

SOHU COM INC  
Form DEF 14A  
April 15, 2008

SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  Confidential, for Use of the Commission Only  
(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Sohu.com Inc.  
(Name of Registrant as Specified In Its Charter)  
(Name of Person(s) Filing Proxy Statement, if Other than Registrant)

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-

April 18, 2008

Dear Sohu.com stockholders:

You are cordially invited to attend Sohu.com Inc.'s Annual Meeting of Stockholders to be held at our offices at Level 12, Sohu.com Internet Plaza, No. 1 Unit Zhongguancun East Road, Haidian District, Beijing 100084, People's Republic of China, on Friday, May 30, 2008 at 10:00 A.M., Beijing time.

This year we are using new U.S. Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders primarily over the Internet. We believe that providing our proxy materials over the Internet increases the ability of our stockholders to connect with the information they need, while reducing the cost and environmental impact of our Annual Meeting. On April 18, 2008, we mailed our stockholders a notice containing instructions on how to access our 2008 Proxy Statement and 2007 Annual Report to Stockholders. The notice also included instructions on how to receive a paper copy of the annual meeting materials, including the notice of annual meeting, proxy statement, and proxy card. If you receive your annual meeting materials by mail, the notice of annual meeting, proxy statement, and proxy card will be enclosed. If you receive your annual meeting materials via e-mail, the e-mail contains links to the annual report and the proxy statement on the Internet, which are both available at <http://bnymellon.mobular.net/bnymellon/sohu>.

At this year's Annual Meeting, we are asking stockholders to elect two directors, who shall serve for a two-year term or until their earlier death, resignation or removal, and to ratify the appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as our independent auditors. The Board of Directors recommends that you vote FOR the election of the director nominees and FOR the ratification of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as our independent auditors. Please refer to the Proxy Statement for detailed information on each of the proposals and the Annual Meeting.

Every stockholder's vote is important to us. Whether or not you expect to attend the meeting in person, we urge you to submit your proxy as soon as possible. You may vote over the Internet, by telephone, or, if you ask for and receive paper copies of the proxy materials, by mail.

We look forward to seeing those of you who are able to attend the meeting in person.

Sincerely,

Charles Zhang  
Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
OF  
SOHU.COM INC.  
TO BE HELD May 30, 2008  
10:00 A.M. BEIJING TIME

April 18, 2008

To the Stockholders of Sohu.com Inc.:

We hereby notify you that the Annual Meeting of Stockholders (the "Annual Meeting") of Sohu.com Inc. will be held at our offices at Level 12, Sohu.com Internet Plaza, No. 1 Unit Zhongguancun East Road, Haidian District, Beijing 100084, People's Republic of China, on Friday, May 30, 2008 at 10:00 A.M., Beijing time, for the purpose of considering and acting upon the following matters, all as described in the accompanying Proxy Statement:

- 1) To elect two directors, who shall serve for a two-year term or until their earlier death, resignation or removal;
- 2) To ratify the appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as our independent auditors for the fiscal year ending December 31, 2008; and
- 3) To consider and act upon all other matters which may properly come before the Annual Meeting or any adjournment or postponement thereof.

We have not received notice of other matters that may be properly presented at the Annual Meeting. Our Board of Directors has set the close of business on Wednesday, April 11, 2008, as the record date for the purpose of determining the holders of our common stock entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof, and only stockholders of record on that date are entitled to notice of, and to vote, at the Annual Meeting.

By order of the Board of Directors,

/s/ Timothy B. Bancroft

Timothy B. Bancroft  
Secretary

Table of Contents

Proxy Statement	5
Proposal I. Election of Directors	7
General Information Relating to the Board of Directors	9
Beneficial Ownership of Common Stock	12
Section 16(a) Beneficial Ownership Reporting Compliance	14
Transactions with Related Persons	15
Audit Committee Report	16
Executive Compensation	18
Executive Officers	18
Compensation Discussion and Analysis	19
Compensation Committee Report	28
Summary Compensation Table	29
Grants of Plan-Based Awards	30
Outstanding Equity Awards at Fiscal Year-End	33
Option Exercises and Stock Vested	34
Pension Benefits	34
Potential Payments Upon Termination or Change-in-Control	34
Director Compensation	38
Compensation Committee Interlocks and Insider Participation	39
Proposal II. Ratification of Appointment of Independent Auditors	39
Principal Accountant Fees, Services and Pre-Approval Process	40
Miscellaneous	41



SOHU.COM INC.

Level 12, Sohu.com Internet Plaza  
No. 1 Unit Zhongguancun East Road, Haidian District  
Beijing 100084, People's Republic of China  
(011) 8610-6272-6666

ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 30, 2008  
10:00 A.M. BEIJING TIME

PROXY STATEMENT

In accordance with rules recently adopted by the Securities and Exchange Commission (the "SEC"), we are furnishing proxy materials to our stockholders primarily by providing access to such documents on the Internet instead of mailing printed copies. On April 18, 2008, we mailed to our stockholders (other than those who had previously requested email delivery) a Notice of Internet Availability containing instructions on how to access our proxy materials, including our proxy statement and our 2007 Annual Report to Stockholders. If you would like to receive a paper copy of our proxy materials, you should follow the instructions in the Notice of Internet Availability for requesting such materials.

This Proxy Statement is furnished to our stockholders in connection with the solicitation by our Board of Directors of our proxies for use at our Annual Meeting of Stockholders (the "Annual Meeting") to be held at our offices located at Level 12, Sohu.com Internet Plaza, No. 1 Unit Zhongguancun East Road, Haidian District, Beijing 100084, People's Republic of China, on Friday, May 30, 2008 at 10:00 A.M., Beijing time, and at any adjournment or postponement thereof.

If proxies are completed and submitted, the shares they represent will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares represented by proxies will be voted as follows:

FOR the election of the nominees for directors named herein; and

FOR the ratification of the appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company ("PricewaterhouseCoopers") as our independent auditors for the fiscal year ending December 31, 2008.

In addition, if other matters come before the Annual Meeting, the persons named as proxy holders, Dr. Charles Zhang and Carol Yu, will vote in accordance with their judgment with respect to those matters. You have the power to revoke your proxy at any time prior to its exercise by filing with our Chief Financial Officer an instrument revoking it, by submitting an executed proxy bearing a later date prior to or at the Annual Meeting, or by attending the Annual Meeting and voting in person.

## Expenses and Solicitation

We will bear the cost of soliciting proxies. Solicitations may be made by mail, personal interview, telephone, email, or otherwise by our directors, officers and employees, without additional compensation for such solicitation activities. We have made arrangements with BNY Mellon Shareowner Services, 480 Washington Boulevard, 26th Floor, Jersey City, NJ 07310 and Georgeson Inc., 219 Murray Hill Parkway, East Rutherford, NJ 07073 to assist with the solicitation of proxies. We are required to request that brokers and nominees who hold stock in their names furnish our proxy materials to the beneficial owners of the stock, and we must reimburse these brokers and nominees for the expenses of doing so in accordance with statutory fee schedules. The estimated cost of soliciting proxies is not expected to exceed \$100,000.

## Voting Procedures

Only stockholders of record on our books at the close of business on April 11, 2008, the record date relating to the Annual Meeting, will be entitled to vote at the Annual Meeting and any adjournment or postponement thereof. Each share of our common stock outstanding on the record date will be entitled to one vote on each of the director nominees and one vote on the ratification of the appointment of PricewaterhouseCoopers as our independent auditors. Under our Amended and Restated By-laws, the presence in person or by proxy of a majority of the shares of our common stock outstanding on the record date is required for a quorum. Abstentions and broker non-votes are each included for purposes of determining the presence or absence of a sufficient number of shares to constitute a quorum for the transaction of business. With respect to the approval of any particular proposal, abstentions and broker non-votes are not counted in determining the number of votes cast. The election of directors requires a plurality of the votes cast in person or by proxy. The nominees receiving the highest number of affirmative votes of the shares present or represented and voting on the election of the directors at the Annual Meeting will be elected as directors. The ratification of the appointment of PricewaterhouseCoopers as our independent auditors requires the affirmative vote of the holders of a majority of the shares of our common stock that are present in person or by proxy at the Annual Meeting.

As of the close of business on April 11, 2008, there were 37,816,081 shares of our common stock outstanding.



Proposal I. Election of Directors

Our Board of Directors (our “Board”) is divided into two classes, with each class holding office for a term of two years and the term of one class expiring each year. All directors will hold office until their successors have been duly elected and qualified or until their earlier death, resignation or removal. Our Board has fixed the number of directors to constitute the full Board for the ensuing year at six, two of whom are to be elected at the Annual Meeting for a term expiring at the 2010 Annual Meeting of Stockholders and four directors whose terms expire at the 2009 Annual Meeting of Stockholders.

At the recommendation of our Nominating Committee of our Board, our Board has nominated Dr. Edward B. Roberts and Dr. Zhonghan Deng for election in the class of directors to be elected at the Annual Meeting whose term will expire in 2010. Unless you indicate otherwise on your proxy, the proxies received will be voted in favor of the election of Dr. Edward B. Roberts and Dr. Zhonghan Deng to serve as directors.

Our Board knows of no reason why each of the nominees would be unable or unwilling to serve, but if that should be the case, proxies will be voted for the election of substitute nominee(s) selected by our Board, or for fixing the number of directors at a lesser number. The proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement. The two nominees receiving a plurality of the votes cast by the stockholders represented at the Annual Meeting, in person or by proxy, will be elected as directors.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF DR. EDWARD B. ROBERTS AND DR. ZHONGHAN DENG**

The table below sets forth certain information with respect to the nominees for election to our Board of Directors and those directors whose terms of office will continue after the Annual Meeting. All of the nominees for election as directors are currently serving on our Board.

Dr. Edward B. Roberts	Dr. Roberts is the David Sarnoff Professor of Management of Technology at Massachusetts Institute of Technology’s Alfred P. Sloan School of Management. He chaired MIT’s research and educational programs in the management of technological innovation from 1967 to 1993. He also founded and chairs the MIT Entrepreneurship Center. Dr. Roberts is currently a director of Medical Information Technology, Inc. He has authored over 160 articles and eleven books, a recent one being <i>Entrepreneurs in High Technology</i> (Oxford University Press, 1991). Dr. Roberts received four degrees from M.I.T., including a Ph.D in 1962.	Dr. Robert’s term expires at the 2008 Annual Meeting.
72 years old. Director since 1996. (2)(3)		

Dr. Zhonghan Deng  
Chairman and Chief  
Executive  
Officer of Vimicro  
Corporation.

40 years old.  
Director since 2007.  
(1)(3)

Dr. Deng is the Chief Executive Officer and Chairman of the Board of Directors of Vimicro Corporation (NASDAQ: VIMC), which he co-founded in 1999. Dr. Deng received a Ph.D. in Electrical Engineering and Computer Sciences, a M.S. degree in Economics and a M.S. degree in Physics from the University of California, Berkeley. After graduation from Berkeley, Dr. Deng worked as a research scientist for International Business Machines Corporation at the T.J. Watson Research Center in Yorktown Heights, New York.

Dr. Deng's term  
expires at the at 2008  
Annual Meeting

Dr. Charles Zhang  
Chairman of our Board  
and Chief Executive Officer.

43 years old.  
Director since 1996.

Dr. Zhang is our Founder and has been Chairman of our Board and Chief Executive Officer since August 1996. Dr. Zhang also served as President from August 1996 until July 2004. Prior to founding Sohu, Dr. Zhang worked for Internet Securities Inc. and helped establish its China operations. Prior to that, he worked as Massachusetts Institute of Technology's liaison officer with China. Dr. Zhang has a Ph.D in experimental physics from Massachusetts Institute of Technology and a Bachelor of Science degree from Tsinghua University in Beijing. Dr. Zhang is a native of the People's Republic of China.

Dr. Zhang's term  
expires at the 2009  
Annual Meeting.

Mr. Charles Huang  
CEO and Chairman of  
Netbig  
Education Holdings Ltd.

38 years old.  
Director since 2001.  
(1)(3)

Mr. Huang is the Founder, Chief Executive Officer and Chairman of Netbig Education Holdings Ltd., a leading education enterprise in China. Prior to founding Netbig in 1999, Mr. Huang worked as Executive Director and Head of Asia Securitization Group of Deutsche Bank, New York and Hong Kong, as well as Senior Vice President of Prudential Securities Inc., New York. He holds an M.S. degree in Computer Science from MIT and a B.S. degree from the University of Science and Technology of China. Mr. Huang is also a Chartered Financial Analyst.

Mr. Huang's term  
expires at the 2009  
Annual Meeting.

Dr. Dave Qi  
Professor of Accounting and  
Associate Dean, the  
Cheung Kong Graduate  
School of Business.

44 years old.  
Director since 2005.  
(1)(2)(3)

Dr. Qi is a Professor of Accounting and the Associate Dean of the Cheung Kong Graduate School of Business. He began teaching at the Cheung Kong Graduate School of Business in 2002 and was the founding Director of the Executive MBA program. Before joining the Cheung Kong Graduate School of Business, Dr. Qi was an Associate Professor at the School of Accounting of the Chinese University of Hong Kong. Dr. Qi has published many articles and research essays on accounting, financial reporting, capital market and other related topics. He has a Ph.D. in accounting from the Eli Broad Graduate School of management of Michigan State University, a Master of Business Administration from the University of Hawaii at Manoa, and a Bachelor of Science and a Bachelor of Arts from Fudan University. Dr. Qi is currently a member of the American Accounting Association.

Dr. Qi's term  
expires at the 2009  
Annual Meeting.

Mr. Shi Wang  
Chairman of China  
Vanke Co., Ltd.

57 years old.  
Director since 2005.  
(3)

Mr. Wang is the Chairman of China Vanke Co., Ltd., of which Mr. Wang was Chairman and General Manager from 1991 to 1999. He founded the Shenzhen Exhibition Center of Modern Science and Education Equipment in 1984, which is the predecessor to China Vanke Co., Ltd. Mr. Wang is the Executive Manager of the China Real Estate Association and is Deputy Director of the City Housing Development Council of the China Real Estate Association.

Mr. Wang's term  
expires at the 2009  
Annual Meeting.

- (1) member of our Audit Committee
- (2) member of our Compensation Committee
- (3) member of our Nominating Committee

#### GENERAL INFORMATION RELATING TO OUR BOARD OF DIRECTORS

##### Our Board of Directors

Our Board held four formal meetings in the fiscal year ended December 31, 2007 and acted by written consent in lieu of meeting on three occasions. Except Mr. Shi Wang, no member of our Board attended less than 75% of the total number of meetings of our Board and committees thereof upon which he served during 2007. All members of our Board are encouraged, but not required, to attend our annual meetings of stockholders. At our 2007 Annual Meeting of Stockholders, Dr. Charles Zhang was in attendance.

##### Independence

Our Board has determined that Messrs. Charles Huang and Shi Wang, and Drs. Dave Qi, Edward B. Roberts and Zhonghan Deng are independent as that term is defined under Rule 4200(a)(15) of the Nasdaq Stock Market

Marketplace Rules. In determining independence pursuant to the Nasdaq listing standards, our Board affirmatively determined whether such independent directors had any material relationship with us, or any of our subsidiaries, either directly or as a partner, stockholder or officer of an organization that may interfere with the director's ability to exercise independence. Our Board concluded that none of the independent directors had any direct or indirect material relationships with us, or any of our subsidiaries. Our Board considers what it deems to be all relevant facts and circumstances in determining the independence of its members including whether our directors have any family relationship with any executive officer or any direct or indirect interest in any of our customers or our customer agreements, whether any of our directors have any interests in or ties to any of our competitors, suppliers, or strategic business partners and whether our members meet the independence standards set by the SEC and Nasdaq.

## Committees of our Board of Directors

Our Board has established a standing Audit Committee, Compensation Committee and Nominating Committee.

### Audit Committee

The members of our Audit Committee currently are Dr. Dave Qi, Mr. Charles Huang and Dr. Zhonghan Deng, who are each independent as defined in the Nasdaq Stock Market listing standards applicable to audit committee members. Our Board has determined that Dr. Dave Qi is an Audit Committee financial expert, as that term is defined in Item 407(d)(5) of Regulation S-K. Our Audit Committee oversees our internal audit function and our accounting and financial reporting processes and the audits of our financial statements. Our Audit Committee held four meetings in 2007. Our Audit Committee and the full Board have adopted a written charter for our Audit Committee. Our Audit Committee appointed PricewaterhouseCoopers to serve as our independent auditors for the fiscal year ended December 31, 2007. The full responsibilities of our Audit Committee are set forth in its charter, which is reviewed and updated annually and approved by our Board, and is posted on our Web site at [www.sohu.com](http://www.sohu.com) (to access the charter, click on the link "About Sohu" at the bottom of the first page, and follow the links through "Investor Relations"). For more information, see "Audit Committee Report."

### Compensation Committee

Our Compensation Committee currently consists of Drs. Edward B. Roberts and Dave Qi. Our Compensation Committee acted by written consent in lieu of meeting on one occasion and acted through e-mail communications among its members, and made recommendations to our Board, on three occasions in 2007. Our Compensation Committee makes recommendations concerning salaries and incentive compensation, administers and approves stock option and restricted stock grants under our 2000 Stock Incentive Plan, as amended, and otherwise determines compensation levels and performs such other functions regarding compensation as our Board may delegate to our Compensation Committee. Our Compensation Committee does not have a written charter. Our Compensation Committee designed an executive compensation program in order to reward excellent performance and retain talented executive officers through a combination of cash and equity incentive awards. The Compensation Discussion and Analysis below provides additional information regarding the Compensation Committee's determination of named executive officer and director compensation levels and our Compensation Committee's policies and procedures in making such determinations.

### Nominating Committee

Our Nominating Committee currently consists of Messrs. Charles Huang and Shi Wang and Drs. Dave Qi, Edward B. Roberts and Zhonghan Deng, who are each independent directors as defined in the Nasdaq Stock Market listing standards. The purpose of our Nominating Committee is to assist our Board in identifying individuals qualified to become directors under criteria approved by our Board, periodically review director compensation and benefits, recommend to our Board any proposed revisions to our corporate governance guidelines and assist our Board in assessing directors' independence, board effectiveness, continuing education, new director orientation and committee membership. Our Nominating Committee acted by written consent in lieu of meeting on one occasion in 2007. The full responsibilities of our Nominating Committee are set forth in its charter, which is reviewed and updated annually and approved by our Board, and is posted on our Web site at [www.sohu.com](http://www.sohu.com) (to access the charter, click on the link "About Sohu" at the bottom of the first page, and follow the links through "Investor Relations").

It is a policy of our Nominating Committee that candidates for director (i) be determined to have unquestionable integrity and honesty, (ii) have the ability to exercise sound, mature and independent business judgment which is in the best interests of the stockholders as a whole, (iii) have a background and experience in fields which will compliment the talents of the other Board members, (iv) have the willingness and capability to take the time to actively participate in Board and committee meetings and related activities, (v) have the ability to work professionally and effectively with other Board members and our management, (vi) have the ability to remain on our Board long enough to make a meaningful contribution, and (vii) have no material relationships with competitors or other third parties that could create a reasonable likelihood of a conflict of interest or other legal issues.

When considering potential director nominees, our Nominating Committee also considers our Board's current composition and our evolving needs, including expertise, diversity and balance of inside, outside and independent directors. In compiling its list of possible candidates and considering their qualification, our Nominating Committee makes its own inquiries, solicits input from other directors on our Board, and may consult or engage other sources, such as a professional search firm, if it deems appropriate.

Our Nominating Committee will consider director candidates recommended by stockholders provided the stockholders follow the procedures set forth below. There were no material changes to such procedures after we last provided this disclosure. The committee does not intend to alter the manner in which it evaluates candidates, including the criteria set forth above, based on whether the candidate was recommended by a stockholder or otherwise.

Stockholders who wish to recommend individuals for consideration by our Nominating Committee to become nominees for election to our Board at the 2009 Annual Meeting of Stockholders may do so by submitting a written recommendation to the committee, care of Sohu.com Inc., at Level 12, Sohu.com Internet Plaza, No. 1 Unit Zhongguancun East Road, Haidian District, Beijing 100084, People's Republic of China, Attention: Erin Sheng, in accordance with the procedures set forth below in this Proxy Statement under the heading "Deadline for Receipt of Stockholder Proposals." For nominees for election to our Board proposed by stockholders to be considered, the following information concerning each nominee must be timely submitted in accordance with the required procedures:

- The candidate's name, age, business address, residence address, principal occupation or employment, the class and number of shares of our capital stock the candidate beneficially owns, a brief description of any direct or indirect relationships with us, and the other information that would be required in a proxy statement soliciting proxies for the election of the candidate as a director;
- A signed consent of the nominee to being named as a nominee, to cooperate with reasonable background checks and personal interviews and to serve as a director, if elected; and

- As to the stockholder proposing such nominee, that stockholder's name and address, the class and number of shares of our capital stock the stockholder beneficially owns, a description of all arrangements or understandings between the stockholder and the candidate and any other person or persons (including thei