



March 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

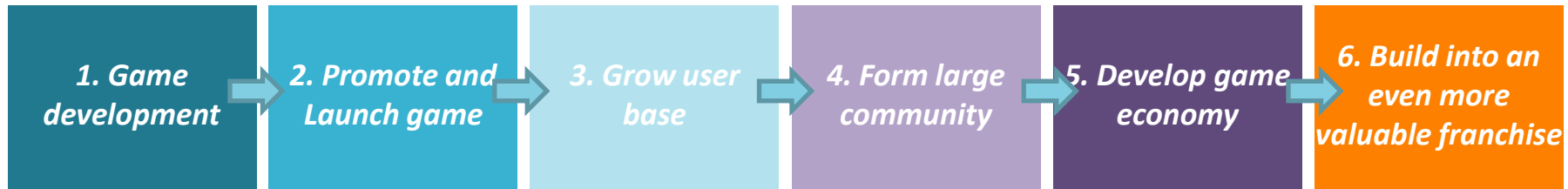
Game Information Portal, 17173.com



- 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 21 expansion packs to-date
- Expansion packs released every 3 to 4 months
- Most recent major expansion pack , TLBB3, released on October 20, 2011
- Next expansion pack scheduled for end of April



Flagship Web-based game, DDTank

- Launched in March 2009
- Released 21 versions to-date
- New versions released every 2 to 3 months
- Most recent version, DDTank 3.6, was released on March 7, 2012
- Next version scheduled for the second half of April

* 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.

17173.com Kickstarts Platform Strategy

Game Information Portal

Professional Online Game News

Editorial team provides the latest news on on the online game industry, online game companies, new game launches, media reports, etc.

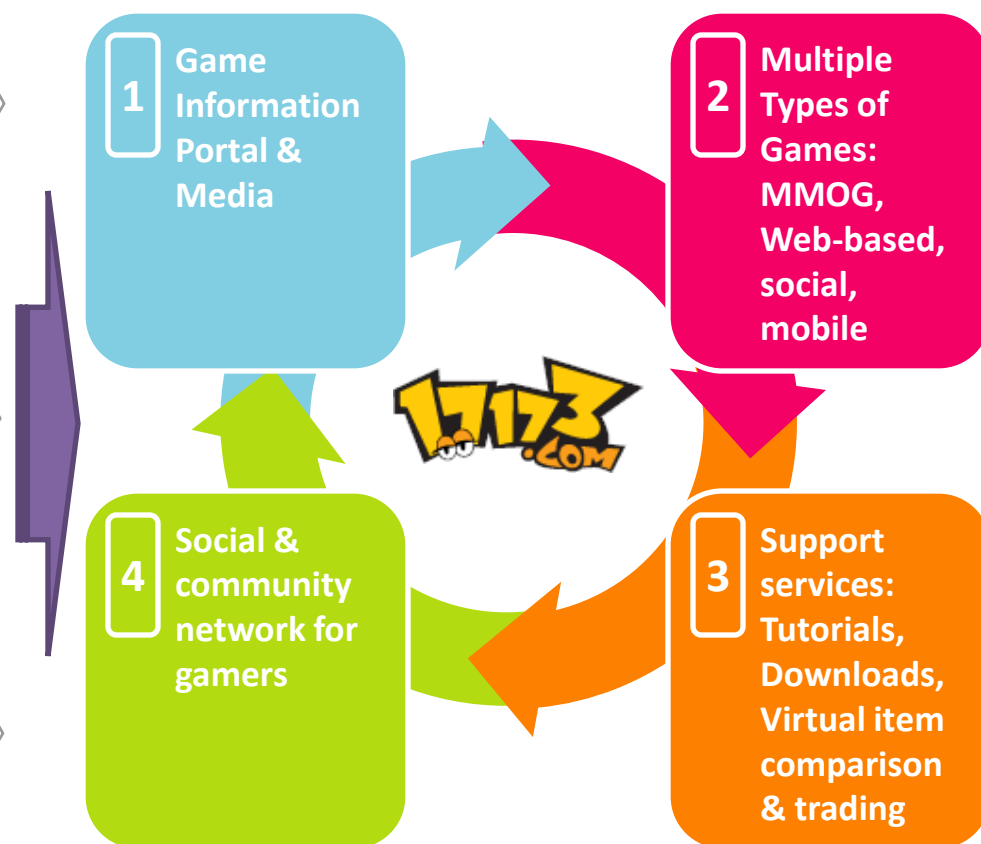
Interactive Entertainment Channel

Dedicated game zones, mostly for MMO games, with BBS forums for sharing game photos, game videos, tips, etc.

Professional Marketing Platform

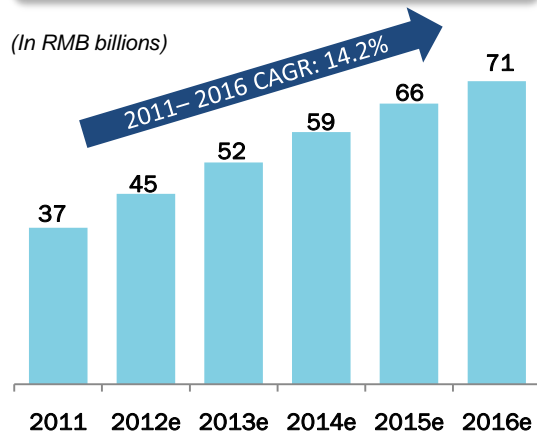
Provides online marketing solutions for online game companies looking to launch new products.

Online Platform Dedicated to Gamers

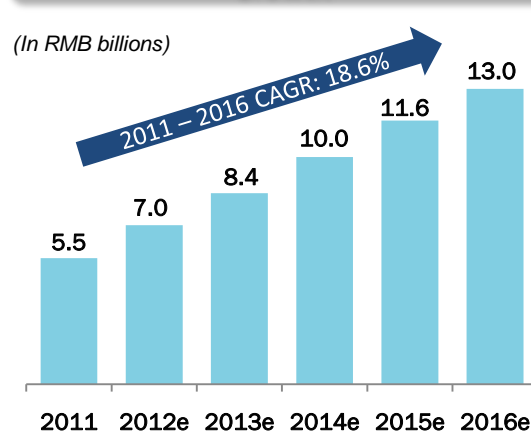


Ongoing Opportunities in MMO, Web-based and Mobile

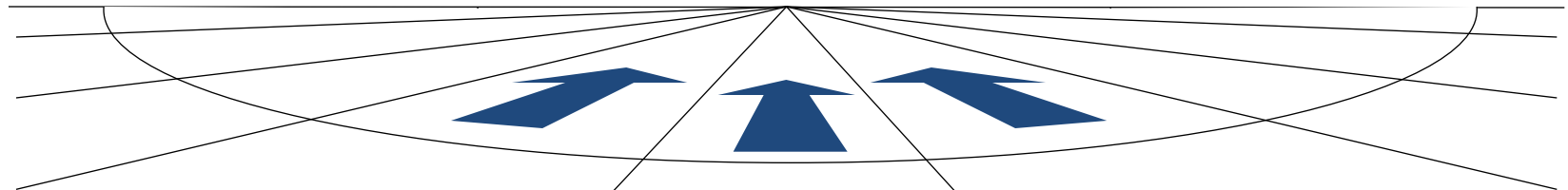
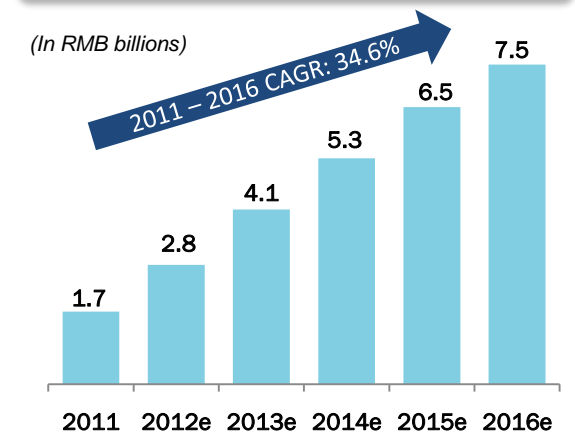
China MMO Game Industry Growth



China Web-based Game Industry Growth



China Mobile Game Industry Growth



Build up Web-based,
mobile and social
game teams

Source: GPC and IDC

Game Pipeline for 2012

We plan to release 4 MMO games and 1 Web-based game in 2012. Games that have been announced include:



Shen Qu

A 2.5D real time strategy Web-based game set against a mythical western universe. The most unique feature differentiating the game from traditional turn-based games is that gameplay is real-time, which makes combat smoother and more exciting.

Game Genre: 2.5D real-time strategy Web-based game

Developer: Changyou's VIE 7Road

Expected launch date: 1st 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

Game Pipeline for 2012 (cont'd)



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.

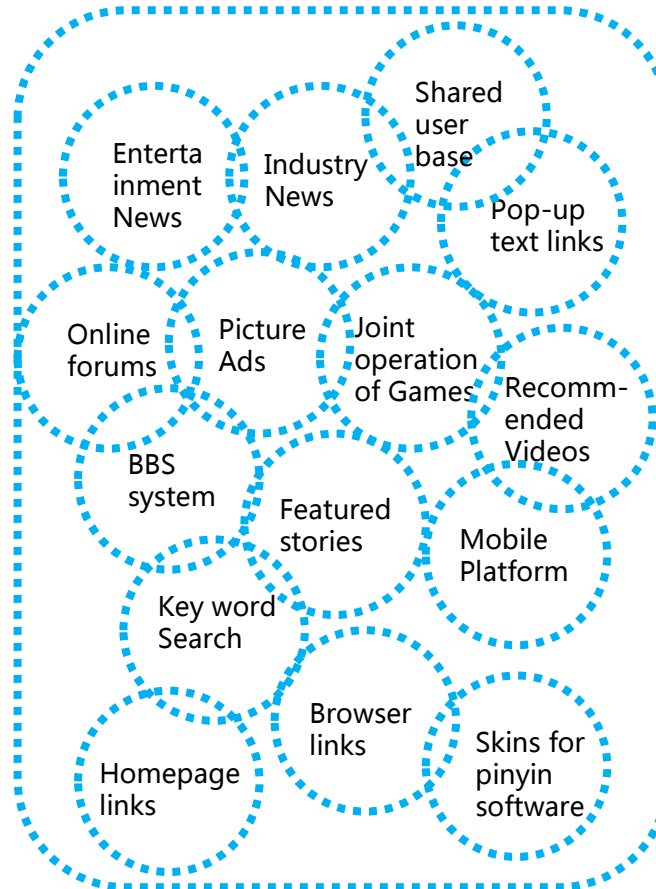
Genre: 3D cartoon-style turn-based strategy MMORPG

Developer: Changyou

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.



- 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 360 million Sohu users

Recent Financial Results & Guidance

	2011 Q4*	2011 Q3*	2010 Q4*	QoQ	YoY	2012 Q1 Guidance**
Total revenues	\$137.7m	\$128.7m	\$99.3m	7%	39%	\$130.0m~134.0m
Online game	\$123.3m	\$115.8m	\$91.7m	6%	34%	\$121.0m~124.0m
Online advertising	\$12.4m	\$9.7m	\$7.5m	28%	65%	\$7.0m~8.0m
Others	\$2.0m	\$3.2m	-	(38%)	-	N/A
Gross margin (non-GAAP) **	85%	85%	90%	N/A	N/A	N/A
Operating margin (non-GAAP) **	58%	57%	64%	N/A	N/A	N/A
Net income attributable to Changyou.com Limited (non-GAAP) **	\$71.2 m	\$63.2 m	\$55.6 m	13%	28%	\$58.0m~60.0m
Diluted EPS attributable to Changyou.com Limited (non-GAAP) **	\$1.33	\$1.18	\$1.04	12%	28%	\$1.08~1.12
<i>Balance in cash and cash equivalents and short-term investments</i>	<i>\$330.4m***</i>	<i>\$458.6m</i>	<i>\$351.0m</i>	<i>(28%)</i>	<i>(6%)</i>	<i>N/A</i>
<i>Debt Balance</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Cash inflow from operations</i>	<i>\$76.7m</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

* 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.

***The decline in net cash balance in the fourth quarter was mainly due to a payment of \$146.5 million made in the fourth quarter of 2011 for the acquisition of the 17173 Business and a payment of \$62.8 million for the progress payment of an office building under construction.

Changyou is a highly profitable online game developer with a strong, debt-free balance sheet and rich cash flows.



Thanks!