



ChangYou.com

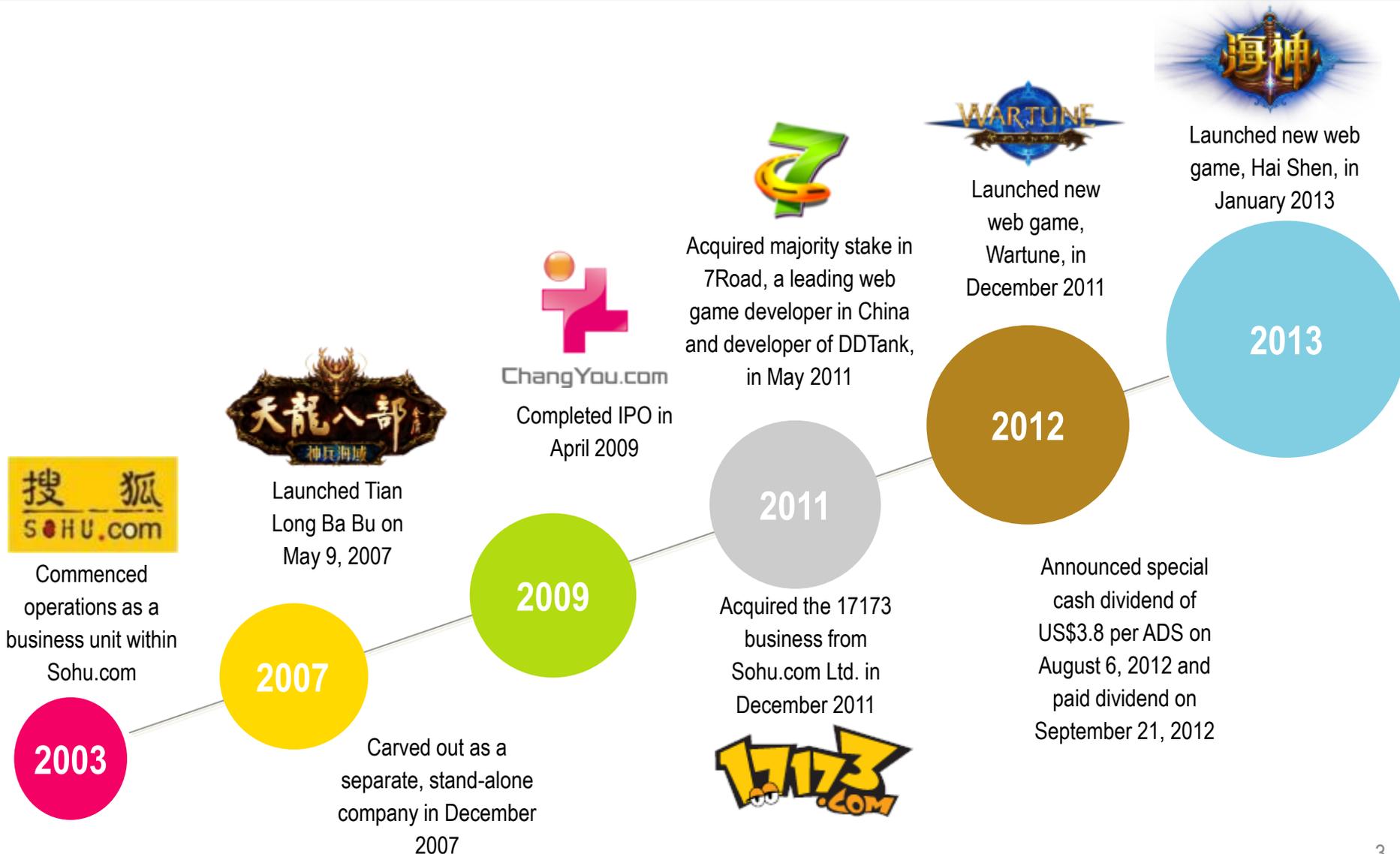
Presentation
March 2013



Safe Harbor Statement

These materials contain 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, 2013, and other filings with the Securities and Exchange Commission.

Our History and Key Milestones



Experienced Management Team



Mr. Tao Wang
CEO

- One of the principal founders
- Has worked in the MMORPG business of Sohu and Changyou for over 7 years
- Has over 14 years of experience in the computer game industry in China
- Prior to Changyou's carve-out from Sohu, Mr. Wang served as Sohu's Vice President of MMORPG business



Mr. Alex Ho
CFO

- Has worked in Sohu and Changyou for over 7 years
- Prior to the Changyou's initial public offering, Mr. Ho was the Senior Finance Director of Sohu
- Prior to joining Sohu, Mr. Ho worked at Arthur Andersen & Co. and PricewaterhouseCoopers in Hong Kong and Beijing, where he was a Senior Manager of Assurance and Business Advisory



Mr. Dewen Chen
President

- One of the principal founders
- Has worked in the MMORPG business of Sohu and Changyou for over 7 years
- Prior to our carve out from Sohu, Mr. Chen was the Director of Marketing & Operations of the MMORPG business of Sohu and was in charge of the overall marketing, promotion, sales and channel distribution of Sohu's games products



Mr. Xiaojian Hong
COO

- One of the principal founders
- Has worked in the MMORPG business of Sohu and Changyou for over 7 years
- Has significant experience in the security, efficiency and stability of online games software and operations
- Prior to our carve-out from Sohu, Mr. Hong was a Senior Manager of Sohu and played a key role in building Sohu's MMORPG software development division



Ms. Wendy Pan
CIO

- Appointed as CIO in January 2013 to lead Changyou's strategy implementation efforts and development of overall project management systems
- Prior to joining Changyou, she worked as a senior executive at Huawei Technology Co., Ltd., where she was mainly responsible for managing the execution of Huawei's strategies and project management, as well as leading teams on transformational projects

Changyou's Unique Positioning in China

We are one of the few online game companies in China with a leading presence in all three key markets of the online games industry: MMO games, web games and online game media.

Flagship MMO game: Tian Long Ba Bu ("TLBB")



- Continues to be one of the most popular martial-arts MMORPGs in China.
- TLBB was chosen as one of the 2012 "Top 10 Most Liked Online Games by Game Players" at ChinaJoy.

Popular Web games: DDTank & Wartune



- DDTank is a top 3 web game in China according to Baidu web game ranking and ranks first among web games in Malaysia. DDTank won the "Baidu Outstanding Web Game" award in 2012.
- Available on over 90 websites in China. Wartune won the "Baidu Outstanding Web Game" award in 2012.

Game Information Portal: 17173.com



- 17173.com was the first established online portal dedicated to providing news on online games, and continues to be the portal of choice for online game advertising in China.
- The 17173.com Website has won "Best Game Media" award for nine consecutive years from 2004 to 2012 at the Annual Game Industry Awards Gala.
- 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".
- Launched news channels for web games and mobile games in 2012.
- Has over 750 dedicated game zones for popular games.



ChangYou.com

Section 1

Investment Highlights



Investment Highlights



1

Proven Game Development Capabilities

2

Proven Game Management Capabilities

3

Growing Our Market Share in Web Games

4

Delivering High Quality Services to Gamers

5

Ongoing Media and Branding Support from Sohu

1

Proven Game Development Capabilities

A number of our inhouse-developed games are popular games in China, and inhouse-developed games make up a large portion of Changyou's online game revenues.

| | Game Genre | Type | Launch Date | Countries | |
|-----------|---|-------------------------|----------------|--|---|
| MMO games |  TLBB | 2.5D martial arts | Self-developed | May 9, 2007 |  |
| |  Blade Online Series | 2.5D fighting | Licensed | Blade Online: July 4, 2004 Blade Hero 2: October 15, 2009 |  |
| |  Duke of Mount Deer | 3D martial arts | Self-developed | July 22, 2011 |  |
| Web games |  DDTank | Shooting game | Self-developed | March 2009 |  |
| |  Wartune | 2.5D real time strategy | Self-developed | December 2011 |  |

Note:

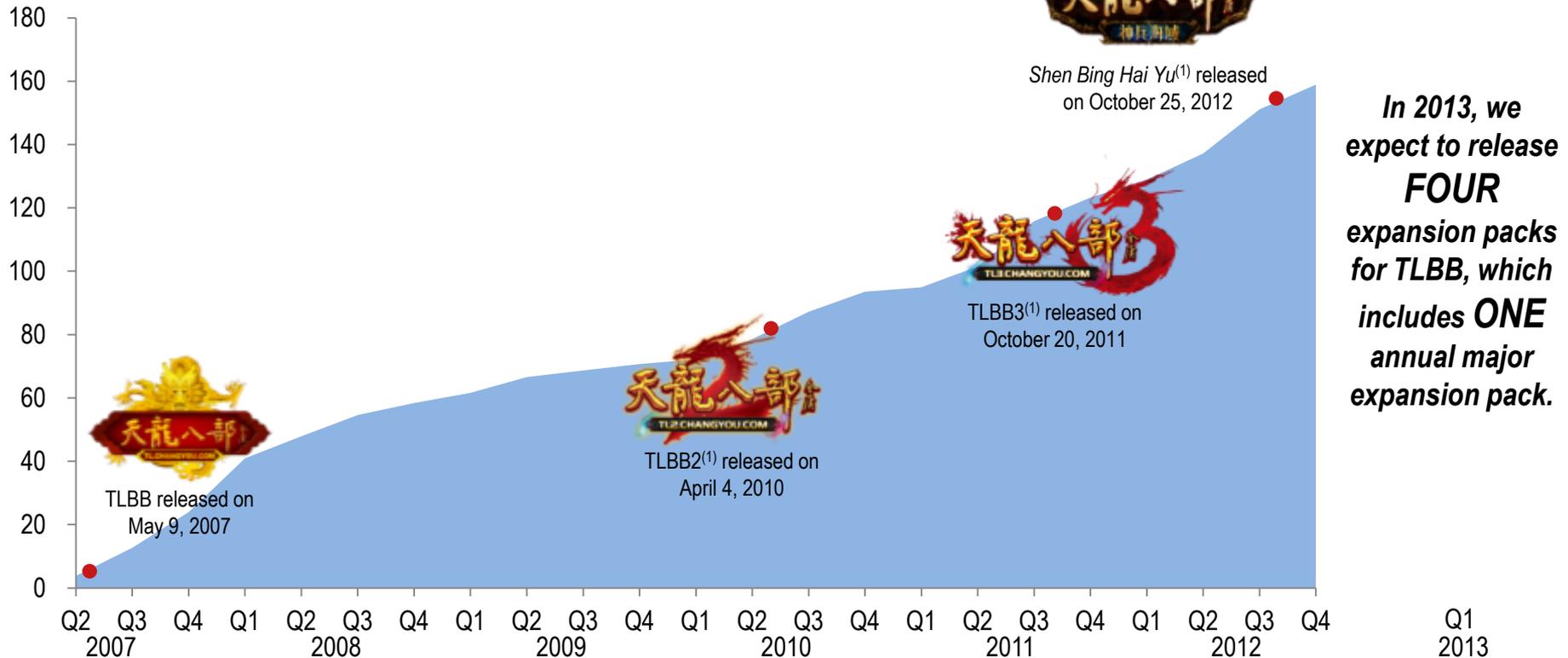
(1) Over 90 countries and regions.

Proven Game Management Capabilities

Revenues from a successful game can continue to grow if the game is properly managed. Through timely releases of new content called expansion packs every 3 to 4 months, our online game revenues have grown consistently every year since the launch of TLBB in 2007.

Online Games Revenues

(US\$ Million)



Note:

(1) This is a major expansion pack, not a new game.

2 Proven Game Management Capabilities (cont'd)

When Changyou began operations as a business unit, the management started creating a corporate culture that focuses entirely on developing games based on gamer preferences.

- Collect game player feedback through multiple channels

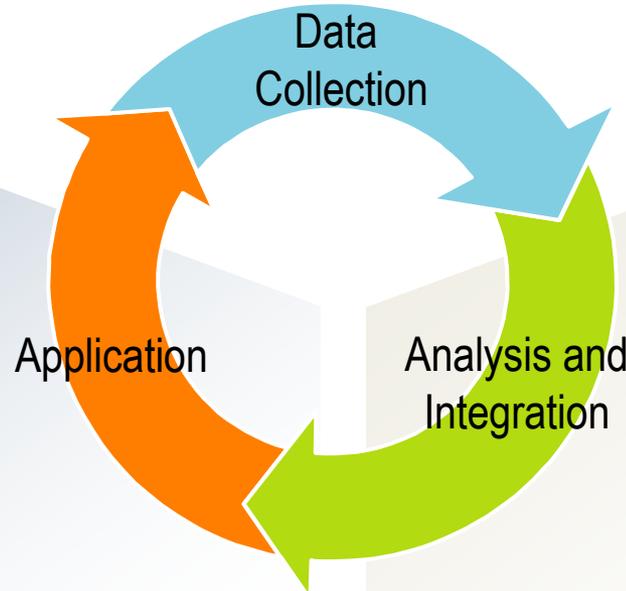


The most popular online game portal in China

- Online surveys
- Online discussion forums
- Events for game players

- In-game instant messaging
- 24-hour telephone hotline
- Online and offline research

Feedback center and customer service team



- Over 1,700 game development personnel
- Release regular game updates once a week and expansion packs every few months

Product development team

- Review player feedback
- Regularly communicate feedback to product development team
- Rigorously analyze industry data

Game operation team

Consistently putting customers first and following through on such demand with each new game and expansion pack that we release.

Growing Our Market Share in Web Games

Changyou continues to launch new type of web games to attract various demographics.



DDTank
Q-style Shooting
 Launch in March 2008



Wartune
SLG+RPG
 Launch in Decmeber 2011



Haishen
Sea Adventure
 Launch in January 2013

International characteristics attracts global user base.

Have launched DDTank and Wartune in over **90** countries and regions.

Various types of games brings a broader user base.

Aggregate active accounts⁽¹⁾ for the fourth quarter of 2012 is **55.3 million**.

Note:

(1) Comprises 7Road's web games DDTank and Wartune (also known as Shen Qu), and active accounts are defined as registered accounts that were logged in at least once during the period.

Delivering High Quality Services to Gamers

We are committed to continually enhancing and upgrading our services.

- Put all games on a single page to cross-promote games and enhance accessibility



- Specialized service for VIP player

Committed to Provide High Quality Services

畅游客服中心

- Several ways to register an account



Cell phone

Email

Personalized

- Several ways to protect the account



Flip insurance card



Hardware



Fixed line



Protection card



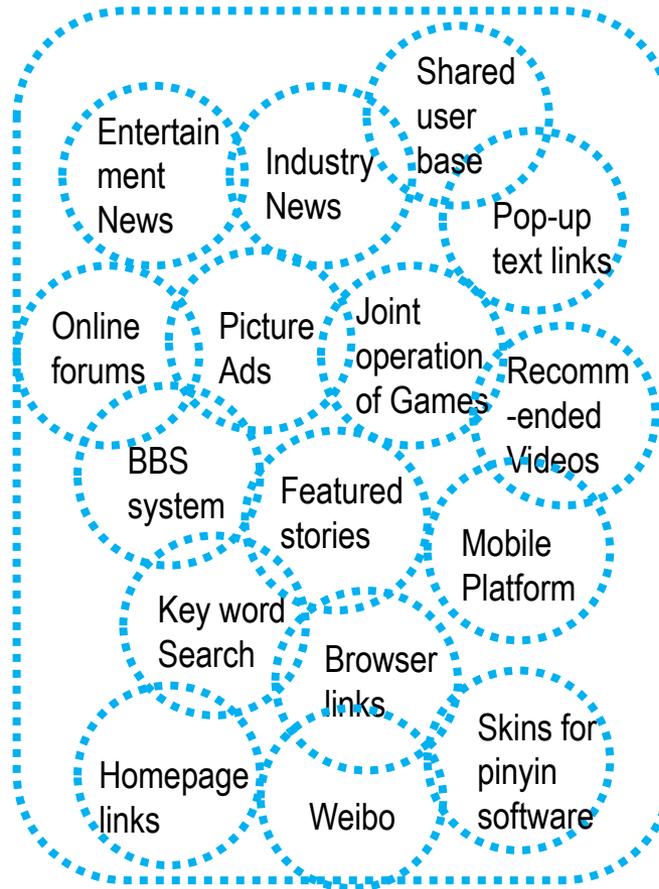
Text message

- Easier to contact customer service



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 Changyou publish games.



Single user ID for game accounts

Links to Changyou's major game titles

Links to game news portal 17173.com

Branding campaigns for 17173.com

Access to millions of Sohu users

Links to Sohu Weibo and pop-up



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Section 2

Strategy



Strategy



1

Attract Users Through Launching High Quality Games

2

Maximizing Lifetime Value of Existing Games

3

Extend Reach and Build Gamer Community

1

Attract Users Through Launching High Quality Games

| | QoQ | YoY |
|-----------|---|------------|
| MMO games | Aggregate registered accounts ⁽¹⁾ 248.1 million | +11% +41% |
| | Aggregate peak concurrent users ⁽¹⁾ ("PCU") 1.1 million | +1% -6% |
| | Aggregate active paying accounts ⁽¹⁾ ("APA") 2.2 million | -9% -31% |
| | Average revenue per APA ⁽¹⁾ ("ARPU") RMB 353 | +11% +60% |
| Web games | Aggregate active accounts ⁽²⁾⁽³⁾ 55.3 million | -17% +32% |
| | Aggregate active charging accounts ⁽²⁾⁽⁴⁾ ("ACA") 1.68 million | +1% +5% |
| | Average revenue recognized per ACA ⁽²⁾⁽⁵⁾ ("ARCA") RMB 120 | +20% +216% |

Two-pronged Approach to Acquire High Quality Games:

Inhouse-Development

Licensing

Note

- (1) Excludes 7Road's web games and comprises the following games operated in China: Tian Long Ba Bu ("TLBB"), Duke of Mount Deer ("DMD"), Blade Online, Blade Hero 2, Tao Yuan, Da Hua Shui Hu, Zhong Hua Ying Xiong, Immortal Faith, and Legend of Ancient World.
- (2) Comprises 7Road's web games DDTank and Wartune (also known as Shen Qu).
- (3) Active accounts are defined as registered accounts that were logged in at least once during the period.
- (4) Active charging accounts are defined as the number of active accounts that purchased virtual currency for use in the game during the period.
- (5) Average revenue recognized per active charging accounts is defined as net revenues recognized by 7Road for the period divided by the number of active charging accounts for the same period.

1 Game Pipeline for 2013

We plan to launch at least three new MMO games, and a number of web games and mobile games in 2013. Games that have been launched include:



Dou Po Cang Qiong

An inhouse-developed 2.5D fantasy martial arts MMORPG that is adapted from a popular Chinese online literary work of the same name.

Game genre: MMORPG

Developer: Internal

Expected launch date: Second quarter of 2013



Grand Chase

A licensed side-scrolling MMO action game that was developed by a Korean game studio and features Japanese anime style graphics.

Game Genre: MMORPG

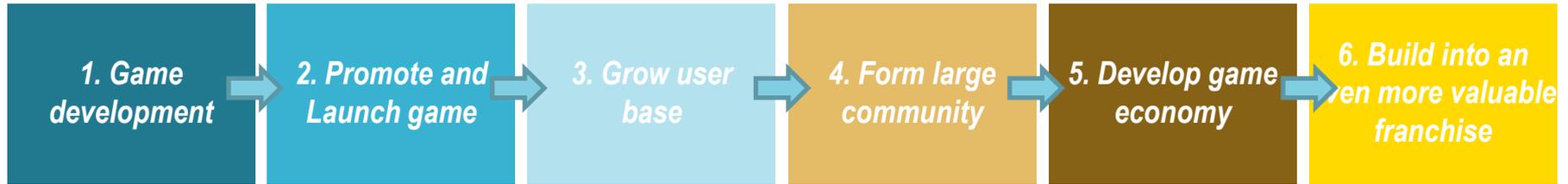
Developer: External

Expected launch date: Second half of 2013

Titles of other games in our pipeline will be announced at a later date closer to their launches.

Maximizing Lifetime Value of Existing Games

Game Development is Focused on Maximizing Lifetime Value of Games



Flagship MMO game, TLBB

- Launched in May 2007
- Released 24 expansion packs to-date
- Expansion packs released every 3 to 4 months
- Latest expansion pack released on Oct 25, 2012, with new features mainly targeted at advanced level players
- In 2013, we expect to release 4 expansion packs for TLBB, which includes one annual major expansion pack.



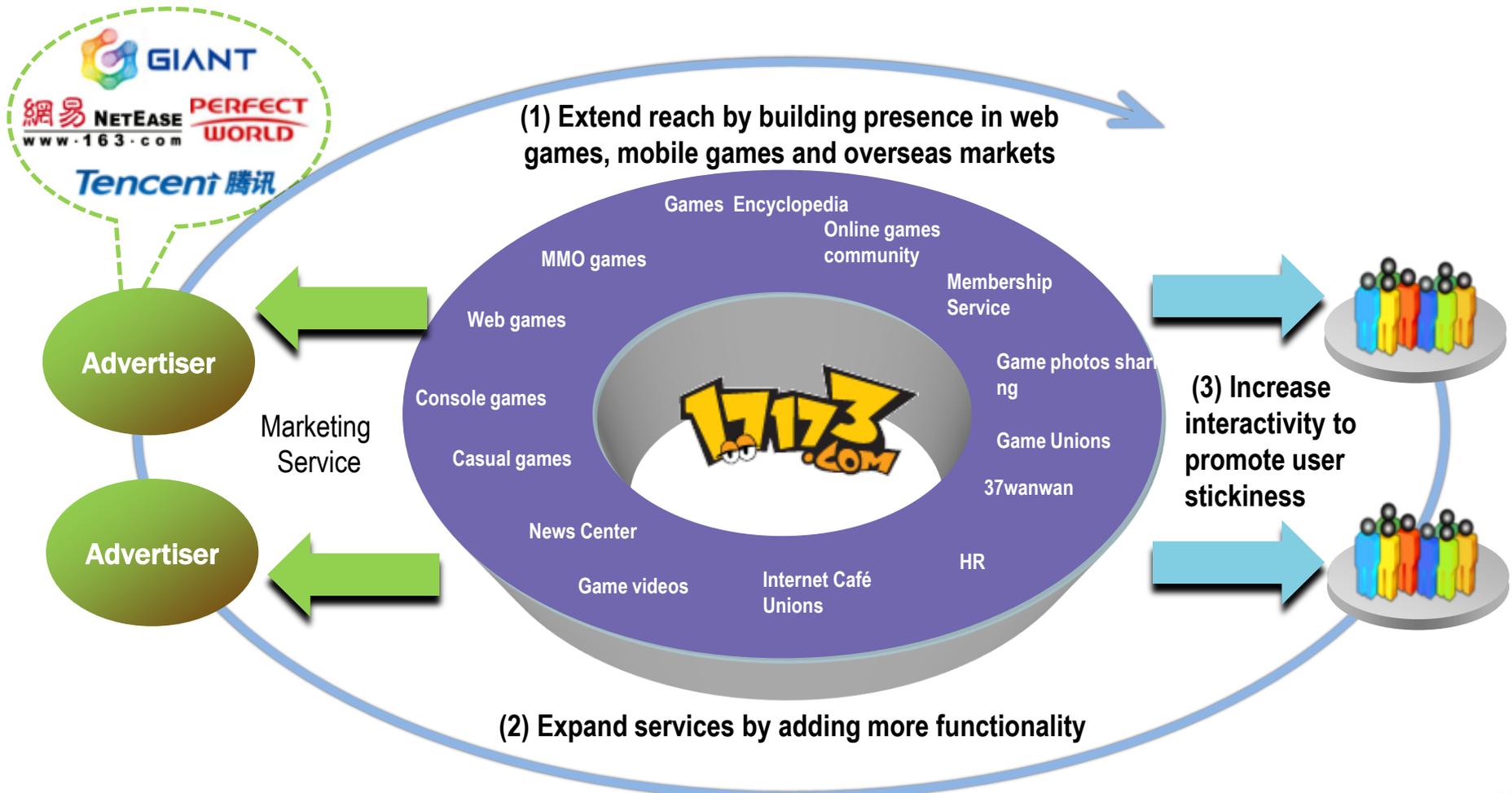
Popular web game, DDTank

- Launched in March 2009
- Released 26 versions to-date
- New versions released every 1 to 2 months
- Available on over 60 different social networking sites and game portals in China and abroad
- A major upgrade, DDTank 2, that was released in June added a new pet rearing system to the game
- The next new updates of DDTank will be released in the first quarter of 2013.

3

Extend Reach and Build Gamer Community

17173.com is a leading game information portal in China. Our plan is to transform it into a platform for gamers by extending its reach, expanding its services and increasing stickiness.



Extend Reach and Build Gamer Community (Cont'd)

In 2012, we extended news coverage on 17173.com to web games and mobile games. In 2013 we plan to add a news channel on overseas games.

Our news channels deliver the latest news about the industry, new game releases, game rankings and game reviews.





ChangYou.com

Section 3

Financials



Financial Results and Guidance

Changyou continues to produce record-breaking financial results

| | 2012 Q4 | 2012 Q3 | 2011Q4 | QoQ | YoY | 2013 Q1 Guidance |
|--|-----------------|-----------------|-----------------|------------|------------|------------------|
| Total revenues | \$173.5m | \$165.8m | \$137.7m | 5% | 26% | \$168.0m~174.0m |
| Online game | \$158.9m | \$151.1m | \$123.3m | 5% | 29% | \$160.0m~165.0m |
| Online advertising | \$12.5m | \$12.8m | \$12.4m | (2%) | 1% | \$6.0m~7.0m |
| Others | \$2.1m | \$1.9m | \$2.0m | 8% | 6% | N/A |
| Gross margin (non-GAAP) * | 84% | 81% | 85% | N/A | N/A | N/A |
| Operating margin (non-GAAP) * | 55% | 56% | 58% | N/A | N/A | N/A |
| Net income attributable to Changyou.com Limited (non-GAAP) * | \$75.8m | \$75.9m | \$71.2 m | 0% | 6% | \$74.0m~77.0m |
| Diluted EPS attributable to Changyou.com Limited (non-GAAP) * | \$1.42 | \$1.42 | \$1.33 | 0% | 7% | \$1.38~1.44 |
| <i>Balance in cash and cash equivalents and short-term investments</i> | <i>\$418.4m</i> | <i>\$340.6m</i> | <i>\$348.0m</i> | <i>23%</i> | <i>20%</i> | <i>N/A</i> |
| <i>Restricted time deposits (current and non-current)</i> | <i>\$246.6m</i> | <i>\$225.5m</i> | <i>0</i> | <i>9%</i> | <i>N/A</i> | <i>N/A</i> |
| <i>Bank loans (short term and long-term)</i> | <i>\$239.4m</i> | <i>\$222.4m</i> | <i>0</i> | <i>8%</i> | <i>N/A</i> | <i>N/A</i> |
| <i>Cash inflow from operations</i> | <i>\$100.9m</i> | <i>\$100.2m</i> | <i>\$76.7m</i> | <i>1%</i> | <i>32%</i> | <i>N/A</i> |

* 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://ir.changyou.com/>, for GAAP numbers.

Financial Results and Guidance (Cont'd)

| | 2012 | 2011 | YoY |
|---|----------|-----------|-----|
| Total revenues | \$623.4m | \$484.6m | 29% |
| Online game | \$574.7m | \$435.5m | 32% |
| Online advertising | \$42.5m | \$38.2m | 11% |
| Others | \$6.3m | \$10.9m | 42% |
| Gross margin (non-GAAP) * | 83% | 86% | N/A |
| Operating margin (non-GAAP) * | 57% | 60% | N/A |
| Net income attributable to Changyou.com Limited (non-GAAP) * | \$290.5m | \$257.0 m | 13% |
| Diluted EPS attributable to Changyou.com Limited (non-GAAP) * | \$5.43 | \$4.81 | 13% |
| Cash inflow from operations | \$340.4m | \$276.6m | 23% |

* 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://ir.changyou.com/>, for GAAP numbers.

Thank you!

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