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Presentation
March 2014



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, 2014, and other filings with the Securities and Exchange Commission.

Our History and Key Milestones

Incubation Period (June 2003- May 2011)

- MMOG business began operations as a business unit within the Sohu Group in 2003
- Launched Blade Online in October 2004
- Launched Blade Hero 2 in September 2009
- Launched Tian Long Ba Bu in May 2007
- Launched 5 more MMOGs prior to May 2011

Diversified Business and Platform (May 2011 – present)

- **MMOG**: Tian Long Ba Bu is one of the most popular martial arts MMO games in China
- **Web Game**: DDTank and Wartune are popular Web games in China
- **Mobile Game**: Launched TLBB (mobile version) and Wartune (mobile version) in the fourth quarter of 2013
- **Platform**: The 17173 website is a top destination for game advertising in China. We established multiple gateways, or access points, to the platform built around 17173's offerings, with the launch of a series of new software applications on the PC and mobile in the fourth quarter of 2013.

Experienced Management Team



Mr. Tao Wang
CEO

- One of the principal founders
- Over 9 years of experience in the MMORPG business of Sohu and Changyou for
- 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



Ms. Erin Sheng
Interim CFO

- With Changyou since May 2008
- Leads the finance department and is responsible for managing Changyou's daily financial operations in terms of financial reporting and planning, tax and treasury
- Participated in various strategic financial projects of Changyou.



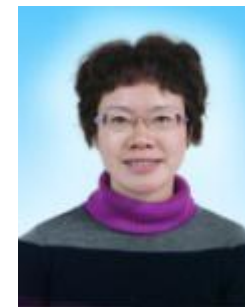
Mr. Dewen Chen
President

- One of the principal founders
- Over 9 years of experience in the MMORPG business of Sohu and Changyou
- Prior to our carve out from Sohu, 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
- Over 9 years of experience in the MMORPG business of Sohu and Changyou
- Has significant experience in the security, efficiency and stability of online games software and operations
- Prior to our carve-out from Sohu, 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

Content



- TLBB continues to be one of the most popular martial-arts MMORPGs in China, and generates record revenues and attracts a loyal following of players in the fourth quarter after the release of the major expansion pack, New TLBB, in October 2013.
- DDTank and Wartune continue to enjoy the popularity in China. DDTank set records as the longest running major web game in China. Wartune grows after the release of Wartune II, a major new version in December 2013.
- Total average monthly active accounts of the Company's games^(a) in 2013Q4 were 25 million.

Platform



- 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.
- We established multiple gateways, or access points, to the platform built around 17173's offerings, with the launch of a series of new software applications on the PC and mobile.
- Total average monthly active accounts of the Company's platform channels^(b) in 2013Q4 were 149 million.

Note:

- Calculated as the simple average of the sum of monthly active accounts of all of the MMOGs, Web games and mobile games operated by the Company during the quarter. Monthly active accounts for games are defined as game accounts that were logged in at least once during the month.
- Calculated as the simple average of the sum of the monthly unique visitors to the Company's web game operation platform, the 17173 website and 17173's non-game products, plus the monthly logged-in accounts of non-game applications during the quarter. As the acquisition of the RaidCall Business was completed in late December, the monthly logged-in accounts of RaidCall are not included.



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Section 1

Investment Highlights



Investment Highlights



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1

Proven Game Management Capabilities

2

Extending Reach and Build Gamer Community

3

Building Access Point to 17173 Platform

4

Pipeline Games

5

Mobile Strategy

6

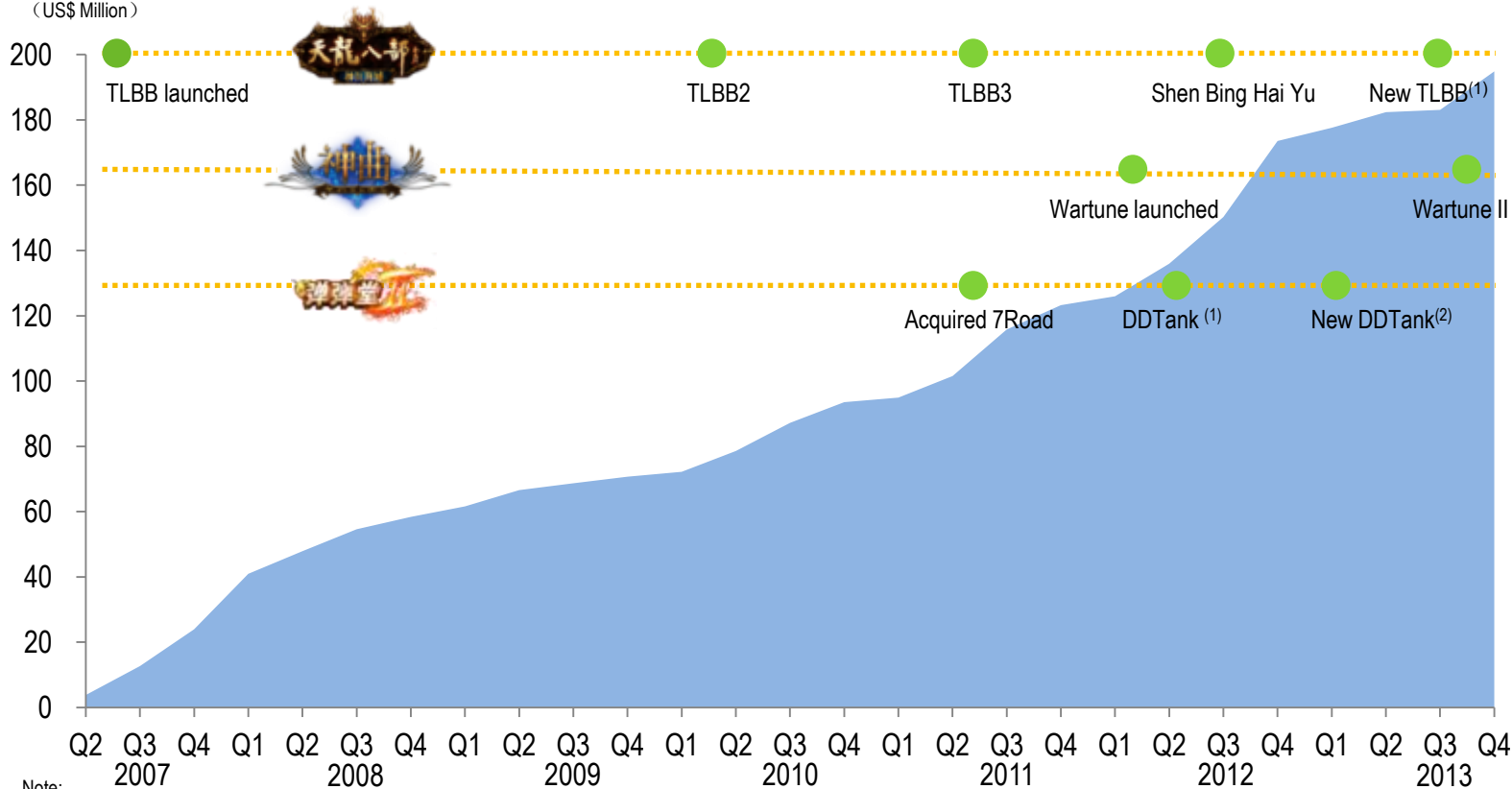
Employment Incentive Plan

1 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.

Online Games Revenues

(US\$ Million)



We will continue to release expansion packs and game updates for our online games.

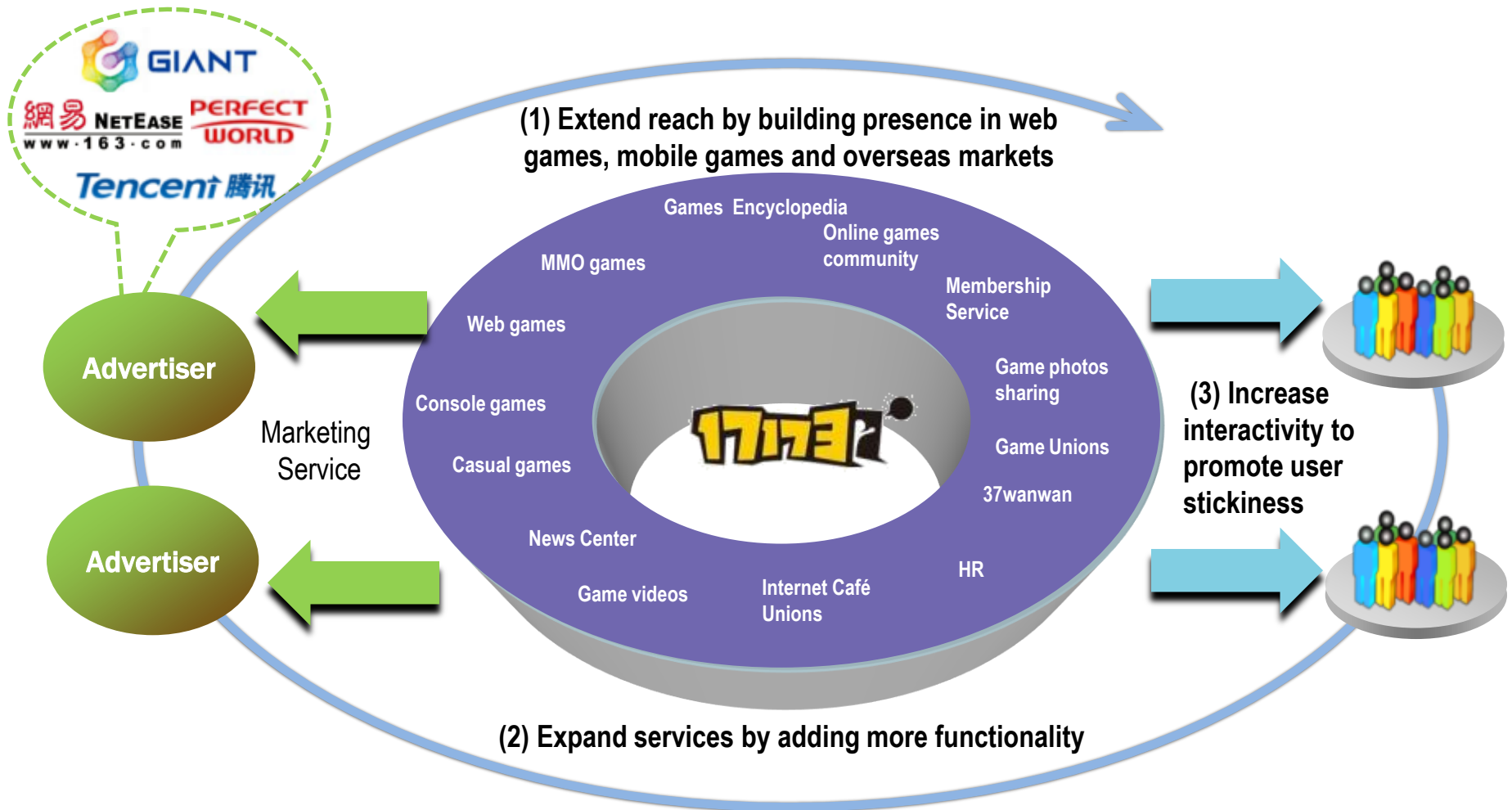
Note:

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

(2) This is a new game.

2 Extending Reach and Build Gamer Community

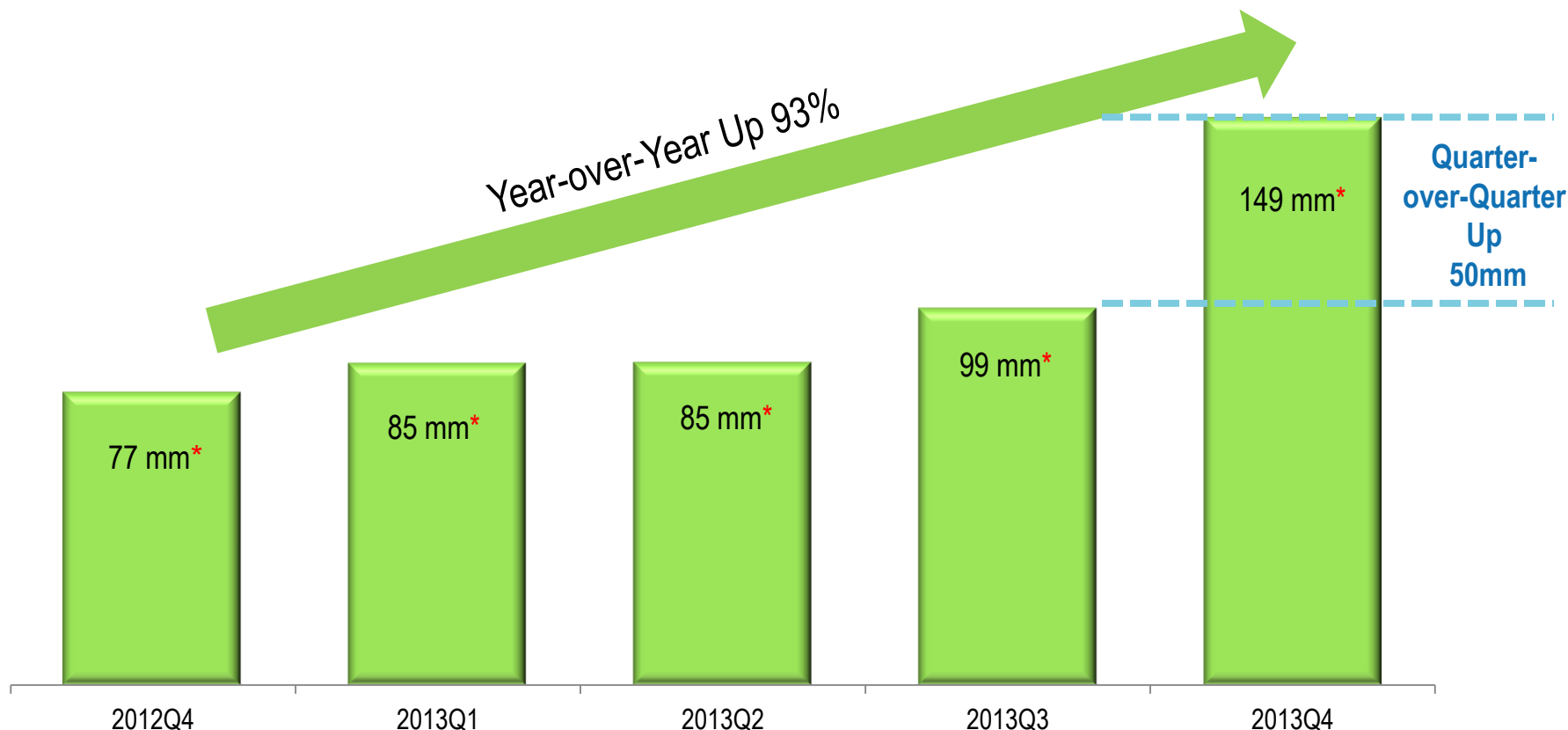
Multiple developments such as new access points have been established to 17173 which bring us a step closer to our goal of building a unified user platform to further expand the user base.



2

Extending Reach and Build Gamer Community (cont'd)

Changyou will continue to promote these software applications heavily in 2014 to capture as much user market as possible in the shortest possible timeframe.



Note:

* Calculated as the simple average of the sum of the monthly unique visitors to the Company's web game operation platform, the 17173 website and 17173's non-game products, plus the monthly logged-in accounts of non-game applications during the quarter. As the acquisition of the RaidCall Business was completed in late December, the monthly logged-in accounts of RaidCall are not included in the fourth quarter of 2013.

3

Established Access Points to 17173 Platform

"The 17173 Browser"



- Internet browser designed for web game players.
- All of the tools needed during gameplay placed conveniently within reach of users with the click of a button.
- Fully supports HTML5.

The screenshot shows the 17173 Games Browser interface. The browser window title is "17173游戏神器" and the address bar shows "open.17173ie.com". The main content area displays a list of games, including "诛仙", "神之浩劫", and "铁甲战神". The interface is designed for convenience, with various tools and features accessible through buttons and menus.

Callouts in the image point to the following features:

- Game Updates
- My Favorites
- My Games
- History
- Game Center
- Game Tools
- New Game Account

Established Access Points to 17173 Platform (cont'd)

"RaidCall"



- High quality group communication software used by professional gaming teams around the world for real-time audio and video chat.
- Allows users to create and organize groups to participate in online games, music, karaoke and other live activities.
- Allows players to use RaidCall's core functionality watch videos and search tutorials without quitting the game.

Live
Broadcast



Loyal Fans

Chat Room

Virtual Gifts

Established Access Points to 17173 Platform (cont'd)

"17173 Mobile"



- Mobile app for game news browsing sourced from the 17173 website.
- Designed to allow users to browse a comprehensive and continually updated selection of game news powered by the news content of the 17173 website.
- Designed for gamers.

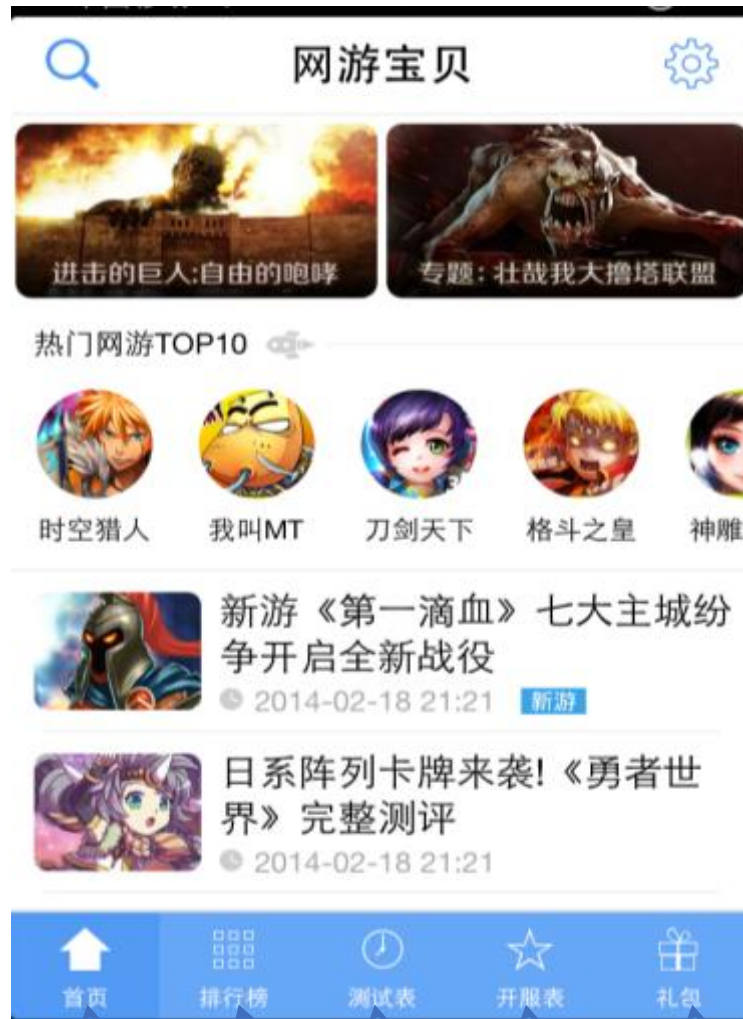


Established Access Points to 17173 Platform (cont'd)

“Game Jewel”



- Mobile app for searching and downloading games
- Comprehensive information about each games, such as launch dates, the number of new servers added, gifts, promotions, tutorials, cheats, reviews, and more.
- Designed for mobile game players.



礼包放送

激活码

账号箱

游戏测试

火爆开服

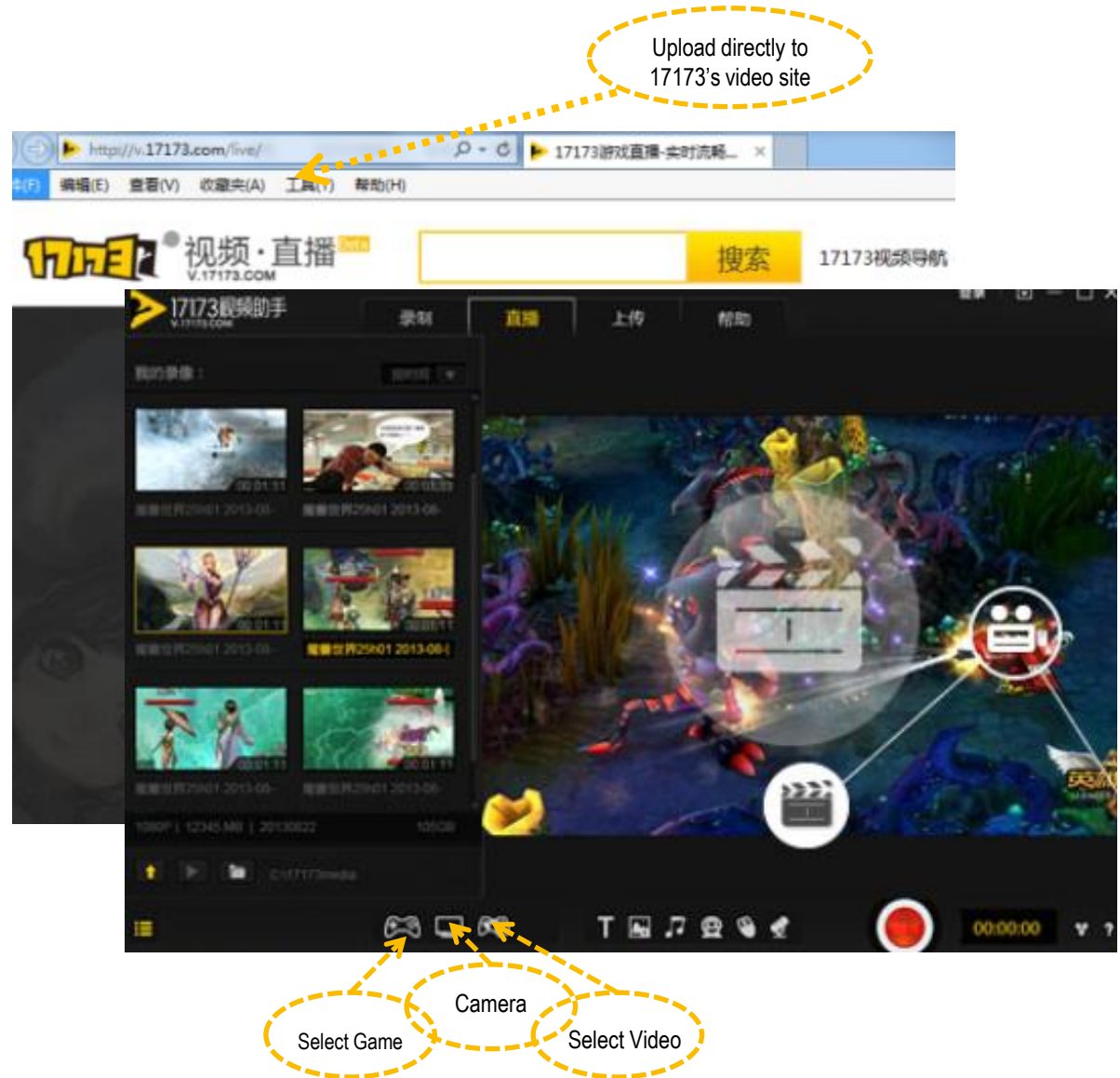
眼 (上海美峰数码科技...
型: 策略

Established Access Points to 17173 Platform (cont'd)

"17173 Video Helper"



- A PC client software for recording, managing and watching live streams of gameplay videos and e-sports.
- Relates to live game broadcasts of Changyou and provides video sharing tools.
- Designed for players who watch live game broadcasts and game commentators.



4 Pipeline Games

In 2014, we have 3 MMO games and 5 web games set to come on-line during the year, depending on the outcome of feedback testing and analysis. Below are the games that have been announced.



Shadow Sword

Web game with only female characters. Players can work together to create different battle forms to combat enemies. Accompanied by realistic sound effects and human voices for lead characters.

Game Genre: Fantasy RPG Adventure Web Game

Developer: Internal

Launch date: February 2014



Deity's Crown

Set in a Western fantasy world. Uses Multiplayer Online Battle Arena (“MOBA”) mode and allows players to lead generals and soldiers to protect the last human castle against the invasion of demon armies.

Game Genre: Side-scrolling Real-time Battle Web Game

Developer: Internal

Expected launch date: First Half of 2014

4 Pipeline Games (Cont'd)



ASTA

Incorporates styles from multiple Asian cultures, including those of South Korea, Japan, and China. Players are divided into two clans and complete missions and participate in large-scale siege battles.

Game Genre: 3D Fantasy MMORPG

Developer: External

Expected launch date: Second Half of 2014



Echo of Soul

Set against a backdrop of Norse mythology. Provides vast excitement through grand battles, high-quality graphics and a unique soul collecting system.

Game Genre: 3D Fantasy MMORPG

Developer: External

Expected launch date: Second Half of 2014



Fantasy Frontier Online

Features Japanese animation style and offers a unique gaming experience with a dual role model, pets system and impressive plotlines. Allows players to choose one of eight primary weapons, all of which have unique skills.

Game Genre: 3D Western Fantasy MMORPG

Developer: External

Expected launch date: Second Half of 2014

Mobile Game Business and Strategy

In-house Development

- Own valuable IPs



Co-development

- Game development expertise in mid-core and hard-core games
- Game management expertise

Game Licensing

- Successful mobile marketing implementation



6 Employment Incentive Plan

New employee incentive plans gives employees a sense of ownership through participation in the success of the company and in specific projects.

Company-Wide Plan

- Company level
- For all employees
- Linked to Company's adjusted net profits
- Distribute up to 5% of annual adjusted net profits to eligible employees



Full Responsibility Plan

- Company level
- More for executives and high performing employees
- Linked to Company's adjusted net profits
- Distribute up to 5% of the annual adjusted net profits to eligible employees



“Share the Love” Plan

- Project level
- For participants of a project
- Linked to adjusted net profits of the project
- Similar to starting a business internally. It allows eligible employees of a specified project of the Company to share in up to 20% of the adjusted net profits of the specified project as if they were each an “owner” of the specified project



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Section 2

Financials



Quarterly Financial Results and Guidance

	2013 Q4	2013 Q3	2012Q4	QoQ	YoY	2014 Q1 Guidance
Total revenues	\$194.9m	\$183.1m	\$173.5m	6%	12%	\$174.0m~\$180.0m
Online game	\$172.0m	\$161.5m	\$158.2m	6%	9%	\$160.0m~165.0m**
Online advertising	\$16.9m	\$16.4m	\$12.5m	3%	35%	\$8.0m~9.0m**
IVAS	\$1.4m	\$1.1m	\$ 0.8m	28%	85%	N/A
Others	\$4.6m	\$4.0m	\$2.1m	14%	119%	N/A
Gross margin (non-GAAP) *	82%	84%	84%	N/A	N/A	N/A
Operating margin (non-GAAP) *	15%	45%	55%	N/A	N/A	N/A
Net income/loss attributable to Changyou.com Limited (non-GAAP) *	\$43.3m	\$73.2m	\$75.8m	(41%)	(43%)	\$(22.0)m~(16.0)m***
Diluted EPS attributable to Changyou.com Limited (non-GAAP) *	\$0.82	\$1.37	\$1.42	(40%)	(42%)	\$(0.42)~(0.30)
<i>Balance in cash and cash equivalents and short-term investments</i>	\$551.3m	\$525.6m	\$418.4m	5%	32%	N/A
<i>Restricted time deposits (current and non-current)</i>	\$424.7m	\$365.7m	\$246.6	16%	72%	N/A
<i>Bank loans (short term and long-term)</i>	\$410.3m	\$354.0m	\$239.4	16%	71%	N/A
<i>Cash inflow from operations</i>	\$83.0m	\$96.5m	\$100.9m	(14%)	(18%)	N/A

* Non-GAAP results exclude share-based compensation expense, 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/expense from the adjustment of contingent consideration previously recorded for acquisitions. 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.

** The expected decline in online game revenues from the fourth quarter is mainly because of lower projected revenues from TLBB, as the Company will not launch an expansion pack for the game in the first quarter. The expected decline in online advertising revenues from the fourth quarter is mainly because the first quarter is typically a seasonally slow quarter for the online advertising business.

*** The expected non-GAAP net loss attributable to Changyou.com Limited is because total revenues are expected to decrease as described in the preceding paragraph, and the Company plans to increase expenditures on marketing of software applications for PCs and mobile devices in China and overseas, and to increase its investment in human capital

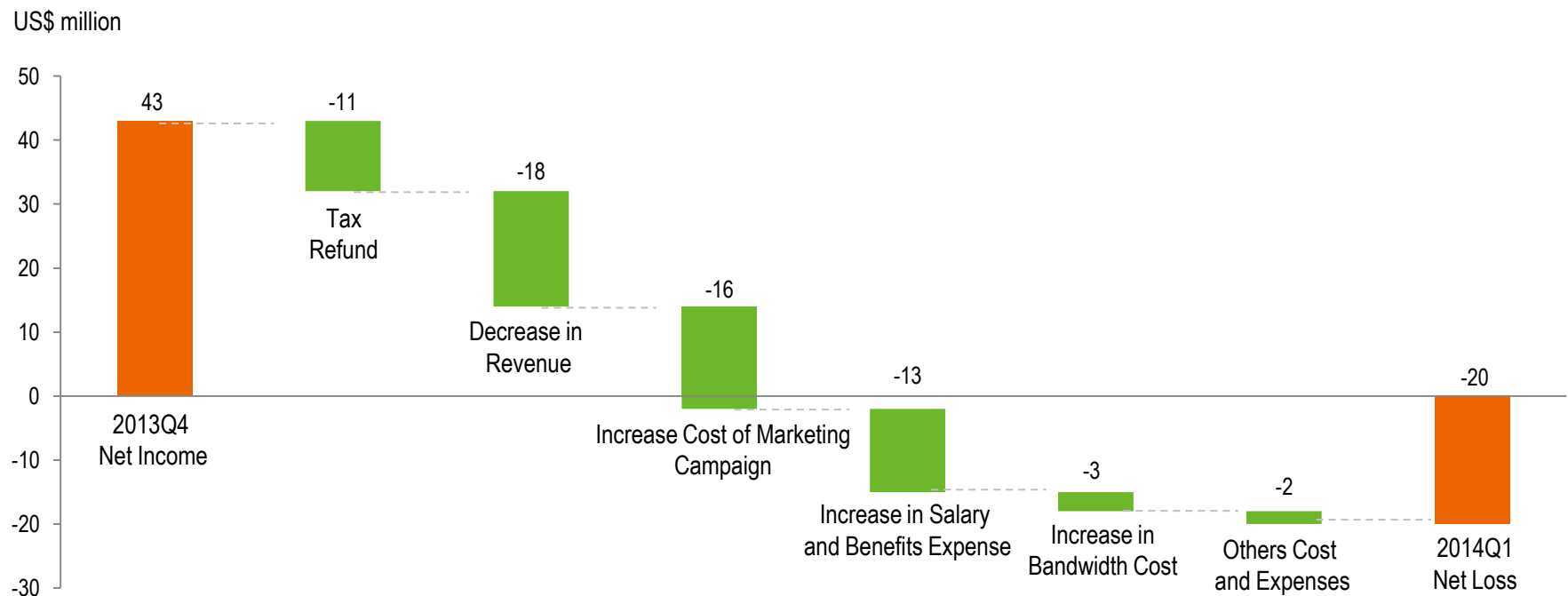
Annual Financial Results

	2013	2012	YoY
Total revenues	\$737.9m	\$623.4 m	18%
Online game	\$669.2m	\$570.3m	17%
Online advertising	\$50.0m	\$42.5m	18%
IVAS	\$5.4m	\$4.3m	25%
Others	\$13.3m	\$6.3m	113%
Gross margin (non-GAAP) *	86%	87%	N/A
Operating margin (non-GAAP) *	42%	57%	N/A
Net income attributable to Changyou.com Limited (non-GAAP) *	\$269.9m	\$290.5m	(7%)
Diluted EPS attributable to Changyou.com Limited (non-GAAP) *	\$5.06	\$5.43	(7%)
<i>Balance in cash and cash equivalents and short-term investments</i>	\$551.3m	\$418.4m	32%
<i>Restricted time deposits (current and non-current)</i>	\$424.7m	\$246.6m	72%
<i>Bank loans (short term and long-term)</i>	\$410.3m	\$239.4m	71%
<i>Cash inflow from operations</i>	\$340.4m	\$358.6m	(18%)

* Non-GAAP results exclude share-based compensation expense, 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/expense from the adjustment of contingent consideration previously recorded for acquisitions. 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.

Continued Investment in 2014Q1

Due to encouraging user metrics and intensifying competition, we will significantly ramp up our marketing investment to promote our line-up of new games, mobile applications and other Internet products in both China and overseas.



Thank you!

Investor Relations Team

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