Fourth Quarter and Fiscal Year 2010 Highlights

- Total revenues in the fourth quarter of 2010 were RMB2.451 billion ($371.3 million), a 94.4% increase from the corresponding period in 2009.
- Total revenues in fiscal year 2010 were RMB7.915 billion ($1.199 billion), a 78.0% increase from 2009.
- Operating profit in the fourth quarter of 2010 was RMB1.275 billion ($193.2 million), a 175.8% increase from the corresponding period in 2009.
- Operating profit in fiscal year 2010 was RMB3.959 billion ($598.8 million), a 146.7% increase from 2009.
- Net income in the fourth quarter of 2010 was RMB1.611 billion ($175.9 million), a 171.3% increase from the corresponding period in 2009. Diluted earnings per ADS (2) for the fourth quarter of 2010 was RMB3.32 ($0.50); diluted ADS excluding share-based compensation expenses (non-GAAP) for the fourth quarter of 2010 was RMB3.40 ($0.52).
- Net income in fiscal year 2010 was RMB3.525 billion ($534.1 million), a 137.4% increase from 2009. Diluted earnings per ADS for fiscal year 2010 was RMB1.10 ($0.17); diluted ADS excluding share-based compensation expenses (non-GAAP) for fiscal year 2010 was RMB1.10 ($0.17). Costs and expenses related to Baidu’s Japan operations for fiscal year 2010 were RMB182.4 million ($27.6 million), which reduced diluted earnings per ADS by RMB0.49 ($0.07).

Baidu reported total revenues of RMB2.451 billion ($371.3 million) for the fourth quarter of 2010, representing a 94.4% increase from the corresponding period in 2009.

Online marketing revenues for the fourth quarter of 2010 were RMB2.450 billion ($371.3 million), representing a 94.4% increase from the corresponding period in 2009. Baidu had about 276,000 active online marketing customers in the fourth quarter of 2010, representing a 23.8% increase from the corresponding period in 2009 and a 15.5% increase from the previous quarter. Revenue per online marketing customer for the fourth quarter 2010 was approximately RMB8,900 ($1,348), a 56.1% increase from the corresponding period in 2009 and a 7.2% increase from the previous quarter.

Traffic acquisition cost (TAC) as a component of cost of revenues was RMB199.4 million ($30.2 million), representing 8.1% of total revenues, as compared to 10.0% in the corresponding period in 2009 and 8.9% in the third quarter of 2010. The sequential decrease in TAC as a percentage of total revenues reflects continued impact of our traffic optimization efforts from previous quarters.

Bandwidth costs as a component of cost of revenues were RMB99.2 million ($15.0 million), representing 4.0% of total revenues, compared to 4.3% in the corresponding period in 2009. Depreciation costs as a component of cost of revenues were RMB98.0 million ($14.8 million), representing 4.0% of total revenues, compared to 5.4% in the corresponding period in 2009.

Selling, general and administrative expenses were RMB313.2 million ($47.5 million), representing an increase of 41.2% from the corresponding period in 2009, mainly due to the increase in personnel related expenses and marketing expenses.

Research and development expenses were RMB231.9 million ($35.1 million), an 86.4% increase from the corresponding period in 2009. The increase was primarily due to the increased number of research and development personnel.

Share-based compensation expenses, which were allocated to related operating cost and expense line items, were RMB228.2 million ($43.3 million) in the fourth quarter of 2010, compared to RMB24.4 million in the previous quarter and RMB18.7 million in the corresponding period in 2009.

Operating profit was RMB1.275 billion ($193.2 million), representing a 175.8% increase from the corresponding period in 2009. Operating profit excluding share-based compensation expenses (non-GAAP) was RMB1.303 billion ($197.4 million), a 171.0% increase from the corresponding period in 2009.

Income tax expense was RMB139.6 million ($24.2 million), compared to an income tax expense of RMB70.9 million in the corresponding period in 2009. The effective tax rate for the fourth quarter of 2010 was 12.1% as compared to 13.6% in the previous quarter and 14.2% for the corresponding period in 2009.

Net income was RMB1.161 billion ($175.0 million), representing a 171.3% increase from the corresponding period in 2009. Basic and diluted earnings per ADS for the fourth quarter of 2010 amounted to RMB3.33 ($0.51) and RMB3.32 ($0.50), respectively.

Net income excluding share-based compensation expenses (non-GAAP) was RMB1.189 billion ($180.1 million), a 166.2% increase from the corresponding period in 2009. Basic and diluted earnings per ADS excluding share-based compensation expense (non-GAAP) for the fourth quarter of 2010 amounted to RMB3.41 ($0.52) and RMB3.40 ($0.52), respectively.

As of December 31, 2010, Baidu had cash, cash equivalents and short-term investments of RMB8.158 billion ($1.236 billion). Net operating cash inflow and capital expenditures for the fourth quarter of 2010 were RMB1.770 billion ($268.1 million) and RMB362.1 million ($54.9 million), respectively.

Adjusted EBITDA (non-GAAP), defined in this announcement as earnings before interest, taxes, depreciation, amortization, other non-operating income and share-based compensation expenses, was RMB1.435 billion ($217.5 million) for the fourth quarter of 2010, representing a 152.4% increase from the corresponding period in 2009.

Fiscal Year 2010 Results

Baidu reported total revenues of RMB2.451 billion ($371.3 million) for the fourth quarter of 2010, representing a 94.4% increase from the corresponding period in 2009.

Online marketing revenues for the fourth quarter of 2010 were RMB2.450 billion ($371.3 million), representing a 94.4% increase from the corresponding period in 2009. Baidu had about 276,000 active online marketing customers in the fourth quarter of 2010, representing a 23.8% increase from the corresponding period in 2009 and a 15.5% increase from the previous quarter. Revenue per online marketing customer for the fourth quarter 2010 was approximately RMB8,900 ($1,348), a 56.1% increase from the corresponding period in 2009 and a 7.2% increase from the previous quarter.

Traffic acquisition cost (TAC) as a component of cost of revenues was RMB199.4 million ($30.2 million), representing 8.1% of total revenues, as compared to 10.0% in the corresponding period in 2009 and 8.9% in the third quarter of 2010. The sequential decrease in TAC as a percentage of total revenues reflects continued impact of our traffic optimization efforts from previous quarters.

Bandwidth costs as a component of cost of revenues were RMB99.2 million ($15.0 million), representing 4.0% of total revenues, compared to 4.3% in the corresponding period in 2009. Depreciation costs as a component of cost of revenues were RMB98.0 million ($14.8 million), representing 4.0% of total revenues, compared to 5.4% in the corresponding period in 2009.

Selling, general and administrative expenses were RMB313.2 million ($47.5 million), representing an increase of 41.2% from the corresponding period in 2009, mainly due to the increase in personnel related expenses and marketing expenses.

Research and development expenses were RMB231.9 million ($35.1 million), an 86.4% increase from the corresponding period in 2009. The increase was primarily due to the increased number of research and development personnel.

Share-based compensation expenses, which were allocated to related operating cost and expense line items, were RMB228.2 million ($43.3 million) in the fourth quarter of 2010, compared to RMB24.4 million in the previous quarter and RMB18.7 million in the corresponding period in 2009.

Operating profit was RMB1.275 billion ($193.2 million), representing a 175.8% increase from the corresponding period in 2009. Operating profit excluding share-based compensation expenses (non-GAAP) was RMB1.303 billion ($197.4 million), a 171.0% increase from the corresponding period in 2009.

Income tax expense was RMB139.6 million ($24.2 million), compared to an income tax expense of RMB70.9 million in the corresponding period in 2009. The effective tax rate for the fourth quarter of 2010 was 12.1% as compared to 13.6% in the previous quarter and 14.2% for the corresponding period in 2009.

Net income was RMB1.161 billion ($175.0 million), representing a 171.3% increase from the corresponding period in 2009. Basic and diluted earnings per ADS for the fourth quarter of 2010 amounted to RMB3.33 ($0.51) and RMB3.32 ($0.50), respectively.

Net income excluding share-based compensation expenses (non-GAAP) was RMB1.189 billion ($180.1 million), a 166.2% increase from the corresponding period in 2009. Basic and diluted earnings per ADS excluding share-based compensation expense (non-GAAP) for the fourth quarter of 2010 amounted to RMB3.41 ($0.52) and RMB3.40 ($0.52), respectively.

As of December 31, 2010, Baidu had cash, cash equivalents and short-term investments of RMB8.158 billion ($1.236 billion). Net operating cash inflow and capital expenditures for the fourth quarter of 2010 were RMB1.770 billion ($268.1 million) and RMB362.1 million ($54.9 million), respectively.

Adjusted EBITDA (non-GAAP), defined in this announcement as earnings before interest, taxes, depreciation, amortization, other non-operating income and share-based compensation expenses, was RMB1.435 billion ($217.5 million) for the fourth quarter of 2010, representing a 152.4% increase from the corresponding period in 2009.
Total revenues in 2010 were RMB7.915 billion ($1.199 billion), representing a 78.0% increase from 2009.

Online marketing revenues in 2010 were RMB7.913 billion ($1.199 billion), representing a 78.0% increase from 2009. The growth was driven by increases in both the number of active online marketing customers and revenue per customer. Baidu had about 412,000 active online marketing customers in 2010, representing a 30.0% increase from 2009. Revenue per online marketing customer for 2010 was RMB19,200 ($2,900), an increase of 37.1% from 2009.

Traffic acquisition costs in 2010 were RMB758.1 million ($114.9 million), representing 9.6% of total revenues, compared to 15.7% in 2009. The decrease in TAC as a percentage of total revenues is primarily due to Baidu’s U-Map traffic optimization.

Bandwidth costs as a component of cost of revenues were RMB310.5 million ($47.1 million), representing 3.9% of total revenues, compared to 4.6% in full year 2009. Depreciation costs as a component of cost of revenues were RMB331.7 million ($50.3 million), representing 4.2% of total revenues, compared to 5.6% in full year 2009.

Selling, general and administrative expenses in 2010 were RMB1.089 billion ($160.5 million), representing an increase of 35.4% from the previous year, mainly due to the increase in personnel related expenses and marketing expenses.

Research and development expenses totaled RMB718.0 million ($108.8 million) in 2010, representing a 69.9% increase from 2009, primarily due to the increased number of research and development personnel.

Share-based compensation expenses, which were allocated to related operating cost and expense line items, were RMB93.7 million ($14.2 million) in 2010, compared to RMB86.3 million in 2009.

Operating profit in 2010 was RMB3.959 billion ($599.8 million), a 146.7% increase from 2009. Operating profit excluding share-based compensation expenses (non-GAAP) in 2010 was RMB4.053 billion ($614.0 million), representing a 139.6% increase from 2009.

Income tax expense was RMB530.0 million ($81.2 million), compared to an income tax expense of RMB198.0 million in 2009. The effective tax rate for 2010 was 13.2% as compared to 11.8% in 2009.

Net income in 2010 was RMB3.525 billion ($534.1 million), representing a 137.4% increase from 2009. Basic and diluted earnings per ADS for 2010 amounted to RMB10.13 ($1.54) and RMB10.10 ($1.53), respectively.

Net income excluding share-based compensation expenses (non-GAAP) in 2010 was RMB3.619 billion ($548.3 million), reflecting a 130.3% increase from 2009. Basic and diluted earnings per ADS excluding share-based compensation expenses (non-GAAP) in 2010 were RMB10.40 ($1.58) and RMB10.36 ($1.57), respectively.

Full year net operating cash inflow and capital expenditures were RMB 4.700 billion ($712.2 million) and RMB895.3 million ($135.7 million), respectively.

Adjusted EBITDA (non-GAAP) was RMB 4.501 billion ($682.0 million) in 2010, representing a 124.1% increase from 2009.

Outlook for First Quarter 2011

Baidu currently expects to generate total revenues in an amount ranging from RMB2.380 billion ($360.6 million) to RMB2.450 billion ($371.2 million) for the first quarter of 2011, representing an 83.9% to 89.3% year-over-year increase. This forecast reflects Baidu’s current and preliminary view, which is subject to change.

Conference Call Information

Baidu’s management will hold an earnings conference call at 8:00 PM on January 31, 2011 U.S. Eastern Time (9:00 AM on February 1, 2011 Beijing/Hong Kong time).

Dial-in details for the earnings conference call are as follows:

US: +1 617 213 8895
UK: +44 207 365 9426
Hong Kong: +852 3002 1672

Passcode for all regions: 52853772

A replay of the conference call may be accessed by phone at the following number until 4:00 PM Eastern Time on February 7, 2011:

International: +1 617 801 6888
Passcode: 50410760

Additionally, a live and archived webcast of this conference call will be available at http://ir.baidu.com.

About Baidu

Baidu, Inc. is the leading Chinese language Internet search provider. As a technology-based media company, Baidu aims to provide the best way for people to find information. In addition to serving Internet search users, Baidu provides an effective platform for businesses to reach potential customers. Baidu’s ADSs, each of which represents one Class A ordinary share, currently trade on the NASDAQ Global Select Market under the symbol "BIDU".

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Among other things, the outlook for the first quarter 2010 and beyond set out, as well as Baidu’s strategic and operational plans, contain forward-looking statements. Baidu may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Baidu’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: our future business development, including development of new products and services; our ability to attract and retain users and customers; competition in the Chinese and Japanese language Internet search markets; competition for online marketing customers; changes in our revenues and certain cost or expense items as a percentage of our revenues; the outcome of ongoing, or any future, litigation or arbitration, including those relating to intellectual property rights; the expected growth of the Chinese language Internet search market and the number of Internet and broadband users in China; Chinese governmental policies relating to the Internet and Internet search providers and general economic conditions in China, Japan and elsewhere. Further information regarding these and other risks is included in our annual report on Form 20-F and other documents filed with the Securities and Exchange Commission. Baidu does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release and in the attachments is as of the date of this press release, and Baidu undertakes no duty to update such information, except as required under applicable law.

About Non-GAAP Financial Measures

For a reconciliation of these financial measures to the GAAP financial measures, please review the company's earnings call transcript available at http://ir.baidu.com.
To supplement Baidu’s consolidated financial results presented in accordance with GAAP, Baidu uses the following measures defined as non-GAAP financial measures by the SEC: adjusted EBITDA, operating profit excluding share-based compensation expenses, net income excluding share-based compensation expenses, and basic and diluted earnings per ADS excluding share-based compensation expenses. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP financial measures, please see the tables captioned “Reconciliations of non-GAAP results of operations measures to the nearest comparable GAAP measures” and "Reconciliation from net cash provided by operating activities to adjusted EBITDA" set forth at the end of this release.

Baidu believes that these non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity by excluding certain expenses, particularly share-based compensation expenses, that may not be indicative of its operating results. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning and forecasting future periods. These non-GAAP financial measures also facilitate management’s internal comparisons to Baidu’s historical performance and liquidity. Baidu has computed its non-GAAP financial measures using the same consistent method from quarter to quarter since April 1, 2006. Baidu believes these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. A limitation of using these non-GAAP financial measures is that these non-GAAP measures exclude share-based compensation charge that has been and will continue to be for the foreseeable future a significant recurring expense in Baidu’s results of operations. A limitation of using non-GAAP adjusted EBITDA is that it does not include all items that impact our net income for the period. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from each non-GAAP measure. The accompanying tables have more details on the reconciliations between GAAP financial measures that are most directly comparable to non-GAAP financial measures.

For investor and media inquiries, please contact:

China
Vicki Tseng
Baidu, Inc.
Tel: 86-10-6992-7244
info@baidu.com

Cynthia He
Brunswick Group (Beijing)
Tel: 86-10-6566-2256
dche@brunswickgroup.com

U.S.
Ms. Kate Tellier
Brunswick Group LLC
Tel: 1-212-333-3810
kteller@brunswickgroup.com

Baidu, Inc.
Condensed Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>(in RMB thousands)</th>
<th>December 31</th>
<th>December 31</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>Unaudited</td>
<td>Audited</td>
</tr>
</tbody>
</table>

**ASSETS**

Current assets:
- Cash and cash equivalents: 7,781,976, 4,180,376
- Restricted cash: 38,278, 19,513
- Short-term investments: 387,492, 381,149
- Accounts receivable, net: 296,900, 161,810
- Other assets, current: 103,654, 91,067
- Due from related parties, current: 98,880
- Deferred tax assets, net: 86,487, 9,157

Total current assets: 8,782,447, 4,992,872

Non-current assets:
- Fixed assets, net: 1,622,412, 997,557
- Intangible assets, net: 115,798, 122,589
- Goodwill: 63,886, 63,891
- Long-term investments, net: 287,968, 14,308
- Deferred tax assets, net: 30,843, 33,799
- Other assets, non-current: 145,285, 82,153

Total non-current assets: 2,265,992, 1,314,103

**TOTAL ASSETS**: 11,048,439, 6,156,975

**LIABILITIES AND SHAREHOLDERS’ EQUITY**

Current liabilities:
- Accounts payable and accrued liabilities, current: 1,317,771, 749,861
- Customer advances and deposits, current: 1,029,344, 607,828
- Deferred revenue: 109,032, 42,035
- Due to related parties, current: 98,880

Total current liabilities: 2,551,847, 1,399,724

Non-current liabilities:
- Long-term payable for business acquisition: - 161,610
- Deferred Income: 5,000
- Loans payable, noncurrent: 86,000

Total non-current liabilities: 51,000, 161,610

**Total liabilities**: 2,642,847, 1,403,874

**Shareholders’ equity**

Class A Ordinary Shares, Par value US$0.00005 per share, 8,454,332 shares authorized; and 8,255,000 shares issued and outstanding as of December 31, 2009 and December 31, 2010
- Class B Ordinary Shares, Par value US$0.00005 per share, 35,400,000 shares authorized; 8,454,332 shares issued and outstanding as of December 31, 2009 and December 31, 2010

Additional paid-in capital: 1,557,258, 1,429,070
Accumulated other comprehensive loss: (117,276), (113,513)
Retained earnings: 6,965,697, 3,440,529

Total shareholders’ equity: 8,405,992, 4,753,101
<table>
<thead>
<tr>
<th></th>
<th>2010 Amount</th>
<th>2009 Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>net of effects of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>70,915</td>
<td>165,159</td>
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<tr>
<td>expenses</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>159,835</td>
<td>535,995</td>
</tr>
<tr>
<td></td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>198,017</td>
<td>4%</td>
</tr>
<tr>
<td>Interest income and</td>
<td>(36,613)</td>
<td>(30,443)</td>
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<tr>
<td>other, net</td>
<td>-3%</td>
<td>-1%</td>
</tr>
<tr>
<td></td>
<td>(45,447)</td>
<td>(102,395)</td>
</tr>
<tr>
<td></td>
<td>-2%</td>
<td>-1%</td>
</tr>
<tr>
<td></td>
<td>(78,184)</td>
<td>-2%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>568,658</td>
<td>1,320,175</td>
</tr>
<tr>
<td></td>
<td>46%</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>1,435,472</td>
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</tr>
<tr>
<td></td>
<td>4,500,935</td>
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</tr>
<tr>
<td></td>
<td>2,008,268</td>
<td>45%</td>
</tr>
</tbody>
</table>

(*) Definition of adjusted EBITDA: earnings before interest, taxes, depreciation, amortization, other non-operating income, and share-based compensation expenses.

CONTACT: Baidu, Inc., Victor Tseng, +86-10-5992-7244, ir@baidu.com or Brunswick Group (Beijing), Cynthia He, +86-10-6566-2256, che@brunswickgroup.com or Brunswick Group LLC, Ms. Kate Tellier, +1-212-333-3810, ktellier@brunswickgroup.com, both for Baidu, Inc.