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 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, 2013 and quarterly report on Form 10-Q for the quarter ended March 31, 2014, Changyou’s annual report on Form 20-F for the year ended December 31, 2013, and other filings by Sohu and Changyou with the Securities and Exchange Commission.
Unique Combination of Strong Businesses

**Sohu.com**
Leading Mainstream Media Platform

- Strong brand recognition
- Extensive advertising resources
- Top-tier online video service provider in China

**Changyou**
Leading MMORPG Company

- Flagship MMO game TLBB continues its popularity
- DDTank and Wartune -- 2 top-ranked Web games in China
- Implement platform-based strategy through 17173.com, a leading game information portal in China

**Sogou**
Online Search Subsidiary

- Sogou Pinyin, a dominant Chinese language input method, has over 85% penetration rate measured by monthly active users
- Top 3 search engine in China

- **Sohu.com**: connects advertising partners across China to their targeted audience
- **Online game business (Changyou)**: Sees steady progress in diversifying into fast growing game segments
- **Sogou business**: sustains solid growth; partners with Tencent to become a credible and fastest growing contender in both PC and mobile search
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2014 Q1</th>
<th>2013 Q4</th>
<th>Q-o-Q %</th>
<th>2013 Q1</th>
<th>Y-o-Y %</th>
<th>2014 Q2 Guidance</th>
<th>Y-o-Y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$365m</td>
<td>$385m</td>
<td>(5%)</td>
<td>$308m</td>
<td>19%</td>
<td>$397~411m</td>
<td>17%~21%</td>
</tr>
<tr>
<td>Brand advertising</td>
<td>$111m</td>
<td>$123m</td>
<td>(10%)</td>
<td>$80m</td>
<td>38%</td>
<td>$130~135m</td>
<td>30%~35%</td>
</tr>
<tr>
<td>Sogou *</td>
<td>$70m</td>
<td>$70m</td>
<td>0%</td>
<td>$39m</td>
<td>78%</td>
<td>$86~90m</td>
<td>72%~80%</td>
</tr>
<tr>
<td>Online games</td>
<td>$163m</td>
<td>$172m</td>
<td>(5%)</td>
<td>$167m</td>
<td>(2%)</td>
<td>$161~166m</td>
<td>(4%)~(1%)</td>
</tr>
<tr>
<td>Others **</td>
<td>$27m</td>
<td>$26m</td>
<td>3%</td>
<td>$24m</td>
<td>11%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating margin (non-GAAP)</td>
<td>(17%)</td>
<td>0.2%</td>
<td>-</td>
<td>23%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income before NCI (non-GAAP)</td>
<td>$(50.8)m</td>
<td>$19.4m</td>
<td>-</td>
<td>$59.3m</td>
<td>-</td>
<td>$(53)~(47)m</td>
<td>-</td>
</tr>
<tr>
<td>Net income after NCI for diluted EPS (non-GAAP)</td>
<td>$(48.2)m</td>
<td>$4.6m</td>
<td>-</td>
<td>$23.9m</td>
<td>-</td>
<td>$(52)~(48)m</td>
<td>-</td>
</tr>
<tr>
<td>Diluted EPS after NCI (non-GAAP)</td>
<td>$(1.26)</td>
<td>$0.12</td>
<td>-</td>
<td>$0.62</td>
<td>-</td>
<td>$(1.35)~(1.25)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash balance</td>
<td>$1,260m</td>
<td>$1,270m</td>
<td>-</td>
<td>$644m</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash inflow from operations</td>
<td>$(35)m</td>
<td>$129m</td>
<td>-</td>
<td>$47m</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Sogou revenues include revenues from Search, Web directory, and Web games.
** Commencing with 2014 Q1, revenues for “mobile” business has been merged with “others” to conform to the current period presentation.
Strong Results Delivered by an Experienced and Focused Team

Dr. Charles Zhang  
Chairman & CEO  
17 yrs

Ms. Carol Yu  
President & CFO  
10 yrs

Mr. Tao Wang  
Chief Executive Officer  
9 yrs

Mr. Dewen Chen  
President  
9 yrs

Mr. Xiaochuan Wang  
CEO of Sogou  
15 yrs

Mr. Xiaojian Hong  
Chief Operating Officer  
9 yrs
Brand Advertising
Brand Advertising Business Updates

- In 2014 Q1, net revenues were $111 million, up 38% YoY
- Top 5 sectors: Auto, Real Estate, FMCG, Online Game, and IT
- Sohu WAP portal and mobile news APP maintained rapid user growth
- Conducted pilot-testing mobile monetization on Sohu News Mobile APP

- 2014 Q2 Outlook
  - Net Revenues to be between $130m and $135m, up 30%-35% YoY
Online Video
One of the most recognized premier online video brands

Rapid growing mobile traffic

Diversified and comprehensive content portfolio

Average Daily Video Views

- PC
- Mobile

Mar' 2013  Mar' 2014

626%  48%

Source: Company data

Average Daily Time Spent

- PC
- Mobile

Mar' 2013  Mar' 2014

319%  55%

Source: Company data
Monetization on Upward Trajectory

In 2014 Q1

- **Strong momentum sustained**
  - Ad revenues grew 78% YoY
  - ~30% of total brand ad revenues

- **Rapid Growth on Mobile**
  - Mobile traffic surpassed PC in terms of VV
  - Mobile ad revenues grew 66% QoQ
  - Mobile ad revenues reached mid-teens as percentage of total revenues

### 2014 Q1 Revenue Breakdown

- FMCG, 53%
- Auto, 17%
- IT, 15%
- Others, 16%

### Expanded Advertiser Base

- **Up 66% YoY**

<table>
<thead>
<tr>
<th></th>
<th>2013 Q1</th>
<th>2014 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMCG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Content Leadership

- **Extensive coverage of hot domestic TV dramas**
  - In Q1, broadcasted 33 of top 50 dramas*, the most among industry

- **No.1 destination for American TV content**
  - In Q1, broadcasted nearly 80 TV series, the most among industry
  - Exclusive coverage on premium dramas, i.e. “House of Cards”

- **Breakthroughs in Sohu Originals**
  - High quality original productions customized for web audiences
  - In Q1 “Sohu Video Entertainment Report”, ranked No.2* most watched variety show

- **Strong 2014 pipeline**
  - Wide selection of hot licensed content
  - Step up investment for Sohu Originals

* Source: iResearch
## Comprehensive Content Offering

### HD Premium
- Movie
- TV Drama
- Cartoon
- Variety show
- Music
- Documentary

- ~ 33k episodes of TV series
- ~2,200 movies
- ~55k clips of variety shows
- ~21k episodes of cartoons/animations
- ~20k clips of documentaries
- Contents across Chinese, Japanese, Korean, Thai, American, and European

### Sohu Original
- Micro Film
- Dramas
- Variety Show
- Programs
- Documentary

- Pioneer of online video website in-house productions
- Wide varieties of in-house productions, from short film, web drama, to documentary, talk show, celebrity interview, variety show, etc.

### Media
- News and Commentary

- ~ 660k clips of news & entertainment news
- 55 channels of live TV station broadcasts
- 24/7, offers 3D channels
- Topic driven, live broadcast on breaking news and social events

### UGC
- Funny
- Gossip
- Music Video
- Oddly enough

- ~43 million clips of UGC content
- ~30k daily UGC uploads

### Paid Content
- ~ 500 movies
- ~ 6,000 episodes of educational contents
- Seamless and advertisement free HD viewing experience
- Preferred partner with Fox, WB, Sony, Lions Gate, Paramount, etc. in China

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### Program Types
- News and Commentary
- Live TV
- Media
- UGC
- Paid Content

![Program Types]
Sohu.com is one of the most visited Internet portals in China, with daily unique visitors of 50 million* on PC.

Mobile traffic directed by Sohu News App and Sohu WAP Portal.

Sogou Search, one of the top 3 search service in China, is an important traffic source for Sohu Video.

Source: Mar. 2014 iResearch
Overview

Strong Revenue Growth

- US$ millions
- YOY @ 108%
- YOY @ 55%
- YOY @ 78%
- 2011: 63.0
- 2012: 131.2
- 2013: 216.4
- 2013 Q1: 39.3
- 2014 Q1: 70.0

- In 2014 Q1, mobile search revenues accounted for 12% of total search revenues

Sogou PC Pinyin – Monthly Active User

- In millions
- Mar 2012: 315
- Mar 2013: 416
- Mar 2014: 441

- No. 1 Chinese language input software both on PC and Smart Phones

Sogou PC Search

- 2011: 8.5%
- 2012: 8.1%
- 2013: 11.3%

- No. 3 in PC search and No. 2 in mobile search

Sogou Browser + QQ Browser (PC)

- 2011: 8.8%
- 2012: 8.6%
- 2013: 10.6%

- Caters for the unique browsing behaviors of Chinese Internet users
2014 Q1 Business Updates

**Measures to Improve Search Quality**

- PC search traffic increased moderately and mobile search traffic grew 24% QoQ
  - Faster loading speed for mobile search
  - Rolled out first UGC nature products – Sogou Baike and Sogou Wenen

- Launched the “Crown”, a new advertising display format to offer advertisers better CTR with showing richer information

**Progress made with Tencent Cooperation**

- Fully replaced Soso on multiple platforms
  - QQ.com, QQ Browser, QQ Web Directory, Qzone, QQ chat

- Added new search gateways
  - At PC and mobile
  - QQ.com, recommended webpage links powered by Sogou Search

- Product cooperation in sight
  - Sogou service being integrated into Tencent’s properties is under development
Comprehensive Product Roadmap

**PC**

- **Sogou Search**
  - Sogou Baike
  - Sogou Wenwen
- **Sogou Browser**
  - Sogou Web Directory
  - Sogou Map
- **QQ Browser**
  - QQ Web Directory

**Mobile**

- **Sogou Search**
- **Mobile**
  - More opportunities
  - Mobile Assistant
  - Number Pass
  - Voice Assistant
  - Map
- **Sogou/QQ Browser**
  - Sogou Pinyin
- **Tencent properties**

- **Sogou Pinyin**
- **Tencent properties**

**Tencent properties**

- QQ Pinyin
2014 Q1 Financial Highlights

Solid Revenue Growth with Improved Margins

US$ millions

- Total revenues
- Non-GAAP operating income (loss)
- Non-GAAP gross margin

Revenue Breakdown by Business Lines

- Search, 73%
- Web directory, 19%
- IVAS, 8%

2011: 63.0
2012: 131.2
2013: 216.4
2014 Q1: 70.0

(7.5) (13.5) (9.5) 0.5

44% 46% 50% 55%
### 2014 Q1 Financial Highlights (cont'd)

#### Number of Advertisers and ARPA

<table>
<thead>
<tr>
<th></th>
<th>Number of Advertisers</th>
<th>ARPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Q1</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>2013 Q1</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td>2014 Q1 *</td>
<td>901</td>
<td>-</td>
</tr>
</tbody>
</table>

*Includes Soso’s customers*

#### Revenue Breakdown by Sectors

- **E-commerce**, 16.6%
- **Healthcare**, 13.5%
- **Gaming**, 11.8%
- **Business services**, 8.0%
- **Travel and living services**, 6.2%
- **Others**, 57.0%
Key Tasks for 2014

1. Continue to drive traffic growth on PC and mobile
2. Improve CTR on better search results and ad system
3. Hike CPC over elevated traffic and larger customer network
4. Focus on product innovation, in particular on mobile front