



北京2008年奥运会赞助商
OFFICIAL SPONSOR OF THE BEIJING 2008 OLYMPIC GAMES

SOHU.COM INC. (NASDAQ: SOHU)

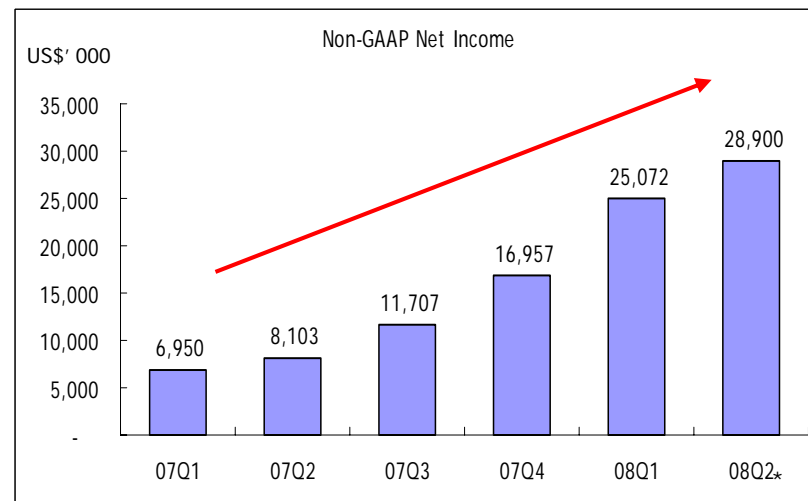
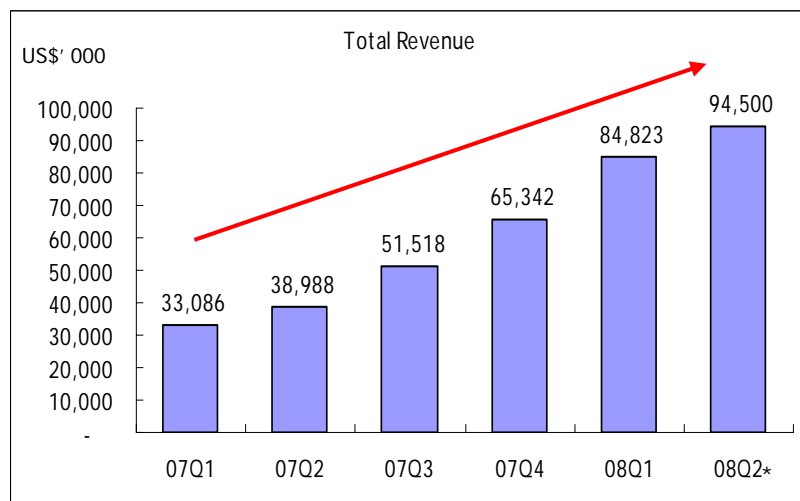
Sohu.com Corporate Presentation

May 2008

Safe Harbor Statement

This presentation contains forward-looking statements, including, among other things, a statement of Sohu's expectations regarding future profitability. 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 uncertain regulatory landscape in the People's Republic of China, fluctuations in Sohu's quarterly operating results, Sohu's historical and possible future losses and limited operating history, and the company's reliance on online advertising sales, online games and wireless services (most wireless revenues are collected from a few mobile telecom operators) for its revenues. Further information regarding these and other risks is included in Sohu's Annual Report on Form 10K, its quarterly reports on Form 10Q, and in its other filings with the Securities and Exchange Commission.

A Growth Story.....



* Assume Sohu reach mid point of 2008 Q2 guidance

- Continuous growth of both total revenues and net income
- Enjoy acceleration in recent quarters
- For three consecutive quarters, achieved record high total revenues and net income. All parameters exceeded company guidance
- Revenue running quickly towards \$100 million per quarter
- Cash balance increased by 65% year-on-year, and reached \$160m+ as of March 31, 2008

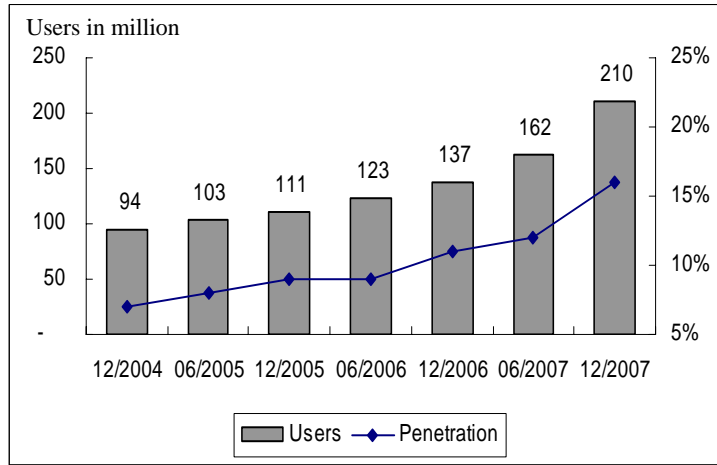
Financial Summary

	2007 Q4	2008 Q1	Q-o-Q %	Y-o-Y %	2008 Q2 Guidance
Total revenues	\$ 65.3m	\$ 84.8m	30%	156%	\$93 - \$96m
Ad revenues	\$ 33.7m	\$ 34.8m	3%	36%	\$41 - \$43m
Brand advertising	\$32.2m	\$33.2m	3%	41%	\$38.5 - \$39.5m
Sponsored search	\$1.5m	\$1.6m			
Non-ad revenues	\$31.6m	\$50.1m	58%	570%	\$53 - \$55m
Online games	\$24.0m	\$41.0m	71%	2433%	\$43 - \$45m
Wireless	\$7.3m	\$8.6m			
Others	\$0.3m	\$0.5m			
Operating income (non-GAAP)*	\$16.8m	\$34.0m	103%	419%	n/a
Net income (non-GAAP)*	\$17.0m	\$25.1m	48%	261%	n/a
Net income per diluted share (non-GAAP)*	\$0.43	\$0.64	49%	255%	\$0.72 - \$0.75

* Non-GAAP operating income, net income and diluted EPS exclude the effect of share-based compensation expense under SFAS123R, effective January 1, 2006. For 2008Q1 and 2007Q4, share-based compensation expense was \$3.5 million and \$1.9 million, respectively. For 2008 Q2, assuming no new grants of share-based awards, share-based compensation expense is estimated to be \$2 to \$2.5 million (equivalent to approximately \$0.05 to \$0.06 per fully diluted share).

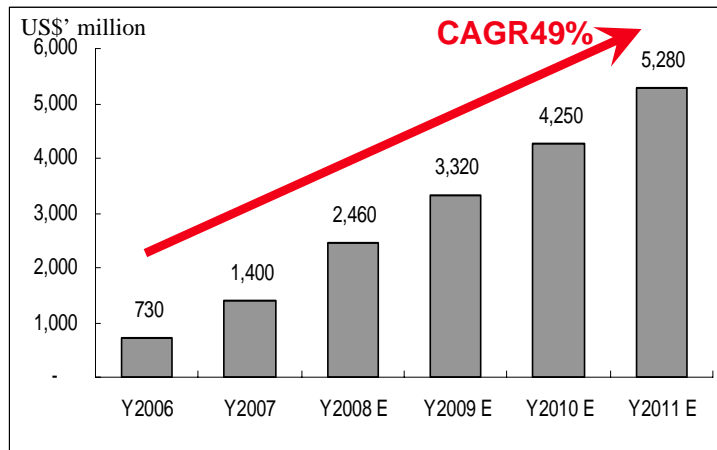
Beneficiary of a Growing China Internet Industry

Internet User Population

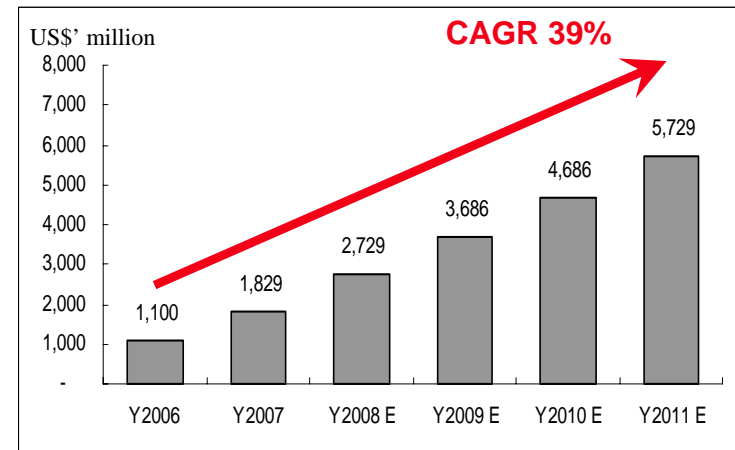


- Chinese Internet population is expanding with accelerated growth rate.
- Market sizes for both online advertising and online games have been growing continuously and momentums are expected to continue.

Online Ad Market Size



Online Game Market Size



(Sources: CNNIC, 2008; iResearch, Jan 2008)

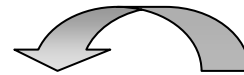
Sohu's Unmatched Competitive Edge

—Unique Combination of Portal and Online Game Business

Portal



- Vast user base
- Marketing resources
- 17173's industry expertise - a tool for game development



**Cross
Fertilization**



Online Games



- Acquiring new users, especially teenagers
- Revenue, profit and cash flow contribution

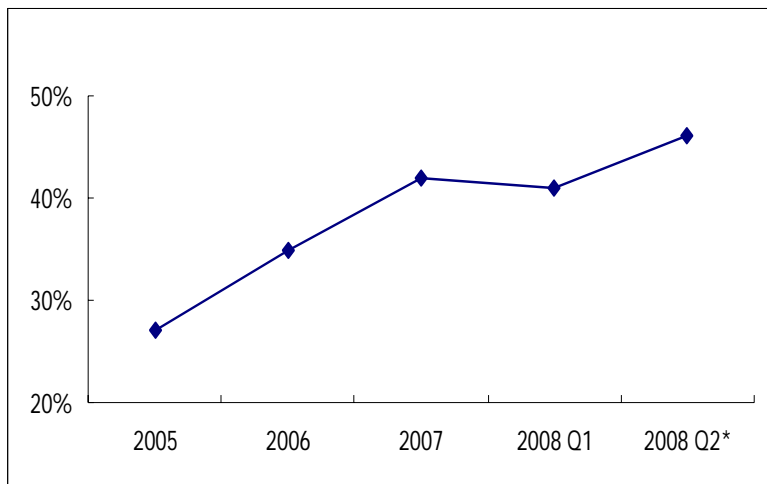
- TLBB registered users reached 28 million within one year
- UV of Sohu portal grew by 41% year-on-year in first quarter of 2008



Brand Advertising

Accelerating Brand Ad Revenue Growth

Brand ad revenue growth is accelerating.....



	Revenue growth rate (Y-o-Y)
2005	27%
2006	35%
2007	42%
2008 Q1	41%
2008 Q2*	46%

* Assume Sohu reach mid-point of 2008 Q2 guidance

User Acquisition

Unparalleled Olympic reporting strength and advantages

- Prestigious exclusive roles surrounding the Beijing 2008 Olympic Games
- Example: Sohu was the only Internet media that provided real time video reporting on the torch relay on the Mount Everest



Planned massive marketing campaign during the Games period

- To invest \$14.5 million during Q2 and Q3 to broaden people's awareness of Sohu as the "Portal of Choice" for the Beijing 2008 Olympic Games



Expect new user acquisition



2009 – Expect Healthy Growth!

Revenue:

- For industries do not increase ad spend during Olympic, such as real estate and online gaming, we expect them to maintain their momentum in 2009. In 2007, real estate and online game, represented roughly 30% of brand ad revenue and grew by 60% Y-o-Y.
- For industries increase ad spend during Olympic, we still expect continuous growth in 2009 (though maybe at a slower pace) because:
 - China GDP is expected to continue to grow at 10% in 2009
 - Internet population keeps growing- MII plans 95% of villages to be broadband-enabled by end of 2008
 - User switch to Sohu from other portals in 2008
 - Online ad is still only ~4% of total ad market in China
 - In 2005, the year after the Athens 2004 Olympic Games, Sohu's brand ad revenue grew by 27% year-on-year

Net income:

- Olympics related non-recurring expense savings, at least \$14.5 million, are expected to more than offset the organic growth of recurring expenses in 2009



Online Games

Tian Long Ba Bu

- Tian Long Ba Bu: a top 5 MMORPG in China in terms of PCU

	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 April
Registered Users	11.5 m	18.1 m	23.4 m	27.9 m	28.3 m
Active Paying Accounts (APA)	209,000	690,000	1,096,000	1,387,000	960,000
APA as a % of Registered Users	2%	4%	5%	5%	
Peak Concurrent User	>400,000	>400,000	>500,000	>500,000	>600,000
Quarterly ARPU	Rmb82	Rmb118	Rmb147	Rmb199	Rmb107
Revenue	\$2.3 m	\$10.9 m	\$22.0m	\$38.9m	\$14.8m
Gross Margin	64%	84%	88%	92%	

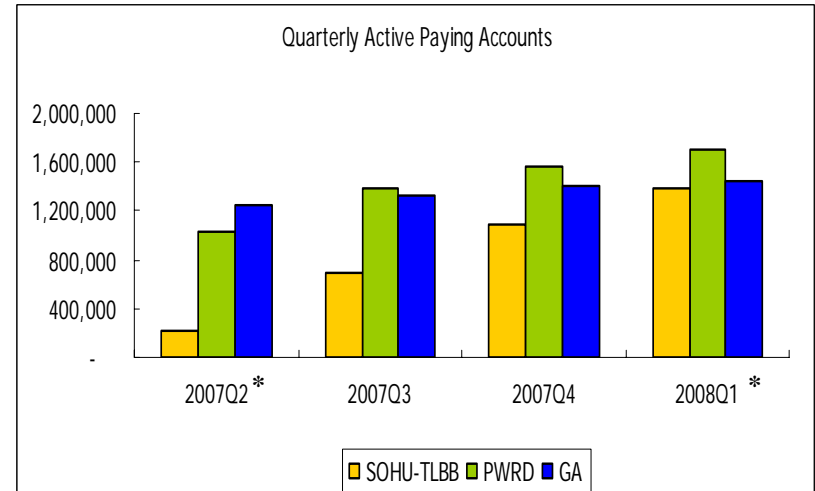
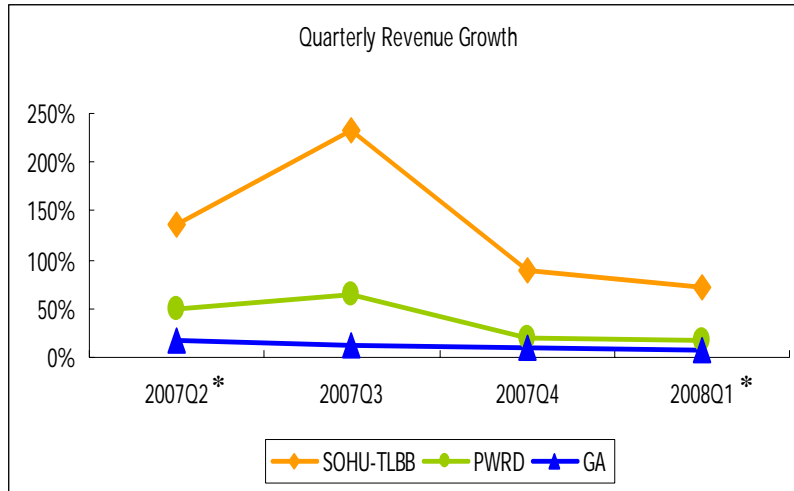
- **PCU** exceeded 600,000 in early April
- **Next expansion pack:** end of June
- **Revenue for 2008 Q2:** targeting 5% to 10% sequential growth
- **Strong cash flow:** cash flow from online game operation was around \$34 m for 2008 Q1

Peer Comparison

	Sohu (SOHU)	Netease (NTES)	Giant (GA)	The9 (NCTY)	Perfect World (PWRD)	Sohu (SOHU)	Shanda* (SNDA)
Game revenue (US\$'000)	40,955	79,166	67,255	62,619	43,234	23,961	94,300
PCU	>0.6 m	~2.2 m	1.65 m	1 m	0.66 m	>0.5 m	N/A
Active Paying Accounts	1.39 m	N/A	1.45 m	N/A	1.7 m	1.1 m	3.47 m
Quarterly ARPU (Rmb)	199	N/A	325.1	N/A	151	147	N/A

* Shanda has not released its 2008 Q1 result.

Growth Comparison



* Note:

- 2007 Q2: **Sohu** launched TLBB and **PWRD** launched Zhu Xian
- 2008 Q1: PWRD launched Chi Bi and Hot Dance Party, and **GA** launched Giant Online

Product Life Cycles

- Top tier games in China are enjoying continuous revenue increase years after their launch.

Online Game Revenue* (in US\$'000)	Year of Operation	2007 Q1		2007 Q2		2007 Q3		2007Q4	
		Amt.	Q-o-Q %	Amt.	Q-o-Q %	Amt.	Q-o-Q %	Amt.	Q-o-Q %
NTES	4th	60,333	8%	60,361	0%	60,483	0%	67,206	11%
GA	2nd	40,875	86%	48,212	18%	54,085	12%	59,612	10%

* After sales tax

What's the Impact of the Earthquake?

- Sichuan province only contributes ~3% of TLBB revenue, direct impact of the earthquake is expected to be insignificant
- In response to announcement made by State Council of the People's Republic of China on a three-day national mourning for earthquake victims from May 19 to May 21, Sohu suspended its online game services on May 19, and will resume at 1:30AM on May 22
- Based on the latest operational trend of its online game business and taken above factors into consideration, we estimate online game revenues for the second quarter of 2008 to be between US\$43 million to US\$45 million, unchanged from the company guidance issued on April 28, 2008

Pipeline



- Licensed
- Time-based
- 3-D
- PCU of 10,000
- Quarterly revenue of \$300k
- Ceased operation in Nov 2006

- Licensed
- Item-based
- 2.5-D
- PCU of 60,000
- 2008 Q1 revenue of \$2m



- Self-developed
- Item-based
- 2.5-D
- PCU of 500,000
- 2008 Q1 revenue of \$39m
- Contribute \$74m revenue in its first operation year



- Self-developed
- Item-based
- 2.5-D cartoon style
- Another famous novel written by author of TLBB
- Expect close beta in 2008 Q4

- Licensed in Dec 2007
- 2.5-D martial arts
- To be developed by team from reputable on-line game co. in China
- Sohu has indefinite operation rights and owns the game source code
- Expect open beta in 2009 2H

2009 Outlook

- **TLBB**
 - TLBB, one of the top tier games, could at least enjoy a stable revenue in 2009.
- **Duke of Mount Deer**
 - Assumes DMD contributing half of TLBB's revenue of first year, it will contribute an additional \$35 million online games revenue in 2009.



Margin Overview

Margin by Segments

Non-GAAP margins – 2008Q1 actual and 2008 FY expectations:

	Sohu (excl. Games)		Games	
	Gross Margin	Net Margin*	Gross Margin	Net Margin*
2008Q1	67%	~20%	92%	Mid 40's
2008FY	Stable	Stable	Stable	Stable

** Assumed income tax rate at 25%.*



One Team One Dream

搜 狐
S O H U . c o m

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2008 SOHU.COM 搜狐, 2008 奥运的选择

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