



May 2012



We Produce Games · We Create Fun

Safe Harbor Statement

This announcement contains forward-looking statements. Statements that are not historical facts, including statements about the Company'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. The Company cautions 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 continuing 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 Changyou's quarterly operating results, Changyou's historical and possible future losses and limited operating history, and the Company's reliance on Tian Long Ba Bu as its major revenue source. Further information regarding these and other risks is included in Changyou's Annual Report on Form 20-F filed on February 28, 2012, and other filings with the Securities and Exchange Commission.

Changyou's Unique Positioning in China

Leading Game Products

Flagship MMO game, TLBB



- Rank amongst the top 3 martial-arts MMORPG in China based on click rates at Internet cafes
- Most recent major expansion pack, TLBB3, was awarded “Best Self-developed Online Game in 2011” by Chinajoy

Flagship Web-based game, DDTank



- Rank amongst the top 3 Web-based game in China according to Baidu Web-based game ranking
- Available on nearly 50 platforms and major websites in China and overseas

Leading Game Portal

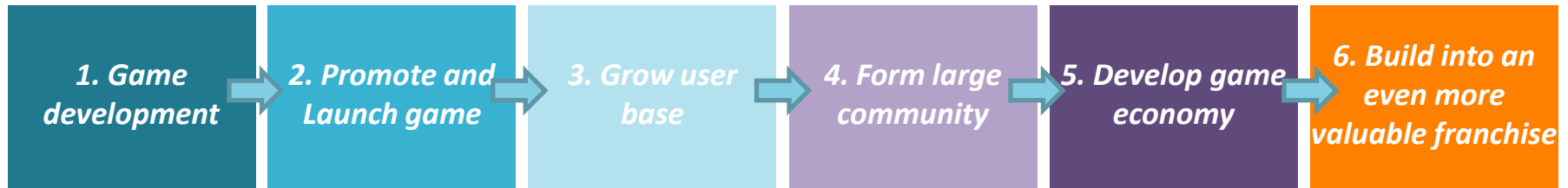
Game Information Portal, 17173.com



- 17173.com was the first established online portal dedicated to providing news on online games
- Highly regarded by gamers for its authoritative reporting of game-related news, it has captured the top spot in the “Game Media” category at the Annual Game Industry Awards Gala for the past six years.
- Provides its vast user base with rich content channels that tap into the wide span of gamers' interests, covering everything from “Massively Multiplayer Online Games” to “eSports” to “Game Unions”
- Has over 650 dedicated game zones for popular games.

Proven Feedback-Driven Game Development Model

Game Development is Focused on Maximizing Life Time Value of Games



Flagship MMO game, TLBB

- Launched in May 2007
- Released 22 expansion packs to-date
- Expansion packs released every 3 to 4 months
- After the release of TLBB3 on October 20, 2011, the average play time per gamer increased 12.5%
- Latest expansion pack was released on April 26, 2012, and organized fifth anniversary celebration activities in May



Flagship Web-based game, DDTank

- Launched in March 2009
- Released 22 versions to-date
- New versions released every 1 to 2 months
- Available on over 50 different social networking sites and game portals in China and abroad
- A new game update was released on April 19 that added a pet system to the game

* Comprises the following games operated in China: Tian Long Ba Bu ("TLBB"), Duke of Mount Deer ("DMD"), Blade Online, Blade Hero 2, Da Hua Shui Hu, Zhong Hua Ying Xiong, Immortal Faith, and Legend of Ancient World.

Delivering Growth with New Inhouse-developed Games

2.5D Action-based Strategy Role-playing Web-based Game



Mythical western setting

Fight against a demonic race by developing their own facilities and armies, as rulers of the city

Real-time gameplay

Quick Time Event (QTE) system which delivers intense battles with real-time feel

Attracting New User Base

Featuring gameplay is more advanced than DDTank, but not considered hard-core

Positive response upon launch

Currently operated on 27 social networking sites and game portals based in China

Launched in Malaysia, Hong Kong and Taiwan and plan to launch the game in other countries going forward

Provide One-stop-shop Service with 17173

Leading Online Game Portal in China



Game Pipeline for 2012

There are 4 MMO games scheduled for release in 2012. Games that have been announced include:



Tao Yuan

Tao Yuan is adapted from the legendary stories of Three Kingdoms heroes. The game is created using the Unreal3 game engine and incorporates traditional Chinese culture, such as five elements, divination inquiry and Chinese acupuncture treatment, into its gameplay design.

Genre: 3D cartoon-style turn-based strategy MMORPG

Developer: Changyou

Launch date: May 24, 2012



Dou Po Cang Qiong

Dou Po Cang Qiong is the first micro-client game developed by Changyou. It is adapted from a popular Chinese online literature of the same name. The game is set in a virtual construction of the Dou Qi Continent as it is described in the novel and with elements such as classes and skill sets.

Genre: 2.5D fantasy MMORPG

Developer: Changyou

Expected launch date: 2nd half of 2012

Game Pipeline for 2012 (cont'd)



Da Hua Shui Hu 2

Da Hua Shui Hu 2 is based on the classic Chinese novel Outlaws of the Marsh and with a whole new level of fun and excitement in an expansive and socially oriented Kung Fu setting. The game boasts five major new features including: Awakening of 108 Stars of Destiny, Pet Combination, Appearance Customization, Knight Corps, and all-new friend features.

Genre: 3D turn-based cartoon-style MMORPG

Developer: External

Expected launch date: 2nd half of 2012



Battlefield Online

An MMOFPS developed from Electronic Art's classic Battlefield franchise, a long-standing series of first-person shooter games. The game allows players to enter a 50 vs. 50 battlefield, as opposed to the street fighting arenas of traditional first-person shooter games.

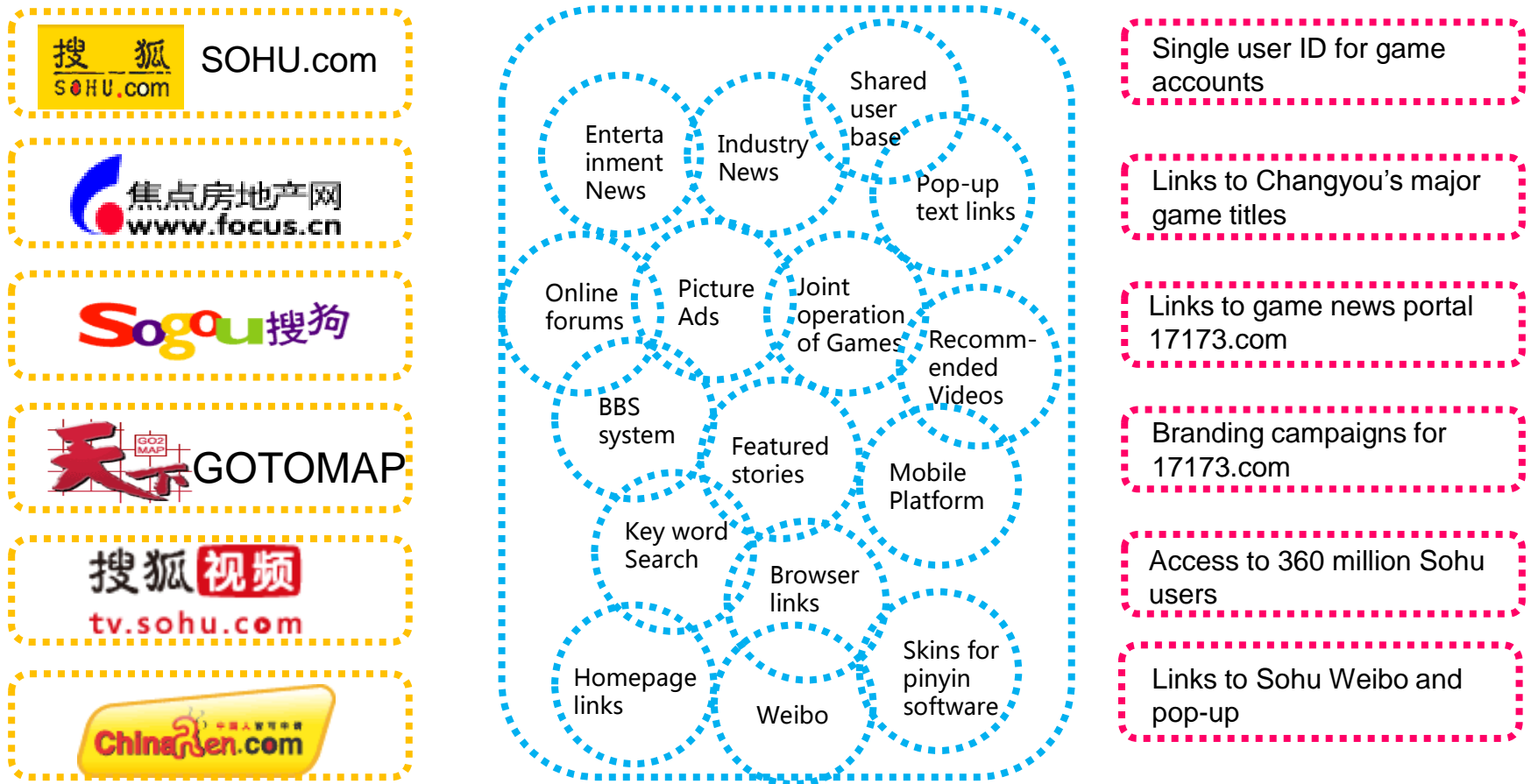
Game genre: MMOFPS

Developer: External

Expected launch date: 2nd half of 2012

Ongoing Media and Branding Support from Sohu

Our parent company, Sohu.com Ltd. (“Sohu”) owns a number of leading Web properties in China that provide media and branding support when publishing our games.



Recent Financial Results & Guidance

	2012 Q1*	2011 Q4*	2011Q1*	QoQ	YoY	2012 Q2 Guidance**
Total revenues	\$136.8m	\$137.7m	\$104.9m	(1%)	30%	\$139.5m~143.5m
Online game	\$127.4m	\$123.3m	\$94.9m	3%	34%	\$130.0m~133.0m
Online advertising	\$8.2m	\$12.4m	\$7.8m	(34%)	4%	\$8.5m~9.5m
Others	\$1.1m	\$2.0m	\$2.2m	(42%)	(47%)	N/A
Gross margin (non-GAAP) **	84%	85%	88%	N/A	N/A	N/A
Operating margin (non-GAAP) **	59%	58%	65%	N/A	N/A	N/A
Net income attributable to Changyou.com Limited (non-GAAP) **	\$65.3m	\$64.3m	\$58.4 m	(7%)	10%	\$58.0m~60.0m
Diluted EPS attributable to Changyou.com Limited (non-GAAP) **	\$1.24	\$1.33	\$1.13	(7%)	10%	\$1.08~1.12
<i>Balance in cash and cash equivalents and short-term investments</i>	\$396.8m	\$348.0m	\$406.5m	14%	(14%)	N/A
<i>Cash inflow from operations</i>	\$56.4m	\$76.7m	N/A	(3%)	N/A	N/A

* Changyou's unaudited financial information has been prepared as if the 17173 Business had been owned and operated by Changyou throughout the periods presented.

** Beginning in the fourth quarter of 2011, the Company revised its non-GAAP reporting methodology to exclude goodwill impairment, impairment of intangibles via acquisitions of businesses and related tax impact, non-cash tax benefits from excess tax deductions related to share-based awards and income from the reversal of contingent consideration previously recorded for acquisitions, in addition to its historical practice of excluding share-based compensation expense from non-GAAP results. 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.



Thanks!