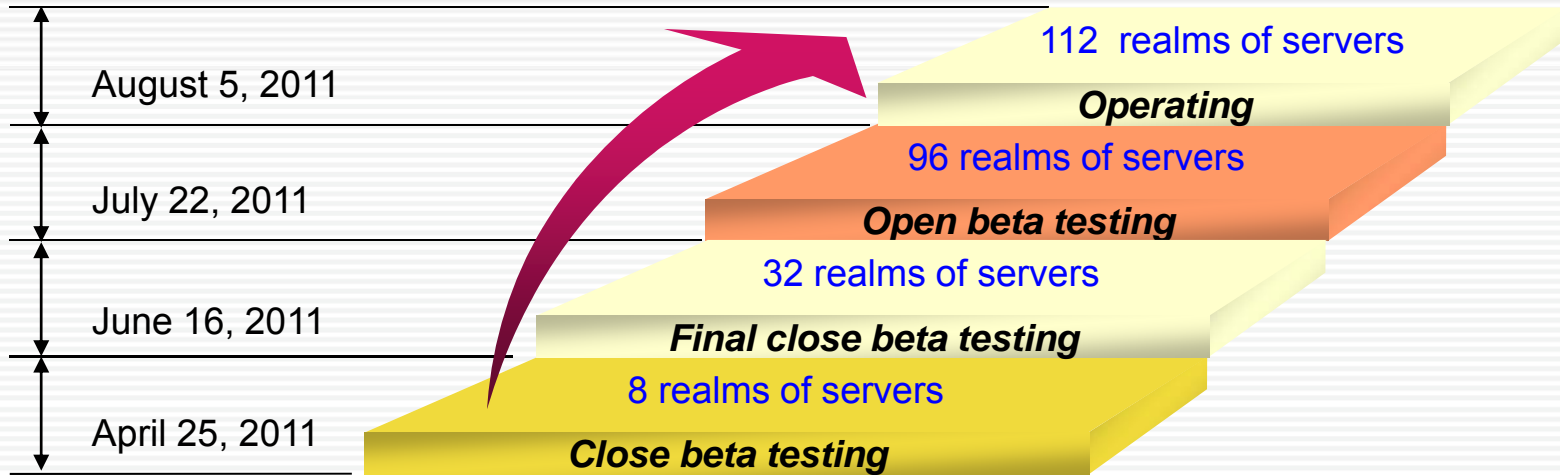


2

Our Second In-house Developed Game – DMD

- High levels of acceptance of and participation in DMD after launch

We opened the game with 64 new realms of servers and have added more since then, bringing the total to 112 realms of servers



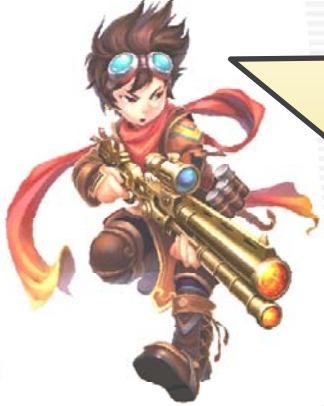
These numbers demonstrate high levels of acceptance of and participation in DMD

2

Our Second In-house Developed Game – DMD (Cont'd)

- Both hardcore and casual players are already giving positive reviews

What the hardcore
players like



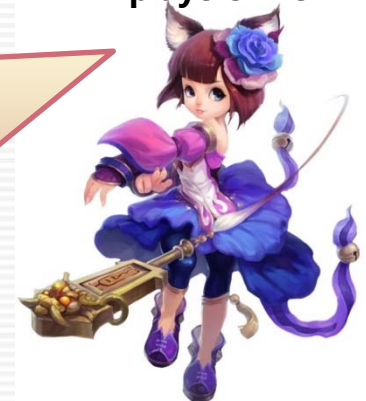
Martial arts fighting features:

- **Servers vs. Servers** - Several servers can form an alliance against competing teams of servers, bringing not only players, but communities, from different servers together
- **“Planet of Outland”** - Advanced players can transverse into a completely new world where they can battle, compete and build their own empires
- **Game Playability** - Over 100 new innovative types of game play that provide the advanced players an immersed gaming experience

What the casual
players like

Community-based features:

- **Fully interactive community** - Players can purchase lands and build their own homes in a style that is fully customizable, like “The Sims”
- **Cross-server functionality** - Players can interact with friends from other servers, widening their social circle within the game
- **Life skills and mini-games** - Players can take a break from killing monsters and explore real life, including cooking, fishing, tailoring, crafting, gathering, or even mini-games



The depth of interaction enabled by technology today presents a massive opportunity to form lasting in-game relationships among players

2

Our Next In-house Developed Game – DMD (Cont'd)

- Carefully planned promotional strategy to build further momentum

Named one of the most anticipated online games in China in 2010

Intensive marketing initiatives for hardcore players

Wider scale advertising for the masses

Launch the game in summer 2011 and well received by players

To ride on the current momentum and make DMD even more popular

- Held several rounds of closed beta testing events to get the word out and capture gamers' interest

- Released tons of game previews, screenshots, videos, developer interviews to grow gamers' interest

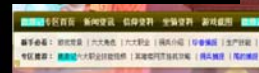
- Advertisements on major portals, game verticals, TV and cinemas

- On July 22nd, we saw a good reception to the launch of DMD, whose user base continued to expand after its launch

- To ride on the current momentum and make DMD even more popular, we plan to spend \$10 million for DMD's marketing in the third quarter

- Invite China's top game unions to participate in the closed beta testing

Host events at school campuses and Internet cafes



今日霸气公测

Our aim is to generate buzz and create maximum excitement for the high quality world-class game

3 Diversify Game Portfolio through Licensing

Upcoming games in 2011



Game title

Battlefield Online

Ba Zhe Wu Shuang

Theme

- First-person shooting game

- 2D turn-based strategy game

Development Progress

- Began close beta testing on June 28, 2011

- Began close beta testing on June 30, 2011

Features

- Licensed from Electronic Arts, a global leader in digital interactive entertainment
- The first online game in the Battlefield franchise, which is a long-standing series of first-person shooter games for the PC

- Licensed from a local game studio
- Featuring elements of both strategy and action games

Continue to bring new games to market that complement our portfolio and attract different types and demographics of users

4

A leader in the fast-growing web-based games segment

Introduction to 7Road



On May 11, 2011, Changyou completed the acquisition of 68.258% of the equity in 7Road. Changyou began consolidating 7Road's financials into its financial statements starting from June 1, 2011.

Business

A reputable web-based game company that develops and jointly operates free-to-play multiplayer web-based games with over 50 of the most frequently visited game portals and SNS sites in China and overseas.

DDTank, one of the most popular multiplayer web-based shooting games in China, currently ranks among China's top five web-based games on the Baidu search ranking.

Its key operational results for June 2011 are as follows:

- Active accounts were 18.6 million, defined as registered accounts that were logged in at least once during the period.
- Active charging accounts were 660,000, defined as the number of active accounts that purchased virtual currency for use in the game during the period.
- Average revenue recognized per active charging accounts was RMB32, defined as net revenues recognized by 7Road for the period divided by the number of active charging accounts for the same period.

Product

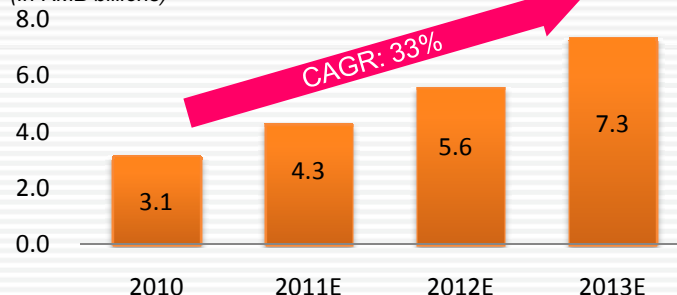
Financials

7Road's financial statements were consolidated in the Company's financial statements starting on June 1, 2011. 7Road contributed approximately \$3.3 million to Changyou's second quarter revenues.

Industry Snapshot

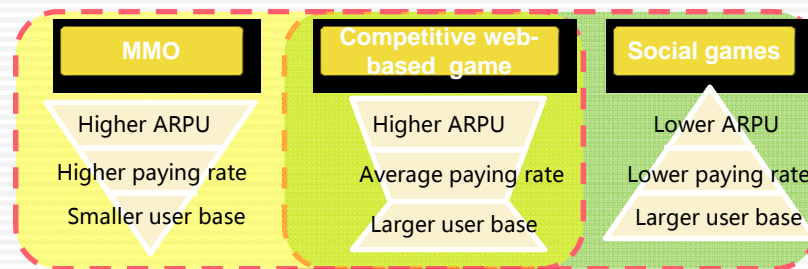
China Web-based Game Market Forecast

(In RMB billions)



Source: Iresearch

Competitive Strengths



The competitive web-based game combines the best of MMO games and social games, offering an exciting experience for both hardcore and casual users, who connect in real time and play cooperatively and competitively

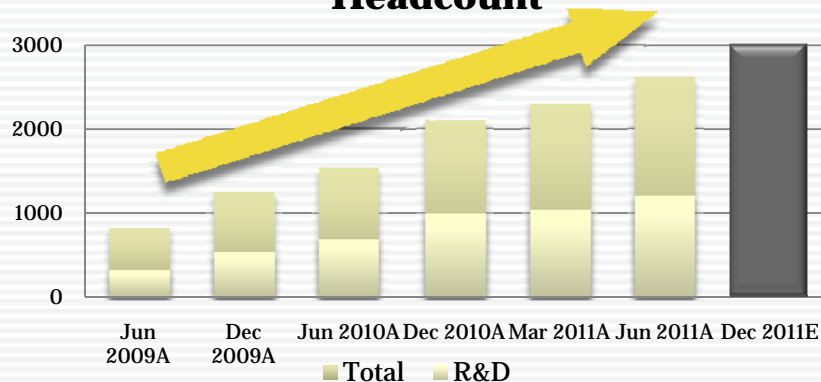
Through 7Road, Changyou owns one of the top web-based game titles in China.

5 Building Human Capital for Long-term Development

Dedicated development team and growing talent pool

- We and our subsidiaries currently operates over 10 online games* and maintain a dedicated product development team for each game
- We continue to maintain a sizable team in the industry to develop and operate our major game titles, DMD and TLBB
- We have also multiple product development teams that are responsible for developing new MMORPGs of various graphic styles and themes and we're scheduled to launch 2 or 3 in-house developed games in the 1H 2012
- We acquired 300 talents through the acquisition of 7Road, most of them are engineers specialized in web-based games
- Total employees were approximately 2,600 as of June 30, 2011, with over 1,200 game engineers

Headcount



Attract and train top-notch talent

- We expect to increase our R&D headcount by another 400 to 500 by the end of 2011 to further expand our game development capabilities
- Continue to incentivize employees with competitive performance-based pay packages and opportunities that work on the company's key in-house developed projects

Incentivize and retain existing employees

- Developed a number of new in-house training programs for engineers in the past years
- TLBB's well-established game development platform is a training base for R&D talent
- Experienced game development personnel provide valuable guidance to new hires and help them assimilate into Changyou's culture
- The team currently working on TLBB is already the third generation of game developers
- Unique incentive systems ensure maximum sharing of experience and know-how

Streamlined hiring and training practices strengthen foundation for long-term growth

* Including Tian Long Ba Bu, Duke of Mount Deer, Blade Online, Blade Hero 2, Da Hua Shui Hu, Zhong Hua Ying Xiong, Immortal Faith, San Jie Qi Yuan, Legend of Ancient World and DDTank

Key Investment Takeaways



- Winning formula: strong brand ad and online game businesses to deliver sustainable growth through various economic cycles.
- Sogou business continues its growing momentum and is picking up market share.
- Strong, debt-free balance sheets and healthy operating cash flows: combined cash balance of \$718 million with quarterly operating cash flow of \$83.7 million.

Thank You!