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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price
2.250% Notes due 2017	US\$750,000,000	99.929%	US\$749,467,000
3.500% Notes due 2022	US\$750,000,000	99.849%	US\$748,867,000

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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Prospectus Supplement
(To Prospectus dated November 5, 2012)



US\$1,500,000,000

Baidu, Inc.

US\$750,000,000 2.250% Notes due 2017

US\$750,000,000 3.500% Notes due 2022

We are offering US\$750,000,000 of our 2.250% notes due 2017, which we refer to as the 2017 Notes, and US\$750,000,000 of our 3.500% notes due 2022, which we refer to as the 2022 Notes. We refer to the 2017 Notes and the 2022 Notes in this prospectus supplement collectively as the Notes. The 2017 Notes will mature on November 28, 2017. The 2022 Notes will mature on November 28, 2022. Interest on the Notes will accrue from November 28, 2012 and be payable on May 28 and November 28 of each year thereafter, beginning on May 28, 2013.

We may at our option redeem the Notes at any time, in whole or in part, at a price equal to the greater of 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date. We may also redeem the Notes at any time upon the occurrence of a change of control. Upon the occurrence of a change of control, we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the date of repurchase. For a more detailed description of the Notes, see "Description of the Notes."

The Notes are our senior unsecured obligations and will rank senior in right of payment to all of our existing and future obligations except to the Notes; rank at least equal in right of payment with all of our existing and future unsecured unsubordinated obligations (subject to any applicable law); be effectively subordinated to all of our existing and future secured obligations, to the extent of the value of the assets serving as security for such obligations; and be subordinated to all existing and future obligations and other liabilities of our subsidiaries and consolidated affiliated entities.

See "[Risk Factors](#)" beginning on page S-7 for a discussion of certain risks that should be considered in connection with the investment in the Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	<u>Public Offering Price(1)</u>	<u>Underwriting Discounts</u>
Per 2017 Note	99.929%	0.071%
Total	US\$749,467,500	US\$2,532,500

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Per 2022 Note	99.849%	0.
<u>Total</u>	US\$748,867,500	US\$3,375,

(1) Plus accrued interest, if any, from November 28, 2012.

Approval-in-principle has been obtained for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited. The issuer assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission to the SGX-ST is not to be taken as an indication of the merits of us, or any of our subsidiaries or consolidated affiliated entities, or of the Notes market for the Notes.

We expect to deliver the Notes to investors through the book-entry delivery system of The Depository Trust Company and its direct participants, S.A./N.V., or Euroclear, and Clearstream Banking, société anonyme, or Clearstream, on or about November 28, 2012, which is the fifth business day after the date of this prospectus supplement. Purchasers of the Notes should note that trading of the Notes may be affected by this settlement date.

Joint Bookrunners

J.P. Morgan

Goldman Sachs

Co-Managers

ANZ

Bank of China

Deutsche Bank

The date of this prospectus supplement is November 20, 2012.

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Prospectus

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. The underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these notes in any jurisdiction where the offer is prohibited.

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assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated each of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those da

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the Notes. The accompanying base prospectus, presents more general information about this offering. Generally, when we refer only to the “prospectus,” we are referring to the accompanying prospectus, and when we refer to the “accompanying prospectus,” we are referring to the base prospectus.

If the description of the offering of the Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the description in this prospectus supplement.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your investment counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of any of the Notes offered.

In this prospectus supplement, unless otherwise indicated or unless the context otherwise requires, the terms “we,” “us,” “our company” and “Baidu” refer to Baidu, Inc., its subsidiaries and, in the context of describing our operations and consolidated financial information, our consolidated affiliates. “PRC” refer to the People’s Republic of China and, solely for the purpose of this prospectus, exclude Taiwan, Hong Kong and Macau; and all references to “Renminbi” are to the legal currency of China, all references to “U.S. dollars,” “US\$,” “dollars” and “\$” are to the legal currency of the United States, and all references to “dollars” are to the legal currency of the Commonwealth of Australia.

All discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, in accordance with the Exchange Act, we file annual reports and other information with the SEC. Information we file with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents without a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 or visit the SEC website for further information on the operation of the public reference facilities.

This prospectus supplement is part of a registration statement that we filed with the SEC, using a "shelf" registration process under the Securities Act, relating to the securities to be offered. This prospectus supplement does not contain all of the information set forth in the registration statement, of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to Baidu, Inc. and the Notes, see the registration statement and the prospectus contained therein. The registration statement, including the exhibits thereto, may be inspected on the SEC Reference Room maintained by the SEC.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with or submit to the SEC, which means that we can disclose information by referring you to those documents that are considered part of this prospectus supplement. Information that we file with or submit to the SEC in reliance on the reference will automatically update and supersede the previously filed information. See "Incorporation of Certain Documents by Reference" for more information. All of the documents incorporated by reference are available at www.sec.gov under Baidu, Inc., CIK number 0001329099.

We incorporate by reference into this prospectus supplement our annual report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 29, 2012 (File No. 000-51469), or our 2011 Form 20-F, our current report on Form 6-K furnished to the SEC on November 5, 2012 (File No. 000-51469), or our report on Form 6-K furnished to the SEC on November 20, 2012 (File No. 000-51469).

As you read the documents incorporated by reference, you may find inconsistencies in information from one document to another. If you find any inconsistency, you should refer to the statements made in the most recent document. All information appearing in this prospectus supplement is qualified in its entirety by the information, including the notes thereto, contained in the documents we have incorporated by reference.

We will provide a copy of any or all of the information that has been incorporated by reference in this prospectus supplement but that is not included in this prospectus supplement, upon written or oral request, to any person, including any beneficial owner of the Notes, to whom a copy of this prospectus supplement is being provided, at no cost to such person. You may make such a request by writing or telephoning us at the following mailing address or telephone number:

IR Department
Baidu, Inc.
Baidu Campus
No. 10 Shangdi 10th Street
Haidian District, Beijing 100085
People's Republic of China
Telephone: +86 (10) 5992-8888

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated by reference contain forward-looking statements that reflect our current expectations of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to” or similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe will affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things:

- our future business development, results of operations and financial condition;
- our proposed use of proceeds from the sale of debt securities;
- our ability to attract and retain users and customers and generate revenue and profit from our customers;
- our ability to retain key personnel and attract new talent;
- competition in the internet search, online marketing and other businesses in which we engage;
- the outcome of ongoing or any future litigation, including those relating to intellectual property rights; and
- PRC governmental regulations and policies relating to the internet and internet search providers and to the implementation of a share repurchase program by interest entities in China.

The forward-looking statements included in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference contain uncertainties and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements included in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risks disclosed herein, in the accompanying prospectus and in the documents incorporated by reference for a more complete discussion of the risks that we may operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors that may affect all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in these forward-looking statements. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

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This summary highlights information presented in greater detail elsewhere or incorporated by reference in this prospectus supplement. This summary is not complete and does not contain all the information you should consider before investing in the Notes. See "Incorporation of Reference." Our 2011 Form 20-F, which contains our audited consolidated financial statements as of December 31, 2010 and 2011 and our report on Form 6-K furnished to the SEC on November 5, 2012, which contains our unaudited interim consolidated financial statements as of September 30, 2012 and for the nine months ended September 30, 2011 and 2012, are both incorporated by reference.

Baidu, Inc.**Overview**

We are the leading Chinese language internet search provider. As a technology-based media company, we aim to provide the best user experience. In addition to serving users, we provide an effective platform for businesses to reach potential customers.

Our Baidu.com website is the largest website in China and the fifth largest website globally, as measured by average daily visitors in a three-month period ended September 30, 2012, according to Alexa.com, an internet analytics firm. We are the most used internet search provider in China in 2011, according to iResearch Consulting Group, a market research firm. Our "Baidu" brand received the top brand in China in BrandZ Top50 Most Valuable Chinese Brands 2012, a study of the top 50 most valuable Chinese brands published by Millward Brown, a strategy research firm.

We serve three types of online participants and have achieved significant scale and diversity in our business:

Users. We offer a Chinese language search platform on our Baidu.com website that enables users to find relevant information online, including images, documents and multimedia files, through links provided on our website. Our success to date stems from our focus on superior user experience, a range of products and services to enrich user experience and facilitate easy and quick search, including search products, social-networking products, content-based knowledge products, location-based products and services, music products, PC client software, mobile related products and services. Our products and services can be accessed through PCs and mobile devices.

We aspire to take our user experience to the next level. To this end, we have launched our semantic search engine named Box Computing to provide a relevant and intuitive user experience. Today, most search results on Baidu.com are produced by Box Computing, which include webpage content and sponsored links, as well as our own vertical products and websites, such as PostBar, Baidu Knows, Baidu Encyclopedia, Baidu Video Search, travel site Qunar and video site iQiyi.

Customers. We deliver online marketing services to a diverse customer base operating in a variety of industries. In 2011, we had 412,000 marketing customers, as compared to 412,000 in 2010 and 317,000 in 2009. In the nine months ended September 30, 2012, we had approximately 412,000 marketing customers. Our online marketing customers consist of small and medium enterprises, or SMEs, throughout China, large domestic companies and subsidiaries of large, multinational companies. We reach and serve our customers through our direct sales force as well as a network of

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distributors across China. As many of our customers are SMEs, we use distributors to help us identify potential SME customers, collect phone numbers and set up accounts with us and using our online marketing services.

Baidu Union Members. Baidu Union consists of a large number of third-party web content and software providers. Baidu Union members place promotional links on their properties our customers' promotional links that match the content of such members' properties. We allow Baidu Union members to provide search results to their users without the cost of building and maintaining advanced search capabilities in-house and to monetize their traffic through advertising with us.

Technology and people are critical to our long-term success:

Technology. We focus on research and development and innovation. To stay at the forefront of the internet industry and to achieve long-term growth, we have expanded the number of our research and development employees from approximately 3,600 as of December 31, 2010 to approximately 6,000 as of September 30, 2012. We have developed a proprietary technological infrastructure consisting of technologies for web search, pay-for-performance, or P4P, targeting and optimizing internet traffic transitions from PCs to mobile devices, we are determined to create a seamless mobile internet experience for our users and to capitalize on opportunities presented by the PC-to-mobile transition. We believe our established infrastructure, which serves as the backbone for our mobile internet services, is a competitive advantage for us.

People. We have a visionary and experienced management team. Under their leadership, we have developed a strong company culture of innovation, thinking and creativity, continuous self-improvement and strong commitment to providing the best experience to our users and customers. We provide abundant opportunities for training, responsibility and career advancement in our organization.

We have a robust business model:

Online Marketing Services. We generate almost all of our revenues from online marketing services, a substantial majority of which are generated from search queries on our P4P platform. Our P4P platform enables customers to bid for priority placement of their links in keyword search results with wide reach, precise targeting capabilities, highly measurable results and superior returns on marketing spending. We generally require customers to make deposits before using our services and remind them to replenish their accounts when needed. We also provide other forms of online marketing services based on contextuality and users' search behaviors, and display placements.

Revenue, Profit and Cash Flow. We have grown substantially by focusing on the organic growth of our core business, complementary acquisitions. Our total revenues in 2011 were RMB14.5 billion (US\$2.3 billion), an 83.2% increase over 2010. Our operating profit in 2011 was RMB11.5 billion (US\$1.8 billion), a 91.4% increase over 2010. Our net income attributable to Baidu, Inc. in 2011 was RMB6.6 billion (US\$1.1 billion), an 88.3% increase over 2010. Our revenues, operating profit and net income attributable to Baidu, Inc. in the nine months ended September 30, 2012 were RMB16.0 billion (US\$1.3 billion) and RMB7.7 billion (US\$1.2 billion), representing 59.3%, 55.4% and 67.1% increases from the corresponding period in 2011. In the nine months ended September 30, 2012, we generated RMB9.2 billion (US\$1.5 billion) net cash from operating activities. As of September 30, 2012, we had RMB16.0 billion (US\$3.4 billion) in cash and cash equivalents and short-term investments.

Corporate Information

We were incorporated in the Cayman Islands in January 2000. We conduct our operations in China principally through our wholly owned subsidiaries. We also conduct part of our operations in China

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through our consolidated affiliated entities in China, which hold the licenses and permits necessary to operate our websites and provide our services. We have issued 10,000,000 Class A ordinary shares, par value US\$0.00005 per share, of our company, currently traded on the New York Stock Exchange (NYSE) under the symbol "BIDU."

Our principal executive offices are located at Baidu Campus, No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, the People's Republic of China. Our telephone number at this address is +86 (10) 5992-8888. We have appointed CT Corporation System, which is located at 111 Eighth Avenue, New York, NY 10011, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

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The summary below describes the principal terms of the Notes. Certain of the terms described below are subject to important limitations. For a more detailed description of the terms of the Notes, see the “Description of the Notes” section of this prospectus supplement and the “Description of Debt Securities” section of the accompanying prospectus, which contain a detailed description of the terms of the Notes.

Issuer	Baidu, Inc.
Notes Offered	US\$750,000,000 aggregate principal amount of 2.250% notes due 2017 Notes, and US\$750,000,000 aggregate principal amount of 3.500% notes due 2022 Notes. We refer to the 2017 Notes and the 2022 Notes in this prospectus supplement.
Maturity Dates	The 2017 Notes will mature on November 28, 2017 and the 2022 Notes will mature on November 28, 2022.
Interest Rates	The 2017 Notes will bear interest at a rate of 2.250% per year and the 2022 Notes will bear interest at a rate of 3.500% per year.
Interest Payment Dates	May 28 and November 28, beginning on May 28, 2013. Interest will be paid semi-annually.
Optional Redemption	We may at our option redeem the Notes of either series at any time, in whole or in part, at the greater of 100% of the principal amount of the applicable Notes and 101% of the principal amount of the applicable Notes and, in each case, accrued and unpaid interest, if any, on the Notes repurchased or redeemed on the redemption date. See “Description of the Notes—Optional Redemption.”
Repurchase Upon Change of Control	Upon the occurrence of a Change of Control (as defined in “Description of the Notes—Repurchase Upon Change of Control”), we will offer to repurchase all Notes outstanding at a purchase price equal to 101% of the principal amount of the applicable Notes and, in each case, accrued and unpaid interest, if any, to (but not including) the date of repurchase. See “Description of the Notes—Repurchase Upon Change of Control.”
Ranking	The Notes will be our senior unsecured obligations and will: <ul style="list-style-type: none"> • rank senior in right of payment to all of our existing and future obligations, including our senior unsecured obligations, in right of payment to the Notes; • rank at least equal in right of payment with all of our existing and future obligations (subject to any priority rights pursuant to applicable law).

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Covenants	<ul style="list-style-type: none"> • be effectively subordinated to all of our existing and future secured debt having a senior claim on the value of the assets serving as security therefor; and • be structurally subordinated to all existing and future obligations and liabilities of our subsidiaries and consolidated affiliated entities. <p>We will issue the Notes under an indenture with The Bank of New York Mellon as trustee. The indenture will, among other things, limit our ability to incur liens and consolidate all of our assets.</p> <p>These covenants will be subject to a number of important exceptions and limitations. The indenture does not otherwise restrict or limit our ability to incur additional debt, to enter into transactions with, or to pay dividends or make other payments to, our subsidiaries. See “Description of the Notes.”</p>
Payment of Additional Amounts	<p>All payments of principal, premium and interest made by us in respect of the Notes are subject to withholding or deduction for, or on account of, any present or future Tax (including any Tax on Debt Securities” in the accompanying prospectus) imposed or levied by the Cayman Islands, the PRC or any jurisdiction where we are otherwise treated as a resident for tax purposes (in each case, including any political subdivision thereof having power to tax), unless such withholding or deduction of such Taxes is required to make such withholding or deduction, we will pay such amounts as would have been required to make such withholding or deduction of such Taxes been required, subject to the terms of “Description of Debt Securities—Payment of Additional Amounts” in the accompanying prospectus.</p>
Tax Redemption	<p>Each series of Notes may be redeemed at any time, at our option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest (including the redemption date in the event we become obligated to pay interest on such Notes as a result of certain changes in tax law. See “Description of the Notes” in the accompanying prospectus.</p>
Use of Proceeds	<p>We intend to use the net proceeds from this offering for general corporate purposes and to pay or redeem existing debt. See “Use of Proceeds.”</p>
Denominations	<p>The Notes will be issued in minimum denominations of US\$200,000 and in multiples thereof.</p>

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Form of Notes	We will issue the Notes in the form of one or more fully registered global securities through the nominee of The Depository Trust Company, or DTC. Investors may purchase the global notes through any of DTC, Clearstream or Euroclear, as described in the Notes—Book-Entry; Delivery and Form.”
Further Issuances	We may, from time to time, without the consent of the holders of the Notes, issue additional securities having the same terms and conditions as the Notes in all respects except for the issue date, the issue price and the first payment of interest). Additional securities may be consolidated with the previously outstanding Notes of the relevant series to form new Notes. We will not issue any additional Notes with the same CUSIP, ISIN or other identifying number as Notes of that series issued hereunder unless the additional Notes are for purposes of federal income tax purposes.
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, you should read the information set forth under the heading “Risk Factors” beginning on page S-7 of this prospectus supplement and all other information contained or incorporated herein by reference, before making any investment decision offered hereby.
Conflicts of Interest	Because Australia and New Zealand Banking Group Limited is one of the underwriters of the Notes, it may receive more than 5% of the net offering proceeds, a “conflict of interest” under Rule 5121 of the Financial Industry Regulatory Authority, or FINRA. The underwriters have agreed to act in compliance with such rule. See “Underwriting (Conflicts of Interest)” in this prospectus supplement.
Listing	Approval-in-principle has been obtained for the listing and quotation of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US\$100,000. The Notes are listed on the SGX-ST. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST require us to appoint and maintain a paying agent in Singapore, where the Notes are to be surrendered for payment or redemption, in the event that the global notes are exchanged for definitive form. In addition, in the event that the global notes are exchanged for definitive form, an announcement of such exchange will be made by or on behalf of our company. Such announcement will include all material information with respect to the exchange, including details of the paying agent in Singapore.
Governing Law	New York.
Trustee, Registrar and Paying Agent	The Bank of New York Mellon.

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RISK FACTORS

Prospective purchasers of the Notes should carefully consider the risks described below in this prospectus supplement, in the accounts and documents incorporated by reference into this prospectus supplement before deciding to purchase any Notes. If any of these risks actually occur, our condition and results of operations could suffer, and you may lose all or part of your investment.

Risks Relating to the Notes

The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries and consolidated affiliated entities.

The Notes will not be guaranteed by any of our existing or future subsidiaries and consolidated affiliated entities, who together hold and conduct substantially all of our business. Our subsidiaries and consolidated affiliated entities will have no obligation, contingent or otherwise, to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. The Notes will be structurally subordinated to the indebtedness and other obligations of our subsidiaries and consolidated affiliated entities such that in the event of insolvency, liquidation, reorganization or winding up of any of our subsidiaries or consolidated affiliated entities, all of that subsidiary's or consolidated affiliated entity's creditors (including holders of preferred stock or shares) would be entitled to payment in full out of that subsidiary's or consolidated affiliated entity's assets before any assets available to Baidu, Inc. to make payments due on the Notes.

In addition, the indenture governing the Notes will, subject to some limitations, permit these subsidiaries and consolidated affiliated entities to incur debt and will not contain any limitation on the amount of indebtedness or other liabilities, such as trade payables, that may be incurred by these subsidiaries and entities.

The indenture does not restrict the amount of additional debt that we may incur.

The Notes and the indenture under which the Notes will be issued do not limit the amount of unsecured debt that may be incurred by our subsidiaries and consolidated affiliated entities, and they permit us and certain of our subsidiaries and consolidated affiliated entities to incur secured debt without equally specified circumstances. As of September 30, 2012, our total debt was US\$444.8 million, primarily consisting of the current portion of long-term debt and consolidated affiliated entities' incurrence of additional debt may have important consequences for you as a holder of the Notes, including our ability to satisfy our obligations with respect to the Notes, a loss in the market value of your Notes and a risk that the credit rating of the Notes is lowered.

The Notes will be effectively subordinated to any of our secured obligations to the extent of the value of the property securing those obligations.

The Notes will not be secured by any of our assets. As a result, the Notes will be effectively subordinated to our existing and future secured obligations to the extent of the value of the assets that secure those obligations. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of our secured obligations, including our bankruptcy, insolvency, liquidation, dissolution or reorganization, the proceeds from the sale of assets securing our secured obligations will be available to the holders of the Notes only after all such secured obligations have been paid in full. As a result, the holders of the Notes may receive less, ratably, than the holders of our secured obligations in our bankruptcy, insolvency, liquidation, dissolution or reorganization.

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We may not be able to repurchase the Notes upon a Change of Control.

Upon the occurrence of a Change of Control described in “Description of the Notes—Repurchase Upon Change of Control,” we will repurchase outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase. The source of the cash for the repurchase of the Notes would be our available cash or cash generated from our subsidiaries’ or consolidated affiliated entities’ operations or other sources, including the sale of assets or sales of equity. We may not be able to repurchase the Notes upon a Change of Control because we may not have sufficient financial resources or securities that are tendered upon a Change of Control and repay our other indebtedness that may become due. We may require additional financing for such purchases, and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the Notes may be limited by our obligations to repurchase the Notes, we may have to avoid certain Change of Control transactions that would otherwise be beneficial to us.

Holders of the Notes may not be able to determine when a Change of Control giving rise to their right to have the Notes repurchased “substantially all” of our assets.

The definition of Change of Control in the indenture that will govern the Notes includes a phrase relating to the sale of “all or substantially all” of our assets. There is no precise established definition of the phrase “substantially all” under New York law. Accordingly, the ability of a holder of the Notes to require repurchase as a result of a sale of less than all our assets to another person may be uncertain.

The terms of the indenture and the Notes provide only limited protection against significant corporate events that could adversely impact our ability to repurchase the Notes.

While the indenture and the Notes contain terms intended to provide protection to holders of the Notes upon the occurrence of certain corporate events, these terms are limited and may not be sufficient to protect your investment in the Notes. For example, some important corporate events, such as recapitalizations, may not, under the indenture that will govern the Notes, constitute a Change of Control that would require us to repurchase the Notes. Other events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the Notes. The terms of the Repurchase Upon Change of Control.”

The indenture for the Notes also does not:

- require us to maintain any financial ratios or specific levels of net worth, revenue, income, cash flows or liquidity;
- limit our ability to incur obligations that are equal in right of payment to the Notes;
- restrict our subsidiaries’ or consolidated affiliated entities’ ability to issue unsecured securities or otherwise incur unsecured debt or equity interests in our subsidiaries or consolidated affiliated entities and therefore rank effectively senior to the Notes;
- limit the ability of our subsidiaries or consolidated affiliated entities to service indebtedness;
- restrict our ability to repurchase or prepay any other of our securities or other obligations;
- restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our shares or other securities;
- limit our ability to sell, merge or consolidate any of our subsidiaries or consolidated affiliated entities.

As a result of the foregoing, when evaluating the terms of the Notes, you should be aware that the terms of the indenture and the Notes may, directly or indirectly, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment.

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An active trading market for the Notes may not develop, and the trading price of the Notes could be materially and adversely affected.

The Notes are a new issue of securities for which there is currently no trading market. Approval-in-principle has been obtained for the SGX-ST. However, there can be no assurance that we will be able to maintain such listing or that an active trading market will develop. You may not be able to resell your Notes at their fair market value, or at all. Future trading prices of the Notes will depend on many factors, including our operating results and the market for similar securities. We have been advised that the underwriters intend to make a market in the Notes, but they may at any time so and may discontinue such market making activity at any time without notice. Therefore there can be no assurance that an active trading market will be sustained. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. The Notes may trade at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, including:

- prevailing interest rates and interest rate volatility,
- our results of operations, financial condition and future prospects,
- changes in our industry and competition,
- the market conditions for similar securities and
- general economic conditions,

almost all of which are beyond our control. As a result, there can be no assurance that you will be able to resell the Notes at attractive prices.

We may be deemed a PRC “resident enterprise” under PRC tax laws, which could subject interest on the Notes to PRC withholding tax and Notes to PRC income tax and could, under certain circumstances, permit us to redeem the Notes.

If we are considered a PRC resident enterprise under the PRC Enterprise Income Tax Law, holders of Notes who are non-resident individuals will be subject to withholding tax on interest payable by us and PRC income tax on any gains realized from the transfer of Notes, if such income is considered to be derived from the PRC, at a rate of 10% (or lower rate if available under an applicable tax treaty), provided that (i) such foreign enterprise investor has no establishment or premises in the PRC, and (ii) it has an establishment or premises in the PRC but its income derived from the PRC has no real connection with such establishment or premises. If we are considered a PRC resident enterprise and relevant PRC tax authorities consider interest we pay with respect to the Notes and any gains realized from the Notes to be income derived from sources within the PRC, such interest and gains earned by non-resident individuals may be subject to PRC individual income tax at a rate if available under an applicable tax treaty).

If we were deemed a PRC resident enterprise under the PRC Enterprise Income Tax Law and required to withhold tax on interest on the Notes, we may be required to pay additional amounts as described under “Description of Debt Securities—Payment of Additional Amounts” in the accompanying prospectus. If we are required to pay additional amounts under “Description of Debt Securities—Tax Redemption” in the accompanying prospectus, we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount and unpaid interest if such requirement to pay additional amounts results from a change in law (or a change in the official application or interpretation of law).

Redemption may adversely affect your return on the Notes.

We have the right to redeem some or all of the Notes prior to maturity. We may redeem the Notes at times when prevailing interest rates are high and we may not be able to reinvest the amount received upon redemption in a comparable security at an effective interest rate as high as that of the Notes.

[Table of Contents](#)***Our credit ratings may not reflect all risks of your investments in the Notes.***

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or market value of the Notes. These ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating is issued independently of any other agency's rating.

[Table of Contents](#)**CERTAIN FINANCIAL DATA**

Set forth below is certain consolidated statements of comprehensive income data and cash flow data for the years ended December 31, 2007, 2008, 2009, 2010 and 2011. The consolidated statements of comprehensive income and certain consolidated balance sheet data as of December 31, 2007, 2008, 2009, 2010 and 2011. The consolidated statements of comprehensive income presented below for the years ended December 31, 2009, 2010 and 2011 and the consolidated balance sheet data as of December 31, 2010 are unaudited. The consolidated statements of comprehensive income and cash flow data presented below for the years ended December 31, 2007, 2008 and 2009 are audited consolidated financial statements that are included in our 2011 Form 20-F and are incorporated into this prospectus supplement and are presented for reference. The consolidated statements of comprehensive income data and cash flow data presented below for the years ended December 31, 2007, 2008 and 2009 balance sheet data as of December 31, 2007, 2008 and 2009 have been derived from our audited consolidated financial statements that are not included in our 2011 Form 20-F. Our audited consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, and are audited by Ernst & Young Hua Ming LLP, an independent registered public accounting firm.

The consolidated statements of comprehensive income data and cash flow data presented below for the nine months ended September 30, 2012 and certain consolidated balance sheet data as of September 30, 2012 have been derived from our unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2011 and 2012 and as of September 30, 2012, which are contained in our Form 6-K furnished to the SEC on November 5, 2012. The unaudited interim financial information has been prepared on the same basis as the audited financial data and includes all adjustments, consisting only of normal and recurring adjustments that we consider necessary for a fair presentation of the results of operations for the periods presented.

The consolidated financial information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements for the three years ended December 31, 2011 and as of December 31, 2010 and 2011 and related notes and “Item 5. Operating and Financial Review” in our 2011 Form 20-F and our report on Form 6-K furnished to the SEC on November 5, 2012. Our historical results do not necessarily indicate results expected for the future. Our results of operations for the nine month period ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year 2012.

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	For the Years Ended December 31,					
	2007	2008	2009	2010	2011	
	RMB	RMB	RMB	RMB	RMB	US\$
	(In thousands)					
Consolidated Statements of Comprehensive Income Data:						
Revenues:						
Online marketing services	1,741,021	3,194,461	4,445,310	7,912,869	14,489,767	2,302,192
Other services	3,404	3,791	2,466	2,205	11,019	1,751
Total revenues	1,744,425	3,198,252	4,447,776	7,915,074	14,500,786	2,303,943
Operating costs and expenses:						
Cost of revenues	(645,406)	(1,155,457)	(1,616,236)	(2,149,288)	(3,896,883)	(619,153)
Selling, general and administrative	(411,163)	(659,804)	(803,988)	(1,088,980)	(1,692,810)	(268,961)
Research and development	(140,702)	(286,256)	(422,615)	(718,038)	(1,334,434)	(212,020)
Total operating costs and expenses	(1,197,271)	(2,101,517)	(2,842,839)	(3,956,306)	(6,924,127)	(1,100,134)
Operating profit	547,154	1,096,735	1,604,937	3,958,768	7,576,659	1,203,809
Interest income, net	49,009	47,677	32,661	67,121	335,650	53,329
Loss from equity method investments	—	—	(229)	(8,965)	(179,408)	(28,505)
Other income, net, including exchange gains or losses	20,053	19,767	45,752	44,239	76,278	12,120
Income before income taxes	616,216	1,164,179	1,683,121	4,061,163	7,809,179	1,240,753
Taxation	12,752	(116,071)	(198,017)	(535,995)	(1,188,861)	(188,891)
Net income	628,968	1,048,108	1,485,104	3,525,168	6,620,318	1,051,862
Less: Net loss attributable to noncontrolling interests	—	—	—	—	(18,319)	(2,911)
Net income attributable to Baidu, Inc.	628,968	1,048,108	1,485,104	3,525,168	6,638,637	1,054,773

	As of December 31,				
	2007	2008	2009	2010	2011
	RMB	RMB	RMB	RMB	RMB
	(In thousands)				
Consolidated Balance Sheets Data:					
Cash and cash equivalents	1,350,600	2,357,609	4,180,376	7,781,976	4,127,482
Restricted cash	—	4,562	19,513	38,278	483,387
Short-term investments	242,037	301,244	381,149	376,492	10,051,578
Total assets	2,655,908	3,937,991	6,156,975	11,048,439	23,340,541
Short-term loans	—	—	—	—	125,878
Long-term loans, current portion	—	—	—	—	46,000
Long-term loans	—	—	—	86,000	2,277,925
Capital lease obligations, current	—	—	—	—	17,773
Capital lease obligations, non-current	—	—	—	—	30,112
Total liabilities	634,536	849,328	1,403,874	2,642,847	7,015,028
Total Baidu, Inc. shareholders' equity	2,021,372	3,088,663	4,753,101	8,405,592	15,291,716

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	For the Years Ended December 31,					
	2007	2008	2009	2010	2011	
	RMB	RMB	RMB	RMB	RMB	US\$
	(In thousands)					
Consolidated Cash Flow Data:						
Net cash generated from operating activities	935,152	1,741,637	2,264,484	4,700,481	8,178,819	1,299,483
Net cash used in investing activities	(713,216)	(661,102)	(536,069)	(1,217,522)	(14,250,529)	(2,264,181)
Net cash generated from financing activities	40,698	(35,637)	95,093	124,751	2,425,810	385,422
Net increase (decrease) in cash and cash equivalents	214,326	1,007,009	1,822,767	3,601,600	(3,654,494)	(580,640)
Non-GAAP Measure:						
Adjusted EBITDA(1)	767,951	1,461,425	2,008,266	4,500,935	8,613,599	1,368,563

- (1) To supplement our consolidated financial results presented in accordance with U.S. GAAP, we use adjusted EBITDA, a non-GAAP financial measure, in evaluating our performance earnings before interest, taxes, depreciation, amortization, other non-operating income and share-based compensation expenses. The presentation of this non-GAAP financial measure substitute for the financial information prepared and presented in accordance with U.S. GAAP. In addition, our adjusted EBITDA may not be comparable to EBITDA, adjusted EBIT companies since such other companies may not calculate this non-GAAP financial measure in the same manner as we do.

We believe that adjusted EBITDA provides meaningful supplemental information regarding our performance and liquidity by excluding certain expenses, particularly share-based compensation, from our operating performance or financial condition from a cash perspective. We believe that both our management and investors benefit from referring to this non-GAAP financial measure and forecasting future periods. This non-GAAP financial measure also facilitates our management's internal comparisons to our historical performance and liquidity. We have computed this measure on a quarterly basis from quarter to quarter since April 1, 2006. We believe that this non-GAAP financial measure is useful to investors in allowing for greater transparency with respect to supplemental financial and operational decision making. A limitation of using adjusted EBITDA is that this non-GAAP measure excludes interest, taxes, depreciation, amortization and share-based compensation. We expect to continue to be for the foreseeable future significant expense items in our results of operations. Another limitation of using adjusted EBITDA is that it does not include all items that impact earnings for the period. Our management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from adjusted EBITDA.

The accompanying table sets out our adjusted EBITDA for each period shown, together with a reconciliation between adjusted EBITDA and the most directly comparable U.S. GAAP earnings before interest, taxes, depreciation, amortization, other non-operating income and share-based compensation expenses. The U.S. dollar figures for 2011 are calculated using the same convenience translation rate of RMB6.2939 to US\$1.00 that is used in our audited consolidated financial statements for 2011.

	For the Years Ended December 31,					
	2007	2008	2009	2010	2011	
	RMB	RMB	RMB	RMB	RMB	US\$
	(In thousands)					
Net cash provided by operating activities	935,152	1,741,637	2,264,484	4,700,481	8,178,819	1,299,483
Changes in assets and liabilities, net of effects of acquisitions	(85,387)	(328,839)	(376,051)	(633,146)	(521,561)	(82,867)
Income tax (benefit) expenses	(12,752)	116,071	198,017	535,995	1,188,861	188,891
Interest income and other, net	(69,062)	(67,444)	(78,184)	(102,395)	(232,520)	(36,944)
Adjusted EBITDA (non-GAAP)	767,951	1,461,425	2,008,266	4,500,935	8,613,599	1,368,563

Set forth below is a discussion of our unaudited statements of comprehensive income data for the nine months ended September 30, 2011 and our audited financial information for the three years ended December 31, 2011 and as of December 31, 2010 and 2011 is set forth in "Item 5. Operating Results" in our 2011 Form 20-F, which is incorporated herein by reference.

[Table of Contents](#)**Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011**

Revenues. Our total revenues increased by 59.3% from RMB10.0 billion in the nine months ended September 30, 2011 to RMB16.0 billion in the nine months ended September 30, 2012. This increase was due to a substantial increase in our revenues from online marketing services. Our online marketing services revenues increased by 59.2% from RMB10.0 billion in the nine months ended September 30, 2011 to RMB16.0 billion (US\$2.5 billion) in the nine months ended September 30, 2012, mainly attributable to the increase in the number of our online marketing customers from approximately 421,000 in the nine months ended September 30, 2011 to approximately 670,000 in the nine months ended September 30, 2012, and the increase in the average revenue per customer from approximately RMB23,800 in the nine months ended September 30, 2011 to approximately RMB31,200 (US\$4,964) in the nine months ended September 30, 2012. The increase in our online marketing customers was primarily due to our expanded network and our expanded direct sales, especially in Beijing, Shanghai, Guangzhou, Shenzhen and Dongguan. The increase in the average revenue per customer is attributable to the increase in the number of paid clicks and the higher price per click as more customers participated in our P4P auction platform. The average price per click increased by approximately 29.4% from the nine months ended September 30, 2011 to the nine months ended September 30, 2012.

Operating Costs and Expenses. Our total operating costs and expenses increased by 63.6% from RMB4.7 billion in the nine months ended September 30, 2011 to RMB7.7 billion (US\$1.2 billion) in the nine months ended September 30, 2012. This increase was primarily due to the expansion of our business.

- *Cost of Revenues.* Our cost of revenues increased by 67.7% from RMB2.7 billion in the nine months ended September 30, 2011 to RMB4.5 billion (US\$0.7 billion) in the nine months ended September 30, 2012. This increase was primarily due to the following factors:
 - *Traffic Acquisition Costs.* Our traffic acquisition costs increased by 65.0% from RMB801.8 million in the nine months ended September 30, 2011 to RMB1.3 billion (US\$210.5 million) in the nine months ended September 30, 2012. Traffic acquisition costs represented 8.0% of our total revenues in the nine months ended September 30, 2012, compared to 8.0% in the nine months ended September 30, 2011. The increase in traffic acquisition costs was primarily due to the growth of revenue contribution from Baidu Union members in the nine months ended September 30, 2012.
 - *Bandwidth Costs and Depreciation Expenses.* Our bandwidth costs increased by 68.6% from RMB434.2 million in the nine months ended September 30, 2011 to RMB732.1 million (US\$116.5 million) in the nine months ended September 30, 2012. Our depreciation expenses increased by 72.6% from RMB443.0 million in the nine months ended September 30, 2011 to RMB764.4 million (US\$124.0 million) in the nine months ended September 30, 2012. The absolute increases in these costs were due to the expansion of our business as we continued to invest in our network infrastructure.
 - *Sales Tax and Surcharges.* Our sales tax and surcharges increased by 62.0% from RMB697.2 million in the nine months ended September 30, 2011 to RMB1.1 billion (US\$179.8 million) in the nine months ended September 30, 2012, primarily as a result of the increase in our online marketing services.
 - *Operational Costs.* Our operational costs increased by 82.0% from RMB274.7 million in the nine months ended September 30, 2011 to RMB500.0 million (US\$79.6 million) in the nine months ended September 30, 2012, primarily due to the increase of staff-related costs and depreciation of intangible assets.
- *Selling, General and Administrative Expenses.* Our selling, general and administrative expenses increased by 46.0% from RMB1.0 billion in the nine months ended September 30, 2011 to RMB1.7 billion (US\$271.9 million) in the nine months ended September 30, 2012. This increase was primarily due to the following factors:
 - Total salaries and benefits and staff-related expenses increased by 42.8% from RMB608.1 million in the nine months ended September 30, 2011 to RMB868.4 million (US\$138.2 million) in the nine months ended September 30, 2012.

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nine months ended September 30, 2012, primarily due to the increased direct sales commission and headcount to support our online marketing services.

- Marketing and promotion expenses increased by 53.9% from RMB243.2 million in the nine months ended September 30, 2011 to RMB374.1 million (US\$59.5 million) in the nine months ended September 30, 2012, primarily due to the increased marketing and promotion expenses for our online marketing services.
- Total office operating expenses increased by 31.4% from RMB104.5 million in the nine months ended September 30, 2011 to RMB137.4 million (US\$21.2 million) in the nine months ended September 30, 2012, primarily as a result of increase and expansion of our offices.
- Total traveling, communication and business development expenses increased by 59.1% from RMB42.8 million in the nine months ended September 30, 2011 to RMB68.1 million (US\$10.8 million) in the nine months ended September 30, 2012, primarily due to the increased expenses to support our expanded online marketing services.
- Share-based compensation expenses allocated to selling, general and administrative expenses increased by 39.6% from RMB35.8 million in the nine months ended September 30, 2011 to RMB50.1 million (US\$8.0 million) in the nine months ended September 30, 2012.
- *Research and Development Expenses.* Our research and development expenses increased by 74.1% from RMB920.7 million in the nine months ended September 30, 2011 to RMB1.6 billion (US\$255.1 million) in the nine months ended September 30, 2012, primarily due to an increase in our research and development staff.

Operating Profit. As a result of the foregoing, we generated an operating profit of RMB8.2 billion (US\$1.3 billion) in the nine months ended September 30, 2012, an increase from RMB5.3 billion in the nine months ended September 30, 2011.

Other Income, Net, Including Exchange Gains or Losses. Our other income, net, including exchange gains or losses was RMB72.2 million in the nine months ended September 30, 2012, compared to RMB52.9 million in the nine months ended September 30, 2011, primarily due to the increase in exchange gains in 2012.

Loss From Equity Method Investments. Our loss from equity method investments increased from RMB171.6 million in the nine months ended September 30, 2011 to RMB172.5 million (US\$27.4 million) in the nine months ended September 30, 2012.

Taxation. Our income tax expenses increased by 31.9% from RMB784.4 million in the nine months ended September 30, 2011 to RMB1,035.5 million (US\$160.5 million) in the nine months ended September 30, 2012, primarily due to the significant increase in profit before tax in the nine months ended September 30, 2012, in connection with the over-accrual of provisional tax which resulted from a preferential tax rate granted to one of our PRC subsidiaries by the PRC government.

Net Income Attributable to Baidu, Inc. As a result of the foregoing, net income attributable to Baidu, Inc. increased by 67.1% from RMB5.3 billion in the nine months ended September 30, 2011 to RMB7.7 billion (US\$1.2 billion) in the nine months ended September 30, 2012.

Cash Flows and Working Capital

As of September 30, 2012, we had RMB21.3 billion (US\$3.4 billion) in cash, cash equivalents and short-term investments.

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The following table sets forth a summary of our cash flows for the periods indicated.

	For the Nine Months Ended	
	2012	2011
	RMB	RMB
		(In thousands)
Net cash generated from operating activities	4,821,029	9,186,333
Net cash used in investing activities	(9,141,469)	(10,680,321)
Net cash generated from (used in) financing activities	2,414,439	(54,966)
Effect of exchange rate changes on cash and cash equivalents	(7,409)	(4,366)
Net increase (decrease) in cash and cash equivalents	(1,913,410)	(1,553,320)
Cash and cash equivalents at beginning of the period	7,781,976	4,127,486
Cash and cash equivalents at end of the period	5,868,566	2,574,166

Net cash generated from operating activities increased to RMB9.2 billion (US\$1.5 billion) in the nine months ended September 30, 2012, from RMB4.6 billion in the nine months ended September 30, 2011. This increase was mainly attributable to several factors, including (1) our substantial increase in net income of RMB4.6 billion in the nine months ended September 30, 2012 from RMB4.6 billion in the nine months ended September 30, 2011; and (2) the effects of exchange rate changes on cash and cash equivalents of RMB890.2 million in the nine months ended September 30, 2011, as compared to the decrease in other assets of RMB78.4 million (US\$12.5 million) in the nine months ended September 30, 2012. The increase in other assets in the nine months ended September 30, 2011 mainly represents an increase in entrusted loans of RMB78.4 million (US\$12.5 million).

Net cash used in investing activities increased from RMB9.1 billion in the nine months ended September 30, 2011 to RMB10.7 billion in the nine months ended September 30, 2012, primarily due to the purchase of short-term investments, the acquisition of fixed assets and the purchase of long-term investments, partially offset by a decrease in cash used in the acquisition of businesses. The net cash outflow in the purchases and sales and maturities of short-term investments in the nine months ended September 30, 2012 was RMB8.1 billion (US\$1.3 billion).

Net cash flow used in financing activities was RMB55.0 million (US\$8.7 million) in the nine months ended September 30, 2012, compared to RMB2.4 billion in the nine months ended September 30, 2011. The difference was primarily attributable to the proceeds from long-term loans of RMB2.3 billion in the nine months ended September 30, 2011, as we had nil proceeds from long-term loans in the nine months ended September 30, 2012.

Capital Expenditures

We made capital expenditures, consisting of acquisitions of fixed assets, of RMB1.5 billion (US\$242.6 million) in the nine months ended September 30, 2012, representing 9.5% of our total revenues, as compared to RMB1.3 billion in the nine months ended September 30, 2011, representing 12.6% of our total revenues. The capital expenditures for this period were primarily due to the purchase of servers, network equipment and other computer hardware to increase our network infrastructure. We primarily used net cash flow generated from operating activities to fund our capital expenditures.

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Our capital expenditures may increase in the future as our business continues to grow, in connection with the expansion and improvement of our plan to build additional office complexes and cloud computing based data centers. We currently plan to fund these expenditures with cash and cash equivalents.

Recent Announcements

We have recently entered into a definitive agreement with Providence Equity Partners, or PEP, to purchase shares of Qiyi.com, Inc. from its sole shareholder, an investee. We expect the transaction to close in the fourth quarter of 2012, subject to customary closing conditions. Upon completion of the transaction, we will acquire a majority stake in Qiyi.com, Inc. and consolidate it into our financial statements. This transaction does not meet the significance tests under Rule 1201 of the Securities Act.

[Table of Contents](#)**USE OF PROCEEDS**

We estimate that the net proceeds (after underwriting discounts and commissions and estimated net offering expenses) from the sale of US\$1,491.6 million. We plan to use approximately US\$1,141.6 million of the net proceeds from the sale of the Notes for general corporate purposes, including US\$200.0 million to retire amounts outstanding under the credit facility dated July 14, 2011, of which US\$200.0 million is owed and will be repaid to the Group Limited, one of the underwriters of this offering. The effective interest rate of the debt to be retired (including bank charges) is 1.87% in July 2013.

[Table of Contents](#)**EXCHANGE RATE INFORMATION**

Our business is primarily conducted in China and almost all of our revenues are denominated in RMB. The conversion of RMB into U.S. dollars in this prospectus supplement is based on the noon buying rate in New York City for cable transfers in RMB as certified for customs purposes by the Federal Reserve Bank of New York. As stated in this prospectus supplement, all amounts in this prospectus supplement that are not recorded in our audited consolidated financial statements are converted from RMB to U.S. dollars and from U.S. dollars to RMB at a rate of RMB6.2848 to US\$1.00, the noon buying rate in effect as of September 28, 2011. All amounts in this prospectus supplement that are recorded in our audited consolidated financial statements have been translated from RMB to U.S. dollars and from U.S. dollars to RMB at a rate of RMB6.2939 to US\$1.00, the noon buying rate in effect as of December 30, 2011. We make no representation that any RMB or U.S. dollar amount shown in this prospectus supplement could be converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign exchange and through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On November 16, 2012, the noon buying rate was US\$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated.

<u>Period</u>	<u>Period-End</u>
2007	7.2946
2008	6.8225
2009	6.8259
2010	6.6000
2011	6.2939
2012	
First nine months	6.2848
May	6.3684
June	6.3530
July	6.3610
August	6.3484
September	6.2848
October	6.2372
November (through November 16)	6.2354

Source: Federal Reserve Statistical Release

- (1) Annual and interim period averages are calculated using the average of the exchange rates on the last day of each month during the relevant period. Monthly averages are calculated using the average of the daily rates during the relevant month.

[Table of Contents](#)**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our unaudited consolidated ratio of earnings to fixed charges for each of the periods indicated using financial statements applicable, from our audited consolidated financial statements or unaudited interim condensed consolidated financial statements. Our audited consolidated financial statements and unaudited interim condensed consolidated financial statements are prepared in accordance with U.S. GAAP.

	<u>Year Ended December 31</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u> (unaudited)
Ratio of earnings to fixed charges	64.4	97.5	76.1

The ratio of earnings to fixed charges is calculated by dividing earnings by fixed charges. The term "earnings" means the sum of (a) profit from operations before adjustment for income or loss from equity investees and (b) fixed charges. The term "fixed charges" means the sum of the following: (a) interest expense, (b) amortized discounts related to indebtedness, and (c) an estimate of the interest within rental expense.

[Table of Contents](#)**CAPITALIZATION**

The following table sets forth our consolidated total capitalization as of September 30, 2012 on an actual basis and on an as adjusted basis. Notes in this offering and the application of the net proceeds of this offering to retire amounts outstanding under our credit facility dated July 2012, and a loan of AU\$55.0 million (US\$56.8 million) that we incurred in October 2012. This table should be read in conjunction with, and is qualified by, our consolidated financial statements and the notes thereto incorporated by reference into this prospectus supplement.

	Actual		As of September 30, 2012
	RMB	US\$	(in thousands)
Short-term debt(1)	40,851	6,500	
Long-term debt(2)	2,754,552	438,288	
Notes offered hereby	—	—	
Total debt	2,795,403	444,788	1
Total shareholders' equity(3)	23,278,345	3,703,912	2
Total capitalization(4)	26,073,748	4,148,700	3

- (1) Represents loans provided by banks and related parties with original maturities of less than one year.
- (2) Represents loans provided by banks and related parties with original maturities of greater than one year, including current and non-current loans.
- (3) Total shareholders' equity includes shareholders' equity pertaining to our shareholders plus shareholders' equity pertaining to the non-wholly owned subsidiaries.
- (4) Total capitalization is the sum of total debt and total shareholders' equity. After the completion of this offering, we may incur additional debt for our business which may materially affect our total indebtedness as provided in this table.

As of September 30, 2012, on a consolidated basis, all of our debt outstanding was unsecured. In addition, at September 30, 2012, we had no asset-backed securities or other structured securities or guarantees.

[Table of Contents](#)**DESCRIPTION OF THE NOTES**

The following description is only a summary of the material terms of the Notes and does not purport to be complete. The Notes will be issued pursuant to an indenture to be dated as of November 28, 2012, as supplemented by the first supplemental indenture to be dated as of November 28, 2012 (the “indenture”), between us and The Bank of New York Mellon, as trustee (the “trustee”). The following description of certain material terms of the Notes is qualified in its entirety by reference to, the indenture, including definitions of specified terms used in the indenture, and to the Trust Indenture Act of 1939. We urge you to read the indenture because it, and not this description, defines your rights as a beneficial holder of the Notes. A form of the indenture is filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus form a part. You may also request a copy of the indenture at the address set forth under “Where You Can Find More Information” in the accompanying prospectus. This summary supplements the description in the accompanying prospectus and, to the extent it is inconsistent, replaces the description in the accompanying prospectus.

In this description, references to the “Company,” “we,” “us” or “our” mean Baidu, Inc. only and do not include any of our subsidiaries or other entities, unless the context otherwise requires.

General

The 2017 Notes and the 2022 Notes will each constitute a series of securities under the indenture. The 2017 Notes will initially be issued in an aggregate principal amount of US\$750,000,000 and will mature on November 28, 2017 and the 2022 Notes will initially be issued in an aggregate principal amount of US\$750,000,000 on November 28, 2022, unless the 2017 Notes or the 2022 Notes, as the case may be, are redeemed prior to their maturity pursuant to the indenture. The 2017 Notes will bear interest at the rate of 2.250% per annum and the 2022 Notes will bear interest at the rate of 3.500% per annum. Interest on the 2017 Notes will be payable semi-annually in arrears on May 28 and November 28 of each year, beginning on May 28, 2013, to the extent of principal of, premium (if any) or interest on the 2017 Notes then due. Interest on the 2022 Notes will be payable semi-annually in arrears on May 13 and November 13, respectively, which we refer to as the record dates. At each record date, we will pay the principal amount plus accrued and unpaid interest thereon. In any case where the payment of principal of, premium (if any) or interest on the 2022 Notes is made on the next succeeding Business Day (as defined under the heading “Optional Redemption” below), then payment of principal of, premium (if any) or interest on the 2022 Notes will be made on the next succeeding Business Day and no interest shall accrue with respect to such payment for the period from and after such date to the next succeeding Business Day. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Notes shall be denominated in minimum principal amounts of US\$200,000 and in integral multiples of US\$1,000 in excess thereof, except as otherwise provided in the registered form.

Ranking

The Notes will be our senior unsecured obligations issued under the indenture. The Notes will rank senior in right of payment to all of our existing and future unsecured obligations expressly subordinated in right of payment to the Notes and rank at least equal in right of payment with all of our existing and future unsecured obligations (subject to any priority rights pursuant to applicable law). However, the Notes will be effectively subordinated to all of our existing and future secured obligations to the value of the assets serving as security therefor, and be structurally subordinated to all existing and future obligations and other liabilities of ours.

Issuance of Additional Notes

We may, from time to time, without the consent of the holders of the Notes, create and issue additional Notes having the same terms as the Notes, in all respects (or in all respects except for the

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issue date, the issue price and the first payment of interest). Additional Notes issued in this manner will be consolidated with the previously issued Notes of the same series to constitute a single series of Notes. We will not issue any additional Notes with the same CUSIP, ISIN or other identifying number as the previously issued Notes unless the additional Notes are fungible with the outstanding Notes of that series for U.S. federal income tax purposes.

Optional Redemption

We may, at any time upon giving not less than 30 nor more than 60 days' notice to holders of the relevant series of Notes (which notice shall be given to the relevant series of the Notes, in whole or in part, at a redemption amount equal to the greater of:

- 100% of the principal amount of the applicable Notes to be redeemed; and
- the make whole amount, which means the amount determined on the fifth Business Day before the redemption date equal to the principal amount of the applicable Notes to be redeemed, assuming a scheduled repayment thereof on the stated maturity date, plus the remaining scheduled payments of interest to and including the stated maturity date, in each case discounted to the redemption date on a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) and 25 basis points in the case of the 2017 Notes and 30 basis points in the case of the 2022 Notes,

plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date; provided that the principal amount of any redemption in part shall be US\$200,000 or an integral multiple of US\$1,000 in excess thereof.

“Business Day” means a day other than a Saturday, Sunday or a day on which banking institutions or trust companies in The City of New York are authorized or obligated by law, regulation or executive order to remain closed.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker that would be selected in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations obtained, excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if we obtain fewer than three such Reference Treasury Dealer quotations obtained.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by us.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer selected by us in good faith.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average of the asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the fifth Business Day before such redemption date.

“Treasury Yield” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (as determined on the fifth Business Day before such redemption date) of the

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Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) and the Price for such redemption date.

The notice of redemption will be mailed at least 30 but not more than 60 days before the redemption date to each holder of record of the Notes at their registered address. The notice of redemption for the Notes will state, among other things, the amount of Notes to be redeemed, the redemption price, the redemption price will be calculated and the place or places that payment will be made upon presentation and surrender of Notes to be redeemed. After the redemption price, interest will cease to accrue on any Notes that have been called for redemption at the redemption date. If less than all of the Notes are to be redeemed, the trustee will select the Notes to be redeemed either pro rata, by lot or in such other manner as the trustee deems appropriate, subject to the provisions of the indenture.

Repurchase Upon Change of Control

If a Change of Control occurs, unless we have exercised our right to redeem the Notes of the relevant series as described under the heading “Optional Redemption—Tax Redemption” in the accompanying prospectus or under the heading “Optional Redemption” above, we will be required to make an offer to repurchase, at the holder’s option, any part (equal to US\$200,000 or multiples of US\$1,000 in excess thereof), of each holder’s Notes pursuant to the offer described in the prospectus (“Change of Control Offer”) on the terms set forth in the indenture and the Notes of the relevant series. In the Change of Control Offer, we will be required to offer to repurchase an aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the amount of the “Change of Control Payment”).

Within 30 days following any Change of Control, we will be required to mail a notice to holders of the Notes, with a copy to the trustee, of the Change of Control Offer and offering to repurchase the Notes on the date specified in the notice, which date will be no more than 60 days from the date such notice is mailed (the “Change of Control Payment Date”), pursuant to the procedures required by the Notes of the relevant series in such notice.

On the Change of Control Payment Date, we will be required, to the extent lawful, to:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- deposit with the relevant paying agent one Business Day prior to the Change of Control Payment Date an amount equal to the purchase price for all Notes or portions of Notes properly tendered; and
- deliver or cause to be delivered to the trustee the Notes properly accepted together with an officers’ certificate stating the aggregate principal amount of Notes being purchased by us.

The relevant paying agent will be required to promptly mail, to each holder who properly tendered Notes, the purchase price for such Notes. The trustee will be required to promptly authenticate and mail (or cause to be transferred by book-entry) to each such holder a new Note equal in principal amount to the portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of US\$200,000 or a multiple of US\$1,000.

We will not be required to make a Change of Control Offer upon a Change of Control if a third party makes such an offer in the manner described in the prospectus in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under the Change of Control Offer. If the third party terminates or defaults its offer, we will be required to make a Change of Control Offer treating the date of such termination or default as the date of Change of Control.

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We will comply with the requirements of Rule 14e-1 under the Exchange Act, to the extent applicable, and any other securities laws and regulations, to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that any such laws or regulations conflict with the Change of Control Offer provisions of the Notes, we will comply with those securities laws and regulations, and we will not be deemed to have breached our obligations under the Change of Control Offer provisions of the Notes by virtue of any such conflict.

There can be no assurance that we will have sufficient funds available at the time of any Change of Control to consummate a Change of Control Offer of all outstanding (or all Notes properly tendered by the holders of such Notes) and pay the Change of Control Payment. We may also be prohibited by applicable laws or agreements from repurchasing the Notes upon a Change of Control, which would require us to repay the relevant indebtedness or terminate the Change of Control Offer. We may not proceed with a Change of Control Offer, and there can be no assurance that we will be able to effect such repayment or termination.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect control of such Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings similar to those set forth above.

“Board of Directors” means the board of directors elected or appointed by our shareholders to manage our business or any committee of the Board of Directors authorized by the action purported to be taken by such committee.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalent interests (including designated) equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), convertible or exchangeable into such equity.

“Change of Control” means:

- (i) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Permitted Holders, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group includes the Permitted Holders) of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or in the future, directly or indirectly, of more of the total voting power of our Voting Stock or any of our direct or indirect parent entities (or their consolidated or purchase of all or substantially all of their assets) than the Permitted Holders;
- (ii) the merger or consolidation of us with or into another Person or the merger of another Person with or into us, unless the holders of a majority of the voting power of our Voting Stock, immediately prior to such transaction, hold securities of the surviving or transferee Person that represent at least a majority of the aggregate voting power of the Voting Stock of the surviving or transferee Person;
- (iii) individuals who on the original issue date of the Notes constituted the Board of Directors, together with any new directors who were appointed or elected and approved by a vote of a majority of the directors then still in office who were either directors on the original issue date of the Notes or previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office;
- (iv) the sale, assignment, conveyance, transfer, lease or other disposition (other than by way of merger or consolidation), in one or more transactions, of all or substantially all of our assets and our

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Controlled Entities, taken together as a whole, to any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) or one or more Permitted Holders;

- (v) the Permitted Holders in the aggregate cease to own more than 30% of the total voting power of our Voting Stock;
- (vi) the adoption by our shareholders of a plan or proposal for our liquidation or dissolution; or
- (vii) (A) any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application of such laws, regulations and rules results in (x) the Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from conducting its business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the Group’s consolidated financial statements for the most recent fiscal quarter and (y) we being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in the Group’s consolidated financial statements for the most recent fiscal quarter and (B) we have not furnished to the trustee, prior to the date that is twelve months after the date of such Change in Law, an opinion from an independent financial advisor or an independent legal counsel stating either (1) we are able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law), taken into account our consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or other business combination) and (2) such Change in Law would not materially adversely affect our ability to make principal and interest payments on the Notes.

The definition of Change of Control includes a phrase relating to the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of our Controlled Entities’ assets, taken together as a whole. Although there is a limited body of case law interpreting the phrase “substantially all of our assets,” the definition of the phrase under applicable law. Accordingly, the applicability of the requirement that we offer to repurchase the Notes as a result of a transfer, lease or other disposition of less than all of our and our Controlled Entities’ assets, taken together as a whole, may be uncertain.

“Consolidated Affiliated Entity” of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person for purposes of Accounting Standards Codification subtopic 810-10, *Consolidation: Overall* (including any changes, amendments or supplements thereto) or for purposes of preparing consolidated financial statements in accordance with accounting principles other than U.S. GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, or such accounting principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of such Person.

“Controlled Entity” of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person.

“Group” means the Company and our Controlled Entities.

“Person” means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint venture, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

“Permitted Holders” means Mr. Robin Yanhong Li and any Affiliate of Mr. Robin Yanhong Li; in the event we merge into a Controlled Entity, (i) is a shell corporation, (ii) is incorporated specifically for the purpose of a merger with us and (iii) is a Controlled Entity directly owned or controlled by Mr. Robin Yanhong Li.

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Controlled Entity of ours that is directly owned by us (“Topco”), with Topco owning no assets other than holding the Capital Stock of Merge merger, Topco will be a Permitted Holder so long as our ultimate beneficial ownership has not been modified by such transaction. Any Person beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements in a Change of Control Offer in the absence of the waiver of such requirement by holders in accordance with the indenture) will thereafter co

“Preferred Shares,” as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) of dividends upon liquidation, dissolution or winding up.

“Subsidiary” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, voting at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors, as applicable, of such Person.

Modification and Waiver

The provisions of the indenture relating to modification and waiver, which are described under the heading “Description of Debt Securities” in the accompanying prospectus, will apply to the Notes, with the additional provisions that:

- (i) we and the trustee may not, without the consent of each holder of the applicable series of Notes affected thereby, reduce the amount of redemption or repurchase of any series of Notes or change the time at which any series of Notes may be redeemed or repurchased under the “—Optional Redemption” or “—Repurchase Upon Change of Control” whether through an amendment or waiver of provision of the indenture otherwise (except through amendments to the definition of “Change of Control”); and
- (ii) we and the trustee may, without the consent of any holder of the Notes of any series, amend the indenture and the relevant Note to conform the Notes to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” is more restrictive than the recitation of a provision of the indenture or the Notes as evidenced by an officers’ certificate.

Limitation on Liens

So long as any Note remains outstanding, we will not create or have outstanding, and we will ensure that none of our Principal Controlled Entities shall have outstanding, any Lien upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled amounts) or any guarantee or indemnity in respect of any Relevant Indebtedness either of us or of any of our Principal Controlled Entities thereto securing the Notes equally and ratably therewith or (ii) providing such other security for the Notes as shall be approved by an act of t

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holders of each series of Notes holding at least a majority of the principal amount of that series of Notes then outstanding.

The foregoing restriction will not apply to:

- (i) any Lien arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by ap
- (ii) any Lien in respect of the obligations of any Person which becomes a Principal Controlled Entity or which merges with or into after the date of the indenture which is in existence at the date on which it becomes a Principal Controlled Entity or merges wi Entity; provided that any such Lien was not incurred in anticipation of such acquisition or of such Person becoming a Principal with or into us or a Principal Controlled Entity;
- (iii) any Lien created or outstanding in favor of us;
- (iv) any Lien in respect of Relevant Indebtedness of us or any Principal Controlled Entity with respect to which we or such Princip deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of us or such thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient full); or
- (v) any Lien arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Lien perm provided that such Relevant Indebtedness is not increased beyond the principal amount thereof (together with the costs of such refunding) and is not secured by any additional property or assets.

“Lien” means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

“Principal Controlled Entities” at any time shall mean one of our Controlled Entities

- (i) as to which one or more of the following conditions is/are satisfied:
 - (a) its total revenue or (in the case of one of our Controlled Entities which has one or more Controlled Entities) consolidated at least 5% of our consolidated total revenue;
 - (b) its net profit or (in the case of one of our Controlled Entities which has one or more Controlled Entities) consolidated case before taxation and exceptional items) is at least 5% of our consolidated net profit (before taxation and exceptio
 - (c) its net assets or (in the case of one of our Controlled Entities which has one or more Controlled Entities) consolidated case after deducting minority interests in Subsidiaries) are at least 10% of our consolidated net assets (after deducting

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated then latest audited consolidated financial statements;

provided that, in relation to paragraphs (a), (b) and (c) above:

- (1) in the case of a corporation or other business entity becoming a Controlled Entity after the end of the financial consolidated audited accounts relate, the reference to our then latest consolidated audited accounts and our Co the calculation above shall, until our consolidated audited accounts for the financial period in which the releva becomes a

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Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of us to consolidate the latest audited accounts (consolidated in the case of a Controlled Entity which itself has Controlled Entity in such accounts;

- (2) if at any relevant time in relation to us or any Controlled Entity which itself has Controlled Entities, no consolidated audited, total revenue, net profit or net assets of us and/or any such Controlled Entity shall be determined on the basis of accounts prepared for this purpose by or on behalf of us;
 - (3) if at any relevant time in relation to any Controlled Entity, no accounts are audited, its net assets (consolidated or not) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Controlled Entity prepared for this purpose by or on behalf of us and
 - (4) if the accounts of any Controlled Entity (not being a Controlled Entity referred to in proviso (1) above) are not audited, the determination of whether or not such Controlled Entity is a Principal Controlled Entity shall be based on a comparison of its accounts (consolidated, if appropriate) with our consolidated accounts (determined on the basis of the foregoing).
- (ii) to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity, that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (without prejudice to paragraph (i) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity.

An officers' certificate delivered to the trustee certifying in good faith as to whether or not a Controlled Entity is a Principal Controlled Entity shall be conclusive in the absence of manifest error.

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loans, mortgages, or other securities, the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or otherwise.

Legal Defeasance and Covenant Defeasance

The provisions of the indenture relating to legal defeasance and covenant defeasance, which are described under the heading "Description of the Notes, Legal Defeasance and Covenant Defeasance" in the accompanying prospectus, will apply to the Notes, and in addition, we may also exercise our obligations under the indenture and the Notes that are described under the headings "—Repurchase Upon Change of Control" and "—Limitation on Redemption".

No Sinking Fund

The Notes will not be subject to, nor entitled to the benefit of, any sinking fund.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes that will be deposited with and registered in the name of DTC or its nominee, including Euroclear Bank S.A./N.V. ("Euroclear") as operator of the Euroclear System, and Clearstream Banking, S.A. ("Clearstream"). We will not issue physical certificates, except in the limited circumstances described below. Transfers of ownership interests in the global notes will be effected only through entries on the books of the relevant participants acting on behalf of

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beneficial owners. You will not receive written confirmation from DTC of your purchase. The direct or indirect participants through whom you receive written confirmations providing details of your transactions, as well as periodic statements of your holdings. The direct and indirect participants will not provide an accurate account of the holdings of their customers like you. The laws of some states require that certain purchasers of securities take physical delivery of securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in the global notes.

You, as the beneficial owner of Notes, will not receive certificates representing ownership interests in the global notes, except in the following circumstances: (1) DTC notifies us that it is unwilling or unable to continue as depository or if DTC ceases to be eligible under the indenture and we do not receive payment within 90 days; (2) we determine that the Notes will no longer be represented by global notes and execute and deliver to the trustee an officers' certificate of default with respect to the Notes will have occurred and be continuing. These certificated Notes will be registered in such name or names as you may expect that such instructions may be based upon directions received by DTC from participants with respect to ownership of beneficial interests in the Notes.

So long as DTC or its nominee is the registered owner and holder of the global notes, DTC or its nominee, as the case may be, will be deemed the owner of the Notes represented by the global notes for all purposes under the indenture relating to the Notes. Except as provided above, you, as the beneficial owner of the global notes, will not be entitled to have Notes registered in your name, will not receive or be entitled to receive physical delivery of Notes and will not be considered the owner or holder thereof under the indenture. Accordingly, you, as the beneficial owner, must rely on the procedures of DTC and the procedures of the DTC participants through which you own your interest, to exercise any rights of a holder under the indenture.

Neither we, the trustee, nor any other agent of ours or agent of the trustee will have any responsibility or liability for any aspect of the maintenance of records on account of, beneficial ownership interests in global notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. It is the responsibility of DTC to credit the accounts of DTC's direct participants with payment in amounts proportionate to their respective holdings in principal amount shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on the payment date. The underwriters will not be responsible for payment being credited. Beneficial owners may experience delays in receiving distributions on their Notes because distributions will initially be made to DTC and then passed through the chain of intermediaries to the beneficial owner's account. Payments by DTC participants to you will be the responsibility of the DTC participant, the trustee or us. Accordingly, we and any paying agent will have no responsibility or liability for: any aspect of DTC's records relating to, or payment of, ownership interests in Notes represented by a global securities certificate; any other aspect of the relationship between DTC and its participants; the relationship between DTC participants and the owners of beneficial interests in a global securities certificate held through those participants; or the maintenance, supervision or review of records relating to those beneficial ownership interests.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be applicable.

We have been informed that, under DTC's existing practices, if we request any action of holders of senior notes, or an owner of a beneficial interest, such as you desires to take any action which a holder of Notes is entitled to take under the indenture, DTC would authorize the direct participants to take such action, and those direct participants and any indirect participants would authorize beneficial owners owning through them to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

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Clearstream and Euroclear have provided us with the following information and neither we nor the underwriters take any responsibility for the accuracy or completeness of the information.

Clearstream

Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participants and provides clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream participants, among other things, services for the clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets through a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream participants include underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions. Clearstream's U.S. participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is available to other firms that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

Distributions with respect to Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with the Operating Procedures, to the extent received by the U.S. depository for Clearstream.

Euroclear

Euroclear was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of physical delivery of cash. Euroclear performs various other services, including securities lending and borrowing and interacts with domestic markets in several countries. Euroclear Bank S.A./N.V. under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear operator, and all securities and cash accounts and Euroclear cash accounts are accounts with the Euroclear operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial institutions. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant either directly or indirectly.

The Euroclear operator is a Belgian bank. As such it is regulated by the Belgian Banking and Finance Commission.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing the Use of the Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern the clearing and settlement of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear on a fungible basis without attribution of specific certificates to specific clearance accounts. The Euroclear operator acts under the Terms and Conditions for Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

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Euroclear has further advised us that investors who acquire, hold and transfer interests in the Notes by book-entry through accounts with securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities intermediary.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will be in accordance with DTC rules and will be settled in immediately available funds using DTC's Same Day Funds Settlement System. Secondary market trading between participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of DTC. All trades will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system's depository; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system, in accordance with its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants will deliver instructions directly to their respective U.S. depositories.

Because of time zone differences, credits of Notes received through Clearstream or Euroclear as a result of a transaction with a DTC participant will be processed subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in processing will be reported to the relevant Euroclear participants or Clearstream participants on such business day. Cash received in Clearstream or Euroclear of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date on the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Notes among participants, Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. The paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants in accordance with the rules and procedures governing their operations.

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TAXATION

Prospective investors should consult their professional advisers regarding the possible tax consequences of buying, holding or selling the Notes in their country of citizenship, residence or domicile.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general overview and is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and is limited to other than those arising under Cayman Islands law.

Under existing Cayman Islands law, payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands. No tax is required on the payment of interest and principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The issue of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

PRC Taxation

The following is a summary of certain PRC tax consequences of the purchase, ownership and disposition of Notes to non-resident entities. It is based upon applicable laws, rules and regulations in effect as of the date of this prospectus supplement, all of which are subject to change. This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. This discussion does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes, including such persons as are required by their country of citizenship, residence or domicile.

If we are considered a PRC resident enterprise under the PRC Enterprise Income Tax Law, holders of Notes who are non-resident entities will be subject to withholding tax on interest payable by us and PRC enterprise income tax on any gains realized from the transfer of Notes, if such income is derived from sources within the PRC, at a rate of 10% (or lower rate if available under an applicable tax treaty), provided that (1) such foreign enterprise investor is not a PRC resident enterprise, the PRC, or (2) it has an establishment or premises in the PRC but its income derived from the PRC has no real connection with such establishment. If we are not considered a PRC resident enterprise and relevant PRC tax authorities consider interest we pay with respect to the Notes and any gains realized from the Notes to be income derived from sources within the PRC, such interest and gains earned by non-resident individuals may be subject to PRC individual income tax at a rate if available under an applicable tax treaty).

If we are not deemed a PRC resident enterprise, non-resident enterprise and non-resident individual holders of Notes will not be subject to PRC withholding payments of interest on, or gains from the transfer of, Notes.

U.S. Federal Income Tax Considerations

This sub-section titled "U.S. Federal Income Tax Considerations" discusses U.S. federal income tax consequences of the ownership of the Notes in this prospectus supplement. This summary applies to you only if:

- You are, for U.S. federal income tax purposes, a beneficial owner of a Note and an individual U.S. citizen or resident, a U.S. corporation, or a U.S. federal income tax on a net income basis in respect of the Notes; and

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- You purchase the Notes in their original issuance at the “issue price”, which will equal the first price to the public (not including persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of you hold such Notes as capital assets for U.S. federal income tax purposes.

This sub-section does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular discussion does not address all of the tax consequences that may be applicable to investors that are subject to special rules, such as certain financial companies, tax-exempt organizations, dealers in securities or currencies, persons that elect mark-to-market treatment, persons that hold the Notes in a conversion transaction, synthetic security, or other integrated financial transaction for U.S. federal tax purposes, persons subject to the alternative functional currency is not the U.S. dollar.

THIS DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS NOT INTENDED, AND SHOULD NOT BE CONSIDERED AS AN INVESTMENT ADVICE TO ANY PARTICULAR INVESTOR IN OR HOLDER OF THE NOTES. PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT WITH THEIR TAX ADVISOR CONCERNING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS THE TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION OR ANY APPLICABLE TAX TREATIES, AND THE POSSIBLE EFFECTS OF ANY APPLICABLE TAX LAW.

The discussion below regarding U.S. federal income tax consequences is based upon the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder and any relevant administrative rulings or pronouncements or judicial decisions, all as of the date hereof. It does not take into account possible changes in such tax laws or interpretations thereof, which may apply retroactively.

If a partnership holds the Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership holding the Notes, you should consult your tax advisor.

Interest Payments

Payments of stated interest on the Notes will be includible in your gross income as ordinary interest income at the time you receive or accrue it (with your regular method of tax accounting).

Interest on the Notes constitutes foreign source income for U.S. federal income tax purposes. For foreign tax credit limitation purposes, interest on the Notes constitute passive income.

As described in “—PRC Taxation,” if we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, payments of interest on the Notes may be subject to PRC withholding taxes. For U.S. federal income tax purposes, the amount of interest includible in taxable income with respect of PRC taxes. Subject to applicable limitations, PRC taxes, if any, withheld from payments in respect of the Notes not in excess of an applicable treaty rate (assuming you are eligible for such treaty) would be creditable against your U.S. federal income tax liability. The rules governing the creditability of foreign taxes you should consult your tax advisor regarding the creditability of foreign taxes in your particular circumstances. Instead of claiming a credit, you may elect to deduct PRC taxes, if any, in computing taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits is applicable to all taxable years.

Additional Amounts paid pursuant to the obligations described under “Description of the Notes—Payment of Additional Amounts” will be included in your income.

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Sale, Exchange, Redemption and Other Disposition of the Notes

Upon the sale, exchange, redemption or other disposition of the Notes, you will recognize taxable gain or loss equal to the difference, the sale, exchange, redemption or other disposition (other than accrued but unpaid interest which will be treated as ordinary interest income) Notes. Your adjusted tax basis in the Notes generally will equal the cost of such Notes. Any such gain or loss generally will be capital gain or loss if at the time of sale, exchange, redemption or other disposition you held the Notes for more than one year. The deductibility of c limitations.

As described in “—PRC Taxation” if we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, gain subject to PRC income taxes. You are entitled to use foreign tax credits to offset only the portion of your U.S. tax liability considered to be at Generally, gain or loss from the disposition of Notes will be U.S.-source for purposes of the foreign tax credit rules. However, if you are eli, income tax treaty, such gain may be treated as arising from PRC sources under the U.S.-PRC income tax treaty. You should consult your tax a under the U.S.-PRC income tax treaty and the creditability of any PRC tax on disposition gains in your particular circumstances if you are so

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments of interest on the Notes and the proceeds from a sale or oth establish an exemption from the information reporting rules. If you do not establish such an exemption you may be subject to U.S. backup wit fail to provide your taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup with allowed as a credit against your U.S. federal income tax liability and you may be entitled to a refund, provided that the required information

Foreign Financial Asset Reporting

Owners of certain foreign financial assets, including debt of foreign entities, may be required to file an information report with respect the aggregate value of all of these assets exceeds \$50,000 at the end of the taxable year or \$75,000 at any time during the taxable year (or, in threshold). The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account the account may be reportable if maintained by a foreign financial institution). If you are a U.S. person acquiring our Notes, you should consu application of this legislation.

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Subject to the terms and conditions contained in the underwriting agreement, dated as of the date of this prospectus supplement between us and the underwriters, for whom J.P. Morgan Securities LLC and Goldman Sachs (Asia) L.L.C. are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters severally agreed to purchase from us, the principal amount of Notes of each series set forth opposite its name below:

<u>Underwriters</u>	<u>Principal Amount of 2017 Notes</u>
J.P. Morgan Securities LLC	420,000,000
Goldman Sachs (Asia) L.L.C.	300,000,000
Australia and New Zealand Banking Group Limited	7,500,000
Bank of China Limited	2,500,000
Bank of China (Hong Kong) Limited	2,500,000
BOCI Asia Limited	2,500,000
Deutsche Bank AG, Singapore Branch	7,500,000
Morgan Stanley & Co. International plc	7,500,000
Total	<u>US\$750,000,000</u>

The underwriters are offering the Notes subject to their acceptance of the Notes from us, and subject to prior sale. The underwriting agreement between us and the underwriters, and the terms and conditions of the offering of the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. The underwriters reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The underwriters initially propose to offer part of the Notes of each series directly to the public at the offering prices described on the prospectus supplement. After the initial offering of the Notes, the underwriters may from time to time vary the offering prices and other selling terms. The offering of the Notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

Certain of the underwriters are not broker-dealers registered with the SEC. Therefore, to the extent they intend to make any offers or sales of the Notes in the United States, they will do so only through one or more registered broker-dealers in compliance with applicable securities laws and regulations, and FINRA rules. J.P. Morgan Securities LLC will offer the Notes in the United States through its registered broker-dealer affiliate Goldman, Sachs & Co. Australia and New Zealand Banking Group Limited will offer the Notes in the United States through its registered broker-dealer affiliate ANZ Securities, Inc. Deutsche Bank AG, Singapore will offer the Notes in the United States through its registered broker-dealer affiliate Deutsche Bank Securities Inc. Morgan Stanley & Co. International plc will offer the Notes in the United States through its registered broker-dealer affiliate Morgan Stanley & Co. LLC.

The following table shows the underwriting discounts that we will pay to the underwriters in connection with this offering:

	<u>Paid</u>
Per 2017 Note	
Per 2022 Note	
Total	<u>US\$5,000,000</u>

Expenses associated with this offering to be paid by us, other than underwriting commissions and discounts, are estimated to be US\$1,000,000. We have agreed to pay certain of our expenses incurred in connection with the offering of the Notes.

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We have agreed that, for a period until 60 days after the date of closing (which is expected to be the fifth business day following the date of closing), we will not, without the prior written consent of the representatives, offer, sell, contract to sell or otherwise dispose of any securities issued or sold or similar to the Notes. The underwriters in their sole discretion may consent to the offering and sale of such securities by us at any time without incurring an obligation to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in respect of those liabilities.

The Notes will constitute a new class of securities with no established trading market. Approval-in-principle has been obtained for the listing of the Notes on the SGX-ST. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the prices at which an active trading market for the Notes will develop and continue after this offering. The underwriters have advised us that they currently intend to maintain an active market for the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice to you as to the liquidity of, or the trading market for, the Notes.

The underwriters (or their affiliates) may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids, in accordance with applicable laws and regulations. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions involve the purchase of the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the secondary market if it has been completed in order to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the dealer's securities are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither we nor the underwriters make any prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the fifth business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market for the Notes on the date of pricing, the T+1, T+2, T+3, T+4, T+5, and purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the settlement cycle is T+5, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding business day should consult their own advisor.

The address of J.P. Morgan Securities LLC is 383 Madison Avenue, New York, New York 10179, United States of America. The address of J.P. Morgan Securities (Asia) Limited is 68/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Sales Outside the United States

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), including the date on which the Prospectus Directive is implemented in that Relevant Member State ("Relevant Implementation Date"), an offer of the Notes is not made to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive or the 2010 PD Amending Directive if that Relevant Member State has implemented the relevant provision;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, to fewer than qualified investors as defined in the Prospectus Directive.

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Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative
 (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above paragraph, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide whether to subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

No invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) by or on behalf of any underwriters in connection with the issue or sale of the Notes may be communicated or caused to be communicated except in circumstances in which such communication does not apply to the underwriters. All applicable provisions of FSMA must be complied with respect to anything done or to be done by the underwriters in connection with or otherwise involving the United Kingdom.

Hong Kong

This prospectus supplement and the accompanying prospectus have not been and will not be registered with the Registrar of Companies in Hong Kong. As mentioned below, this prospectus supplement may not be issued, circulated or distributed in Hong Kong. A copy of this prospectus supplement may, however, be issued to prospective applicants for the Notes in Hong Kong in a manner which does not constitute an offer of the Notes to the public in Hong Kong or circulation or distribution in Hong Kong of this prospectus supplement and the accompanying prospectus for the purposes of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or otherwise in Hong Kong. No advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person other than us or our underwriters or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Act) in Japan. The underwriter has agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Neither this prospectus supplement nor the accompanying prospectus has been registered as a prospectus with the Monetary Authority of Singapore. In Singapore, this prospectus supplement, the accompanying

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prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons who are not institutional investors under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor;

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferred to any person if that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer made under Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

The PRC

This prospectus supplement and the accompanying prospectus may not be circulated or distributed in the PRC and the Notes may not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations.

Cayman Islands

No Notes will be offered or sold to the public in the Cayman Islands.

British Virgin Islands

No invitation will be made directly or indirectly to any person resident in the BVI to subscribe for any of the Notes.

Other Relationships

The underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities underwriting, banking, financial advising, investment management, investment research, principal investment, hedging, financing and brokerage activities. Our respective affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including financial advisory and investment banking services, for us and our affiliates in the ordinary course of business for which they received or will receive customary fees for hedging or other derivative transactions as part of our

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<http://www.sec.gov/Archives/edgar/data/132>

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risk management strategy with the underwriters and their affiliates, which may include transactions relating to our obligations under the Note transactions may be secured by cash or other collateral. In the ordinary course of their various business activities, the underwriters and their a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including the accounts of their customers, and such investment and securities activities may involve our securities and/or instruments, its direct or indirect affiliated entities. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express interest in such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view

Conflicts of Interest

In connection with our Credit Facility, dated July 14, 2011, Australia and New Zealand Banking Group Limited acts as a lender. The proceeds are applied to pay all or a portion of our borrowings under this agreement. Because Australia and New Zealand Banking Group Limited is one of our lenders, it may receive more than 5% of the net proceeds from the sales of the Notes, a “conflict of interest” is deemed to exist under FINRA Rule 5121. The underwriter made in compliance with the applicable provisions of FINRA Rule 5121 and such underwriter will not sell any of the Notes to discretionary investors without the approval of the account holder.

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LEGAL MATTERS

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to legal matters of United States federal securities laws, and by Maples and Calder with respect to legal matters of Cayman Islands law and by Han Kun Law Offices with respect to legal matters of PRC law. We are also being represented by Davis Polk & Wardwell LLP with respect to legal matters of United States federal securities and New York State law and by Jingtian & Gongcheng with respect to legal matters of PRC law. The validity of the debt securities will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP and Davis Polk & Wardwell LLP. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Maples and Calder with respect to matters governed by Cayman Islands law, and Davis Polk & Wardwell LLP may rely upon Jingtian & Gongcheng with respect to matters governed by PRC law, and Davis Polk & Wardwell LLP may rely upon Jingtian & Gongcheng with respect to matters governed by PRC law, and Davis Polk & Wardwell LLP may rely upon Jingtian & Gongcheng with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements of Baidu, Inc. in Baidu, Inc.'s annual report on Form 20-F for the year ended December 31, 2011, and the internal control over financial reporting as of December 31, 2011 have been audited by Ernst & Young Hua Ming LLP, independent registered public accountants, and their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and Baidu, Inc. management's assessment of internal control over financial reporting as of December 31, 2011 are incorporated herein by reference in reliance upon such reports given by Ernst & Young Hua Ming LLP, experts in accounting and auditing. The offices of Ernst & Young Hua Ming LLP are located at Level 16, Ernst & Young Tower, Tower E3, One World Trade Center, Avenue, Dong Cheng District, Beijing 100738, People's Republic of China.

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PROSPECTUS

Baidu, Inc.



Debt Securities

We may offer and sell debt securities from time to time. This prospectus may not be used to consummate any sales of securities unless supplemented by a prospectus supplement which will describe the method and terms of the offering. We will provide the specific terms of any offering and the offered securities in a prospectus supplement to this prospectus. Any prospectus supplement may also add, update or change information contained in this prospectus.

Investing in our securities involves risks. You should carefully consider the risks described under “[Risk Factors](#)” on page 5 of this prospectus supplement or in the documents incorporated by reference into this prospectus before making a decision to invest in our securities.

We may offer and sell these debt securities to or through one or more agents, underwriters, dealers or other third parties or directly to you on a continuous or delayed basis. The names of any underwriters will be stated in the applicable prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or the prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 5, 2012.

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You should rely only on the information contained or incorporated by reference in this prospectus, in the applicable prospectus prospectus filed by us with the SEC. We have not authorized any other person to provide you with different information. If anyone provides inconsistent information, you should not rely on it. You should not assume that the information contained or incorporated by reference in this prospectus supplement or in any free writing prospectus is accurate as of any date other than the respective dates thereof. Our business operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, using this shelf registration process, we may offer and sell the debt securities described in this prospectus in one or more offerings. This prospectus provides a description of the debt securities we may offer. Each time we use this prospectus to offer debt securities, we will provide one or more prospectus supplements with specific information about the offering and the terms of those debt securities. We may also add, update or change other information contained in this prospectus by adding a prospectus supplement or by incorporating by reference information we file with the SEC. The registration statement on file with the SEC includes information on the matters discussed in this prospectus. If there is any inconsistency between the information in this prospectus and any applicable prospectus supplement, the information in the applicable prospectus supplement prevails. Before you invest in any securities offered by this prospectus, you should read this prospectus, the prospectus supplements and the related exhibits to the registration statement filed with the SEC, together with the additional information described under “Where You Can Get More Information” and “Incorporation of Certain Documents by Reference.”

In this prospectus, unless otherwise indicated or unless the context otherwise requires, the terms “we,” “us,” “our company,” “our” and “ours” refer to the issuer and its subsidiaries and, in the context of describing our operations and consolidated financial information, our consolidated affiliated entities in China and the People’s Republic of China and, solely for the purpose of this prospectus, exclude Taiwan, Hong Kong and Macau; and all references to “RMB” and “Renminbi” are to the legal currency of China and all references to “U.S. dollars,” “US\$,” “dollars” and “\$” are to the legal currency of the United States.

References in any prospectus supplement to “the accompanying prospectus” are to this prospectus and to “the prospectus” are to this prospectus and the prospectus supplement taken together.

We are not making an offer to sell the securities in any jurisdiction where the offer or sale is not permitted.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain forward-looking statements that reflect our current expectations. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to” or other similar terms. Our forward-looking statements are largely based on our current expectations and projections about future events and financial trends that we believe may affect our business, operations, business strategy and financial needs. These forward-looking statements include, among other things:

- our growth strategies;
- our future business development, results of operations and financial condition;
- our proposed use of proceeds from the sale of debt securities;
- our ability to attract and retain users and customers and generate revenue and profit from our customers;
- our ability to retain key personnel and attract new talent;
- competition in the internet search, online marketing and other businesses in which we engage;
- the outcome of ongoing or any future litigation, including those relating to intellectual property rights; and
- PRC governmental regulations and policies relating to the internet and internet search providers and to the implementation of a joint venture with internet interest entities in China.

The forward-looking statements included in this prospectus, the documents incorporated by reference herein and any prospectus supplement contain uncertainties and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements included in this prospectus, in the documents incorporated by reference herein or in any accompanying prospectus supplement.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risks disclosed herein, in the documents incorporated by reference herein or in any accompanying prospectus supplement for a more complete disclosure of the risks to our securities. We operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from our forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

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OUR COMPANY

Overview

We are the leading Chinese language internet search provider. As a technology-based media company, we aim to provide the best way in addition to serving users, we provide an effective platform for businesses to reach potential customers.

Our Baidu.com website is the largest website in China and the fifth largest website globally, as measured by average daily visitors and period ended September 30, 2012, according to Alexa.com, an internet analytics firm. We are the most used internet search provider in China and traffic in China in 2011, according to iResearch Consulting Group, a market research firm. Our “Baidu” brand received the highest ranking for Top50 Most Valuable Chinese Brands 2012, a study of the top 50 most valuable Chinese brands published by Millward Brown Optimor, a brand

We serve three types of online participants and have achieved significant scale and diversity in our business:

Users. We offer a Chinese language search platform on our Baidu.com website that enables users to find relevant information online, documents and multimedia files, through links provided on our website. Our success to date stems from our focus on superior user experience products and services to enrich user experience and facilitate easy and quick search, including search products, social-networking products, knowledge products, location-based products and services, music products, PC client software, mobile related products and services and other products and services can be accessed through PCs and mobile devices.

We aspire to take our user experience to the next level. To this end, we have launched our semantic search engine named Box Computing to provide an intuitive user experience. Today, most search results on Baidu.com are produced by Box Computing, which include webpages, third-party application links, as well as our own vertical products and websites, such as PostBar, Baidu Knows, Baidu Encyclopedia, Baidu Maps, Baidu Image Search, Qunar and video site iQiyi.

Customers. We deliver online marketing services to a diverse customer base operating in a variety of industries. In 2011, we had approximately 412,000 marketing customers, as compared to 412,000 in 2010 and 317,000 in 2009. In the nine months ended September 30, 2012, we had approximately 412,000 marketing customers. Our online marketing customers consist of small and medium enterprises, or SMEs, throughout China, large domestic companies and a number of large, multinational companies. We reach and serve our customers through our direct sales force as well as a network of third-party distributors. For customers who are SMEs, we use distributors to help us identify potential SME customers, collect payments and assist SMEs in setting up accounts for our marketing services.

Baidu Union Members. Baidu Union consists of a large number of third-party web content and software providers. Baidu Union members provide our customers’ promotional links that match the content of such members’ properties. We allow Baidu Union members to provide high-quality content to our users without the cost of building and maintaining advanced search capabilities in-house and to monetize their traffic through revenue sharing.

Technology and people are critical to our long-term success:

Technology. We focus on research and development and innovation. To stay at the forefront of the internet industry and to achieve long-term success, we have expanded the number of our research and development

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employees from approximately 3,600 as of December 31, 2010 to approximately 6,000 as of December 31, 2011. We have developed a product consisting of technologies for web search, pay-for-performance, or P4P, targetization and large-scale systems. As internet traffic transitions to mobile, we have determined to create a seamless mobile internet experience for our users and customers and capture the opportunities presented by the PC-to-mobile transition. Our established infrastructure, which serves as the backbone for our mobile platform, creates a significant competitive advantage for us.

People. We have a visionary and experienced management team. Under their leadership, we have developed a strong company culture of innovation and creativity, continuous self-improvement and strong commitment to providing the best experience to our users and customers. We value our employees and opportunities for training, responsibility and career advancement in our organization.

We have a robust business model:

Online Marketing Services. We generate almost all of our revenues from online marketing services, a substantial majority of which are generated from search queries on our P4P platform. Our P4P platform enables customers to bid for priority placement of their links in keyword search results, reach, precise targeting capabilities, highly measurable results and superior returns on marketing spending. We generally require our P4P customers to use our services and remind them to replenish their accounts when needed. We also provide other forms of online marketing services, including display advertising and users' search behaviors, and display placements.

Revenue, Profit and Cash Flow. We have grown substantially by focusing on the organic growth of our core business, complemented by strategic acquisitions. Our total revenues in 2011 were RMB14.5 billion (US\$2.3 billion), an 83.2% increase over 2010. Our operating profit in 2011 was RMB11.5 billion (US\$1.8 billion), a 91.4% increase over 2010. Our net income attributable to Baidu, Inc. in 2011 was RMB6.6 billion (US\$1.1 billion), an 88.3% increase over 2010. Our operating profit and net income attributable to Baidu, Inc. in the nine months ended September 30, 2012 were RMB16.0 billion (US\$2.5 billion) and RMB7.7 billion (US\$1.2 billion), representing 59.3%, 55.4% and 67.1% increases from the corresponding period in 2011, respectively. In the nine months ended September 30, 2012, we generated RMB9.2 billion (US\$1.5 billion) net cash from operating activities. As of September 30, 2012, we held RMB10.0 billion (US\$1.5 billion) in cash and cash equivalents and short-term investments.

Corporate Information

We were incorporated in the Cayman Islands in January 2000. We conduct our operations in China principally through our wholly owned subsidiaries. We also conduct part of our operations in China through our consolidated affiliated entities in China, which hold the licenses and permits necessary to provide certain services. Our American depositary shares, ten of which represent one Class A ordinary share, par value US\$0.00005 per share, of our company are listed on the NASDAQ Global Select Market under the symbol "BIDU."

Our principal executive offices are located at Baidu Campus, No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, the People's Republic of China. Our telephone number at this address is +86 (10) 5992-8888. We have appointed CT Corporation System, which is located at 111 Eighth Avenue, 13th Floor, New York, New York 10033, as our agent for service of process upon whom process may be served in any action brought against us under the securities laws of the United States.

Additional information with respect to our company is included in the documents incorporated by reference into this prospectus, including our annual report on Form 20-F for our fiscal year 2011, originally filed with the SEC on March 29, 2012. See "Incorporation of Certain Documents by Reference" in this prospectus.

[Table of Contents](#)**RISK FACTORS**

Investing in our debt securities involves risk. Before you decide to buy our debt securities, you should carefully consider the risks described in our prospectus supplement, our report on Form 20-F, which is incorporated herein by reference, as well as the risks that are described in the applicable prospectus supplement incorporated by reference into this prospectus. If any of these risks actually occurs, our business, financial condition and results of operations may be materially and adversely affected, which may result in a total or partial loss of your investment.

Please see “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference,” beginning on page 32, for a description of the documents we have filed with or furnished to the SEC and which are incorporated into this prospectus by reference.

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USE OF PROCEEDS

Except as may be described otherwise in an accompanying prospectus supplement, we intend to use the net proceeds from the sale of corporate purposes.

[Table of Contents](#)**EXCHANGE RATE INFORMATION**

Our business is primarily conducted in China and almost all of our revenues are denominated in RMB. The conversion of RMB into U.S. dollars is based on the noon buying rate in New York City for cable transfers in RMB as certified for customs purposes by the Federal Reserve Board. Except as otherwise stated in this prospectus, all amounts in this prospectus that are not recorded in our audited consolidated financial statements have been translated from RMB to U.S. dollars at a rate of RMB6.2848 to US\$1.00, the noon buying rate in effect as of September 28, 2012. All amounts in this prospectus that are not recorded in our audited consolidated financial statements have been translated from RMB to U.S. dollars and from U.S. dollars to RMB at a rate of RMB6.2939 to US\$1.00, the noon buying rate in effect as of December 30, 2011. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the exchange and through restrictions on foreign trade. On October 26, 2012, the noon buying rate was RMB6.2480 to US\$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated.

<u>Period</u>	<u>Period-End</u>	<u>Noon Buying Rate</u> <u>Average(1)</u> <u>(RMB per U.S. dollar)</u>
2007	7.2946	7.5806
2008	6.8225	6.9193
2009	6.8259	6.8295
2010	6.6000	6.7603
2011	6.2939	6.4475
2012		
First nine months	6.2848	6.3215
April	6.2790	6.3043
May	6.3684	6.3242
June	6.3530	6.3633
July	6.3610	6.3717
August	6.3484	6.3593
September	6.2848	6.3200
October (through October 26)	6.2480	6.2666

Source: Federal Reserve Statistical Release

- (1) Annual and interim period averages are calculated using the average of the exchange rates on the last day of each month during the relevant period. Daily period averages are calculated using the average of the daily rates during the relevant month.

[Table of Contents](#)**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our unaudited consolidated ratio of earnings to fixed charges for each of the periods indicated using financial statements applicable, from our audited consolidated financial statements or unaudited interim condensed consolidated financial statements. Our audited consolidated financial statements and unaudited interim condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States.

	Year Ended December 31,			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> (unaudited)
Ratio of earnings to fixed charges	64.4	97.5	76.8	91.5

The ratio of earnings to fixed charges is calculated by dividing earnings by fixed charges. The term "earnings" means the sum of (a) net income from operations before adjustment for income or loss from equity investees and (b) fixed charges. The term "fixed charges" means the sum of (a) interest discounts related to indebtedness, and (c) an estimate of the interest within rental expense.

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DESCRIPTION OF DEBT SECURITIES

The following is a summary of certain general terms and provisions of the debt securities and the indenture, but they are not complete in their entirety by reference to, all of the provisions of the indenture, which has been filed as an exhibit to the registration statement of which the definitions of specified terms used in the indenture, and to the Trust Indenture Act of 1939, as amended, or the “Trust Indenture Act”. The particular terms offered by any prospectus supplement and the extent these general provisions may apply to the debt securities will be described in the applicable prospectus supplement. The terms of the debt securities will include those set forth in the indenture, any related documents and those made a part of the indenture by the Trust Indenture Act. In the summary below, the applicable prospectus supplement and the provisions of the indenture and any related documents before investing in our

The prospectus supplement relating to any series of debt securities that we may offer will contain the specific terms of the debt securities as follows:

- the title and any limit on the aggregate principal amount of the debt securities;
- whether the debt securities will be secured or unsecured;
- whether the debt securities are senior or subordinated debt securities and, if subordinated, the terms of such subordination;
- the percentage or percentages of principal amount at which such debt securities will be issued;
- the interest rate(s) or the method for determining the interest rate(s);
- the dates on which interest will accrue or the method for determining dates on which interest will accrue and dates on which interest will be payable;
- the record dates for the determination of holders to whom interest is payable or the method for determining such dates;
- the dates on which the debt securities may be issued, the maturity date and other dates of payment of principal;
- redemption or early repayment provisions;
- authorized denominations if other than denominations of \$2,000 and multiples of \$1,000 in excess thereof;
- the form of the debt securities;
- amount of discount or premium, if any, with which such debt securities will be issued;
- whether such debt securities will be issued in whole or in part in the form of one or more global securities;
- the identity of the depositary for global securities;
- whether a temporary security is to be issued with respect to such series and whether any interest payable prior to the issuance of the debt securities will be credited to the account of the persons entitled thereto;
- the terms upon which beneficial interests in a temporary global security may be exchanged in whole or in part for beneficial interests in or for individual definitive securities;
- any covenants applicable to the particular debt securities being issued;
- any defaults and events of default applicable to the particular debt securities being issued;
- any provisions for the defeasance of the particular debt securities being issued in whole or in part;

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<http://www.sec.gov/Archives/edgar/data/132>

- any addition or change in the provisions related to satisfaction and discharge;

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- any restriction or condition on the transferability of the debt securities;
- the currency, currencies or currency units in which the purchase price for, the principal of and any premium and any interest on the debt securities will be payable;
- the time period within which, the manner in which and the terms and conditions upon which the purchaser of the debt securities will be required to pay the principal of and any premium and any interest on the debt securities;
- the securities exchange(s) or automated quotation system(s) on which the securities will be listed or admitted to trading, as applicable;
- our obligation or right to redeem, purchase or repay debt securities under a sinking fund, amortization or analogous provision;
- provisions relating to the modification of the indenture both with and without the consent of holders of debt securities issued under the indenture;
- place or places where we may pay principal, premium, if any, and interest and where holders may present the debt securities for conversion;
- place or places where notices and demands relating to the debt securities and the indentures may be made;
- if other than the principal amount of the debt securities, the portion of the principal amount of the debt securities that is payable at maturity;
- any index or formula used to determine the amount of payments of principal of, premium (if any) or interest on the debt securities and the amounts;
- any provisions relating to compensation and reimbursement of the trustee;
- provisions, if any, granting special rights to holders of the debt securities upon the occurrence of specified events; and
- additional terms not inconsistent with the provisions of the indenture, except as permitted by the terms of the indenture.

General

We may sell the debt securities, including original issue discount securities, at par or at greater than de minimis discount below their face value. If we inform you otherwise in a prospectus supplement, we may issue additional debt securities of a particular series without the consent of the holders of the debt securities of that series outstanding at the time of issuance. Any such additional debt securities, together with all other outstanding debt securities of that series, will be debt securities under the indenture. Such additional debt securities will have the same terms and conditions as the applicable series of debt securities (except for the issue date, the issue price or the first payment of interest), and will vote together as one class on all matters with respect to such securities. We will not issue any additional debt securities with the same CUSIP, ISIN or other identifying number as the debt securities of that series issued hereunder. The debt securities are fungible with such debt securities for U.S. federal income tax purposes. In addition, we will describe in the applicable prospectus supplement the tax considerations and any other special considerations for any debt securities we sell which are denominated in a currency or currency unit other than the U.S. dollar. If we inform you otherwise in the applicable prospectus supplement, the debt securities will not be listed on any securities exchange.

Form, Exchange and Transfer

The debt securities will be issued, unless otherwise indicated in the applicable prospectus supplement, in fully registered form without interest, in denominations of US\$2,000 and integral multiples of US\$1,000 in excess thereof.

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You may exchange or transfer your registered debt securities at the office of the trustee. The trustee acts as our agent for registering debt securities and transferring registered debt securities. The entity performing the role of maintaining the list of registered holders is called the “registrar.” We may also arrange for additional registrars, and may change registrars. We may also choose to act as our own registrar for registered debt securities.

You will not be required to pay a service charge for any registration of transfer or exchange of debt securities, but you may be required to pay a charge associated with the registration of transfer or exchange. The registration of transfer or exchange of a registered debt security will only be effective if the debt security or provided the registrar with a written instrument of transfer satisfactory in form to the registrar.

Payment and Paying Agents

If your debt securities are in definitive registered form, we will pay interest to you if you are listed in the trustee’s records as a direct holder on a particular day in advance of each due date for interest, even if you no longer own the debt securities on the interest due date. That particular day will be stated in the applicable prospectus supplement.

We will pay interest, principal, additional amounts and any other money due on global registered debt securities pursuant to the applicable prospectus supplement if the debt securities are not in global form, at offices maintained for that purpose in New York, New York. These offices are called “paying agents” and will pay interest by mailing checks. We may also arrange for additional payment agents, and may change these agents, including our use of the trustee’s offices. We may choose to act as our own paying agent.

Regardless of who acts as paying agent, all money that we pay as principal, premium or interest to a paying agent, or then held by us in trust, at the end of two years after the amount is due to direct holders will be repaid to us, or if then held by us, discharged from trust. After that two-year period, we will pay to us for payment and not to the trustee, any other paying agent or anyone else.

Street name and other indirect holders should consult their banks or brokers for information on how they will receive payment.

Payment of Additional Amounts

All payments of principal, premium and interest made by us in respect of the debt securities of each series will be made without withholding for, any present or future taxes, duties, assessments or governmental charges of whatever nature (“Taxes”) imposed or levied by or within the United States, the Islands, the PRC or any jurisdiction where we are otherwise considered by a taxing authority to be a resident for tax purposes (in each case, any authority therein or thereof having power to tax) (the “Relevant Jurisdiction”), unless such withholding or deduction of such Taxes is required. If we make such withholding or deduction, we will pay such additional amounts (“Additional Amounts”) as will result in receipt by each holder of the debt security of the amount that would have been received by such holder had no such withholding or deduction of such Taxes been required, except that no such Additional Amounts will be paid in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection between the holder or beneficial owner of a debt security and the Relevant Jurisdiction other than merely holding such debt security (in any capacity) or interest in respect thereof (including such holder or beneficial owner being or having been a national, domiciliary or resident of the Relevant Jurisdiction or treated as a

- (i) in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection between the holder or beneficial owner of a debt security and the Relevant Jurisdiction other than merely holding such debt security (in any capacity) or interest in respect thereof (including such holder or beneficial owner being or having been a national, domiciliary or resident of the Relevant Jurisdiction or treated as a

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- resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had
- (ii) in respect of any debt security presented for payment (where presentation is required) more than 30 days after the relevant holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of the “relevant date” in relation to any debt security means the later of (a) the due date for such payment or (b) the date such payment is due for;
- (iii) in respect of any Taxes that would not have been imposed, deducted or withheld but for a failure of the holder or beneficial owner with a timely request by us addressed to the holder or beneficial owner to provide information concerning such holder’s or owner’s residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would be payable to such holder;
- (iv) in respect of any Taxes imposed as a result of a debt security being presented for payment (where presentation is required) if such debt security could not have been presented for payment elsewhere;
- (v) in respect of any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;
- (vi) to any holder of a debt security that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor or member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that holder or owner been the holder thereof;
- (vii) in respect of any such Taxes withheld or deducted from any payment under or with respect to any debt security where such payment is on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other law or conclusions of the ECONFIN Council meeting of November 26-27, 2000 on the taxation of saving income or any law implemented or introduced in order to conform to, any such Directive;
- (viii) any such Taxes payable otherwise than by deduction or withholding from payments under or with respect to any debt security;
- (ix) any combination of Taxes referred to in the preceding items (i) through (viii) above.

In the event that any withholding or deduction for or on account of any Taxes is required and Additional Amounts are payable with respect to each date of payment of principal of, premium (if any) or interest on the debt securities of any series, we will furnish to the trustee and the paying agent officers’ certificate specifying the amount required to be withheld or deducted on such payments to such holders, certifying that we shall pay to the appropriate governmental authority and certifying to the fact that the Additional Amounts will be payable and the amounts so payable to the trustee or such paying agent the Additional Amounts required to be paid; provided that no such officers’ certificate will be required prior to the payment of principal of, premium (if any) or interest on such debt securities if there has been no change with respect to the matters set forth in a prior officers’ certificate. We may rely on the fact that any officers’ certificate contemplated by this paragraph has not been furnished as evidence of the fact that no withholding or deduction for any Taxes is required. We covenant to indemnify the trustee and any paying agent for and to hold them harmless against any loss, liability or expense, including reasonable attorneys’ fees, incurred by them in connection with or arising out of or in connection with actions taken or

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omitted by any of them in reliance on any such officers' certificate furnished pursuant to this paragraph or on the fact that any officers' certificate has not been furnished.

Whenever there is mentioned, in any context, the payment of principal, premium or interest in respect of any debt security, such mention shall include the payment of Additional Amounts provided for in the indenture, to the extent that, in such context, Additional Amounts are, were or would be payable under the indenture.

The foregoing provisions shall apply in the same manner with respect to the jurisdiction in which any successor Person to us is organized or has authority therein or thereof having the power to tax (a "Successor Jurisdiction"), substituting such Successor Jurisdiction for the Relevant Jurisdiction.

Our obligation to make payments of Additional Amounts under the terms and conditions described above will survive any termination of the indenture.

Tax Redemption

Each series of debt securities may be redeemed at any time, at our option, in whole but not in part, upon notice as described below, of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, if (i) as a result of, to, the laws or regulations of the Relevant Jurisdiction (or, in the case of Additional Amounts payable by a successor Person to us, the application of a change in the official application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of such series of debt securities (or, in the case of Additional Amounts payable by a successor Person to us, the date on which such successor Person becomes a Person to us) (ii) such obligation cannot be avoided by us or any such successor Person to us by any reasonable measures available to it, provided that changing our or such successor Person's jurisdiction is not a reasonable measure for purposes of this indenture.

Prior to the giving of any notice of redemption of debt securities pursuant to the foregoing, we or any such successor Person to us shall obtain (i) such redemption election, (ii) an opinion of an independent legal counsel or an opinion of an independent tax consultant to the effect that we or any such successor Person to us, or would become, obligated to pay such Additional Amounts as the result of a Tax Change and (iii) an officers' certificate from us or any such successor Person to us, certifying that such amendment or change has occurred, describing the facts leading thereto and stating that such requirement cannot be avoided by us or any such successor Person to us by any reasonable measures available to it.

Notice of redemption of debt securities as provided above shall be given to the holders not less than 30 nor more than 60 days prior to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we or any such successor Person to us shall be obligated to pay Additional Amounts if a payment in respect of such debt securities was then due. Notice having been given, the debt securities of that series shall be redeemed on the date fixed for redemption and will be paid at the redemption price, together with accrued and unpaid interest, if any, to, but not including, the date of redemption, or places of payment and in the manner specified in that series of the debt securities. From and after the redemption date, if moneys for the redemption have been made available as provided in the indenture for redemption on the redemption date, the debt securities of such series shall cease to be outstanding and the holders of such debt securities shall be to receive payment of the redemption price and accrued and unpaid interest, if any, to, but not including, the date of redemption.

[Table of Contents](#)**Open Market Purchases**

We or any of our Controlled Entities may, in accordance with all applicable laws and regulations, at any time purchase the debt securities on the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the indenture. The debt securities so purchased by us or any of our Controlled Entities, shall not be deemed to be outstanding for the purposes of determining whether the holders of the required debt securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder.

Modification and Waiver

The indenture contains provisions permitting us and the trustee, without the consent of the holders of the applicable series of debt securities, to modify the indentures for certain enumerated purposes in the indenture and, with the consent of the holders of not less than a majority in aggregate principal amount of the debt securities then outstanding under the indenture, to add, change, eliminate or modify in any way the provisions of the indenture or any supplementary indenture to modify in any manner the rights of the holders of such debt securities. We and the trustee may not, however, without the consent of each holder of the applicable series affected thereby:

- (i) change the Stated Maturity of any debt security;
- (ii) reduce the principal amount of, payments of interest on or stated time for payment of interest on any debt security;
- (iii) change any obligation of ours to pay Additional Amounts with respect to any debt security;
- (iv) change the currency of payment of the principal of, premium (if any) or interest on any debt security;
- (v) reduce the amount of the principal of an original issue discount security that would be due and payable upon a declaration of default;
- (vi) impair the right to institute suit for the enforcement of any payment due on or with respect to any debt security;
- (vii) reduce the above stated percentage of outstanding debt securities necessary to modify or amend the indenture;
- (viii) reduce the percentage of the aggregate principal amount of outstanding debt securities of that series necessary for waiver of certain provisions of the indenture or for waiver of certain defaults;
- (ix) modify the provisions of the indenture with respect to modification and waiver;
- (x) amend, change or modify any provision of the indenture or the related definition affecting the ranking of any series of debt securities which affects the holders of such debt securities; or
- (xi) reduce the amount of the premium payable upon the redemption or repurchase of any series of debt securities or change the terms of the securities may be redeemed or repurchased as described above under “—Tax Redemption” or as described in the applicable indenture.

The holders of not less than a majority in principal amount of the debt securities of any series then outstanding may on behalf of all holders of such series waive any existing or past Default or Event of Default and its consequences under the indenture, except a continuing Default or Event of Default, and, with the consent of the holders of not less than a majority in aggregate principal of, premium (if any) or interest on (or Additional Amount payable in respect of), the debt securities of such series then outstanding, the holders of the debt securities of such series then outstanding affected thereby is required, or (ii) in respect of a covenant or provision which

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the indenture cannot be modified or amended without the consent of the holder of each debt security of such series then outstanding affected the conclusiveness and binding effect of such waivers, and on all future waivers, whether or not notation of such waivers is made upon such debt securities. Any instrument given by or on behalf of any holder of a debt security without any consent to any such waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such debt securities.

Notwithstanding the foregoing, without the consent of any holder of the securities, we and the trustee may amend the indenture and the supplemental indentures in the following other things:

- (i) cure any ambiguity, omission, defect or inconsistency contained in the indenture or in any supplemental indenture; provided that such amendment does not materially and adversely affect the rights of holders;
- (ii) evidence the succession of another corporation to the Company, or successive successions, and the assumption by such successor of the Company contained in the debt securities of one or more series and in this indenture or any supplemental indenture;
- (iii) comply with the rules of any applicable depository;
- (iv) secure any series of debt securities;
- (v) add to the covenants and agreements of the Company, to be observed thereafter and during the period, if any, in such supplemental indenture, and to add Events of Default, in each case for the protection or benefit of the holders of all or any series of the debt securities, provided that such covenants and Events of Default are to be for the benefit of fewer than all series of debt securities, stating that such covenants and Events of Default are expressly being included for the benefit of such series as shall be identified therein), or to surrender any right or power of the Company;
- (vi) make any change in any series of debt securities that does not adversely affect the legal rights under the indenture of any holder in any material respect;
- (vii) evidence and provide for the acceptance of an appointment under the indenture of a successor trustee; provided that the successor trustee is qualified and eligible to act as such under the terms thereof;
- (viii) conform the text of the indenture or any series of the debt securities to any provision of this "Description of Debt Securities" in this prospectus was intended to be a verbatim recitation of a provision of the indenture or such series of the debt securities as set forth in the certificate;
- (ix) make any amendment to the provisions of the indenture relating to the transfer and legending of debt securities as permitted by the indenture, limited to, facilitating the issuance and administration of any series of the debt securities or, if incurred in compliance with the indenture, debt securities; provided, however, that (A) compliance with the indenture as so amended would not result in any series of the debt securities in violation of the Securities Act or any applicable securities law and (B) such amendment does not materially and adversely affect the rights of holders of debt securities;
- (x) change or eliminate any of the provisions of the indenture; provided that any such change or elimination shall become effective only if the holder of each debt security of any series created prior to the execution of such supplemental indenture that is entitled to the benefit of such supplemental indenture would apply;
- (xi) make any amendment to the indenture necessary to qualify the indenture under the Trust Indenture Act;
- (xii) add guarantors or co-obligors with respect to any series of debt securities; and

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- (xiii) establish the form and terms of debt securities of any series as permitted under the indenture, or to provide for the issuance of such securities in accordance with the limitations set forth in the indenture, or to add to the conditions, limitations or restrictions on the authorization to issue, authentication or delivery of the debt securities of any series, as herein set forth, or other conditions, limitations or restrictions.

The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment, supplement or waiver. If the holders consent approves the substance of the proposed amendment or supplement. A consent to any amendment, supplement or waiver under the indenture in connection with a tender of such holder's debt securities will not be rendered invalid by such tender. After an amendment, supplement or waiver becomes effective, we are required to give to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice or any defect in the notice will not impair or affect the validity of the amendment, supplement or waiver.

Consolidation, Merger and Sale of Assets

The indenture provides that we may not consolidate with or merge into any other Person in a transaction in which we are not the surviving entity, or sell, lease, convey or otherwise dispose of our properties and assets substantially as an entirety to, any Person unless:

- (i) any Person formed by such consolidation or into which we are merged or to whom we have conveyed, transferred or leased or otherwise disposed of an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the British Virgin Islands, the Cayman Islands or the Channel Islands, and the Person expressly assumes by indentures supplemental to the indenture all of our obligations under the indenture and the debt securities, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes;
- (ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, shall have occurred and be continuing; and
- (iii) we have delivered to the trustee an officers' certificate and an opinion of independent legal counsel, each stating that such consolidation, merger, sale, transfer or lease and such supplemental indentures comply with the indenture and that all conditions precedent therein provided for have been complied with.

Payments for Consent

We will not, and will not permit any of our Controlled Entities to, directly or indirectly, pay or cause to be paid any consideration to any holder of debt securities of any series for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the debt securities, if such consideration is offered to be paid and is paid to all holders of the relevant series of debt securities that consent, waive or agree to amend the indenture or the debt securities, or to any solicitation documents relating to such consent, waiver or amendment.

Events of Default

Under the terms of the indenture, each of the following constitutes an Event of Default for a series of debt securities unless, as otherwise provided in the indenture or any supplement, it is either inapplicable to a particular series or it is specifically deleted or modified:

- (i) failure to pay principal or premium in respect of any debt securities of that series by the due date for such payment;
- (ii) failure to pay interest on any debt securities of that series within 30 days after the due date for such payment;

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- (iii) we default in the performance of or breach our obligations under the “—Consolidation, Merger and Sale of Assets” covenants;
- (iv) we default in the performance of or breach any covenant or agreement in the indenture or under the debt securities of that series (including clause (i), (ii) or (iii) above) and such default or breach continues for a period of 30 consecutive days after written notice is given and the aggregate principal amount of the debt securities of that series exceeds:
- (v) (1) there occurs with respect to any of our indebtedness or indebtedness of any of our Principal Controlled Entities, whether or not such Entity shall hereafter be created, (A) an event of default that has resulted in the holder thereof declaring the principal of such indebtedness due to its stated maturity or (B) a failure to make a payment of principal, interest or premium when due (after giving effect to the terms of the indenture) during the period therefor, a “Payment Default”) and (2) the outstanding principal amount of such indebtedness, together with the outstanding principal amount of such indebtedness of such Persons under which there has been a Payment Default or the maturity of which has been so accelerated, exceeds the greater of (x) US\$100,000,000 (or the Dollar Equivalent thereof) and (y) 2.5% of our Total Equity;
- (vi) one or more final judgments or orders for the payment of money are rendered against us or any of our Principal Controlled Entities and are not discharged, and there is a period of 90 consecutive days following entry of the final judgment or order that causes the aggregate amount of such judgments or orders outstanding and not paid or discharged against all such Persons (net of any amounts that our insurance policies cover with respect thereto under applicable policies) to exceed the greater of (x) US\$100,000,000 (or the Dollar Equivalent thereof) and (y) 2.5% of our Total Equity during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (vii) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of us or any of our Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (ii) a decree or order for relief in respect of us or any of our Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against us or any of our Principal Controlled Entities, or the filing by us or any of our Principal Controlled Entities of a petition or answer or consent seeking reorganization or relief under any applicable bankruptcy, insolvency or other similar law, or the consent by us or any of our Principal Controlled Entities to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any of our Principal Controlled Entities or of any substantial part of their respective property pursuant to any such law, or the admission of us or any of our Principal Controlled Entities of a general assignment for the benefit of creditors in respect of any indebtedness as a result of which such indebtedness becomes due, or the admission
- (viii) the commencement by us or any of our Principal Controlled Entities of a voluntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by us or any of our Principal Controlled Entities to the entry of a decree or order for relief in respect of us or any of our Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against us or any of our Principal Controlled Entities, or the filing by us or any of our Principal Controlled Entities of a petition or answer or consent seeking reorganization or relief under any applicable bankruptcy, insolvency or other similar law, or the consent by us or any of our Principal Controlled Entities to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any of our Principal Controlled Entities or of any substantial part of their respective property pursuant to any such law, or the admission of us or any of our Principal Controlled Entities of a general assignment for the benefit of creditors in respect of any indebtedness as a result of which such indebtedness becomes due, or the admission

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- by us or any of our Principal Controlled Entities in writing of our inability to pay our debts generally as they become due, or any of our Principal Controlled Entities that resolves to commence any such action;
- (ix) the debt securities of that series or the indenture is or becomes or is claimed by us to be unenforceable, invalid or ceases to be enforceable other than as is permitted by the indenture; and
 - (x) any other event of default described in the applicable prospectus supplement.

However, a default under clause (iv) of the preceding paragraph will not constitute an Event of Default until the trustee or the holders of the outstanding debt securities of that series provide written notice to us of the default and we do not cure such default within the time specified in the preceding paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clauses (vii) and (viii) above) shall occur and be continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the debt securities of that series then outstanding by written notice as provided in the indenture may declare such debt securities and any accrued and unpaid interest thereon (and any Additional Amount payable in respect thereof) to be due and payable immediately. If an Event of Default in clause (v) above shall occur, the declaration of acceleration of the debt securities shall be automatically annulled. An Event of Default pursuant to clause (v) shall be remedied or cured by us or any of our Principal Controlled Entities or waived by the holders of at least 25% in aggregate principal amount of the debt securities of that series 60 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the debt securities of that series is confirmed by the order or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium (if any) or interest on such debt securities that became due solely because of the acceleration of the debt securities of that series, have been cured or waived. If an Event of Default in clause (v) shall occur, the unpaid principal amount of all the debt securities then outstanding and any accrued and unpaid interest thereon will automatically, without any action by the trustee or any holder of such debt securities, become immediately due and payable. After a declaration of acceleration but before the money due has been obtained by the trustee, the holders of at least a majority in aggregate principal amount of the debt securities of that series in certain circumstances, waive all past defaults and rescind and annul such acceleration if (1) rescission would not conflict with any judgment of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium, if any, or interest on such debt securities that became due solely because of the acceleration of such debt securities, have been cured or waived. For information as to waiver of defaults, see “—Modification and Waiver.”

Subject to the provisions of the indenture relating to the duties of the trustee, in case an Event of Default shall occur and be continuing, the trustee shall have the obligation to exercise any of the trusts or powers vested in it by the indenture at the request, order or direction of any of the holders of debt securities of that series. The trustee shall have offered to the trustee pre-funding, security and/or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which may be incurred by the trustee. Subject to certain provisions, including those requiring pre-funding, security and/or indemnification of the trustee, the holders of a majority in aggregate principal amount of the debt securities of a series then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee in exercising any trust or power conferred on the trustee. No holder of any debt security of any series will have any right to institute any proceeding with respect to the indenture or the debt securities, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (i) the trustee has given written notice of a continuing Event of Default with respect to the debt securities of that series, (ii) the holders of at least 25% in aggregate principal amount of the debt securities of that series then outstanding have made written request to the trustee to institute such proceeding, (iii) such holder or holders have

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offered pre-funding, security and/or indemnity reasonably satisfactory to the trustee and (iv) the trustee has failed to institute such proceeding of a majority in aggregate principal amount of the debt securities of that series then outstanding a direction inconsistent with such request, with and offer. However, such limitations do not apply to a suit instituted by a holder of a debt security for the enforcement of the right to receive principal (if any) or interest on such debt security on or after the applicable due date specified in such debt security.

Legal Defeasance and Covenant Defeasance

The indenture will provide that we may at our option and at any time elect to have all of our obligations discharged with respect to the (“Legal Defeasance”) except for:

- (1) the rights of holders of the debt securities of that series that are then outstanding to receive payments in respect of the principal of such debt securities when such payments are due from the trust referred to below;
- (2) our obligations with respect to the debt securities of that series concerning issuing temporary notes, registration of notes, mutilation and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the trustee for the debt securities of that series, and our obligations in connection with the debt securities of that series;
- (4) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the indenture for the debt securities of that series.

The indenture will provide that, we may, at our option and at any time, elect to have our obligations with respect to the outstanding debt securities with respect to certain covenants (including our obligations under the headings “Consolidation, Merger and Sale of Assets” and “Payments for Certain Debt Securities”) in the indenture (“Covenant Defeasance”) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default. If such an Event of Default occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption “Events of Default” will constitute an Event of Default.

The indenture will also provide that, in order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) we must irrevocably deposit with the trustee, in trust, for the benefit of the holders of all debt securities of that series subject to the Legal Defeasance, cash in U.S. dollars, U.S. Government Obligation, or a combination of cash in U.S. dollars and U.S. Government Obligation, in an amount sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants to pay the principal and premium on such notes that are then outstanding on the Stated Maturity or on the applicable redemption date, as the case may be, of the debt securities are being defeased to maturity or to a particular redemption date;
- (2) in the case of Legal Defeasance, we must deliver to the trustee an opinion of independent legal counsel reasonably acceptable to the trustee we have received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the indenture, no change in applicable federal income tax law, in either case to the effect that, and based thereon such opinion of independent legal counsel, the beneficial owners of the then outstanding debt securities of that series will not recognize income, gain or loss for federal income tax purposes on the Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, we must deliver to the trustee an opinion of independent legal counsel reasonably acceptable to the trustee of the beneficial owners of the then

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- outstanding debt securities of that series will not recognize income, gain or loss for federal income tax purposes as a result of subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such occurred;
- (4) no Default or Event of Default with respect to the debt securities of that series must have occurred and be continuing on the date of the deposit or Event of Default resulting from the borrowing of funds to be applied to such deposit);
 - (5) we must deliver to the trustee an officers' certificate stating that the deposit was not made by us with the intent of preferring the debt securities of that series over our other creditors with the intent of defeating, hindering, delaying or defrauding our creditors or others; and
 - (6) we must deliver to the trustee an officers' certificate and an opinion of independent legal counsel, each stating that all conditions of the Indenture, Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect with respect to debt securities of a series when:

- (1) either:
 - (a) all debt securities of that series that have been authenticated, except lost, stolen or destroyed debt securities that have been so authenticated whose payment money has been deposited in trust and thereafter repaid to us, have been delivered to the trustee for cancellation;
 - (b) all debt securities of that series that have not been delivered to the trustee for cancellation have become due and payable or will become due and payable within one year and we have irrevocably deposited or caused to be deposited in trust solely for the benefit of the holders of the debt securities of such series, cash in U.S. dollars, U.S. Government Obligations or a combination of cash in U.S. dollars and U.S. Government Obligation, in amounts as will be sufficient, without consideration, to pay and discharge the entire indebtedness on such debt securities not delivered to the trustee for cancellation for payment to the date of maturity or redemption;
- (2) no Default or Event of Default under the indenture has occurred and is continuing with respect to the debt securities of that series (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not constitute a default under, any other instrument to which we are a party or by which we are bound;
- (3) we have paid or caused to be paid all sums payable by us under the indenture with respect to the debt securities of that series;
- (4) we have delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the debt securities at maturity or the redemption date, as the case may be.

In addition, we must deliver an officers' certificate and an opinion of independent legal counsel to the trustee stating that all conditions of the Indenture, Defeasance or the Covenant Defeasance have been satisfied.

Concerning the Trustee

The trustee under the indenture is The Bank of New York Mellon. Pursuant to the indenture, the trustee will be designated by us as the registrar for the debt securities. The corporate

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trust office of the trustee is currently located at 101 Barclay Street, 21st Floor West, New York, New York 10286, United States, Attention: C

The indenture provides that the trustee, except during the continuance of an Event of Default, undertakes to perform such duties and on forth therein. If an Event of Default has occurred and is continuing, the trustee will exercise such of the rights and powers vested in it by the i care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The trustee in its various capacities assumes no responsibility for the accuracy or completeness of the information concerning the Cor party referenced in this prospectus or any prospectus supplement or for any failure by the Company or any other party to disclose events that significance or accuracy of such information.

Whenever the trustee shall have discretion or permissive power in accordance with the indenture or the law, the trustee may decline to approval by the holders and shall have no obligation to exercise the same unless it has received pre-funding, been indemnified and/or provided against all actions, proceedings, claims, actions or demands to which it may render itself liable and all costs, damages, charges, expenses and doing. The trustee in its various capacities shall in no event be responsible for consequential loss or damage of any kind whatsoever (including

Subject to the terms of the indenture and the Trust Indenture Act, the trustee is permitted to engage in other transactions with the Company therefrom without being obliged to account for such profit; and the trustee shall not be under any obligation to monitor any conflict of interest and such other parties. The trustee may have interest in, or may be providing, or may in the future provide financial services to other parties.

Currency Indemnity

To the fullest extent permitted by law, our obligations to any holder of debt securities under the indenture or the applicable series of debt securities shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than U.S. dollars (the "Agreement Currency"), be discharged on the next Business Day following receipt by such holder or the trustee, as the case may be, of any amount in the Judgment Currency, such holder or the trustee in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder or the trustee, as the case may be, in the Agreement Currency, we agree, as a separate obligation, to pay the difference and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder, such holder agrees to pay to or for our account such excess, provided that such holder shall not have any obligation to pay any such excess as long as a default under the indenture or the debt securities of such series has occurred and is continuing, in which case such excess may be applied by such holder to such

Notices

Notices to holders of debt securities will be mailed to them (or the first named of joint holders) by first class mail (or, if first class mail is not available, by first class registered mail) to their respective addresses in the register.

Governing Law and Consent to Jurisdiction

The indenture and the debt securities will be governed by and will be construed in accordance with the laws of the State of New York. Any dispute arising out of or based upon the indenture may be

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instituted in any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York, and have irrevocably submitted to the jurisdiction of any such court in any such action. We have appointed CT Corporation System as our agent upon which process may be served in any such action.

We have agreed that, to the extent that we are or become entitled to any sovereign or other immunity, we will waive such immunity in connection with this indenture.

Certain Definitions

Set forth below are definitions of certain of the terms used herein. Additional terms are defined elsewhere above or in the indenture.

“Business Day” means a day other than a Saturday, Sunday or a day on which banking institutions or trust companies in The City of New York are closed or obligated by law, regulation or executive order to remain closed.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding interests not exchangeable into such equity.

“Company” means Baidu, Inc.

“Consolidated Affiliated Entity” of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person for financial reporting purposes in accordance with accounting principles other than U.S. GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, *Consolidation: Overall* (including any changes, amendments or supplements thereto) or, if such Person is a non-U.S. entity, in accordance with accounting principles other than U.S. GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, *Consolidation: Overall* principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of such Person.

“Controlled Entity” of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the amount of such foreign currency by the Federal Reserve Bank of New York on the date of determination.

“holder” in relation to a debt security, means the Person in whose name a debt security is registered in the security register for the registration of such security or the exchange of the applicable series of securities.

“Person” means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint stock company, organization, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

“Preferred Shares,” as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that have a preference for dividends upon liquidation, dissolution or winding up.

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“Principal Controlled Entities” at any time shall mean one of our Controlled Entities

- (i) as to which one or more of the following conditions is/are satisfied:
 - (a) its total revenue or (in the case of one of our Controlled Entities which has one or more Controlled Entities) consolidated at least 5% of our consolidated total revenue;
 - (b) its net profit or (in the case of one of our Controlled Entities which has one or more Controlled Entities) consolidated case before taxation and exceptional items) is at least 5% of our consolidated net profit (before taxation and exception
 - (c) its net assets or (in the case of one of our Controlled Entities which has one or more Controlled Entities) consolidated case after deducting minority interests in Subsidiaries) are at least 10% of our consolidated net assets (after deducting

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated then latest audited consolidated financial statements;

provided that, in relation to paragraphs (a), (b) and (c) above:

- (1) in the case of a corporation or other business entity becoming a Controlled Entity after the end of the financial consolidated audited accounts relate, the reference to our then latest consolidated audited accounts and our Co the calculation above shall, until our consolidated audited accounts for the financial period in which the releva becomes a Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited ac Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Controlled Entity whi such Controlled Entity in such accounts;
 - (2) if at any relevant time in relation to us or any Controlled Entity which itself has Controlled Entities, no consol audited, total revenue, net profit or net assets of us and/or any such Controlled Entity shall be determined on th accounts prepared for this purpose by or on behalf of us;
 - (3) if at any relevant time in relation to any Controlled Entity, no accounts are audited, its net assets (consolidated on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Controlled Entity prepared fo and
 - (4) if the accounts of any Controlled Entity (not being a Controlled Entity referred to in proviso (1) above) are not the determination of whether or not such Controlled Entity is a Principal Controlled Entity shall be based on a accounts (consolidated, if appropriate) with our consolidated accounts (determined on the basis of the foregoi
- (ii) to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Prin prejudice to paragraph (i) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Co

An officers’ certificate delivered to the trustee certifying in good faith as to whether or not a Controlled Entity is a Principal Control absence of manifest error.

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“Stated Maturity” means, when used with respect to any debt security or any installment of interest thereon, the date specified in such debt security or such installment of interest is due and payable.

“Subsidiary” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or trust) in which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingently redeemable shares) to elect directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or trust in which 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is owned or controlled, voting at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) such Person and one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company.

“Total Equity,” as of any date, means the total equity attributable to our shareholders on a consolidated basis determined in accordance with the consolidated balance sheet for the most recent fiscal quarter.

“U.S. GAAP” refers to generally accepted accounting principles in the United States of America.

“U.S. Government Obligations” means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged, (ii) obligations of an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt (provided that the payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from the amount of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation.

[Table of Contents](#)**LEGAL OWNERSHIP OF DEBT SECURITIES**

In this prospectus and the applicable prospectus supplement, when we refer to the “holders” of debt securities as being entitled to speak only the actual legal holders of the debt securities. While you will be the holder if you hold a security registered in your name, more often than not you will actually be a broker, bank, other financial institution or, in the case of a global security, a depository. Our obligations, as well as the obligations of the depository and any third parties employed by us or the other entities listed above, run only to persons who are registered as holders of our debt securities as specifically provided for in a contract governing the debt securities. For example, once we make payment to the registered holder, we have no further payment obligation even if that registered holder is legally required to pass the payment along to you as a street name customer but does not do so.

Street Name and Other Indirect Holders

Holding debt securities in accounts at banks or brokers is called holding in “street name.” If you hold our debt securities in street name through a broker, or the financial institution that the bank or broker uses to hold the debt securities, as a holder. These intermediary banks, brokers, other financial institutions and depositories pass along principal, interest, dividends and other payments, if any, on the debt securities, either because they agree to do so in the contract or they are legally required to do so. This means that if you are an indirect holder, you will need to coordinate with the institution through which you hold the security in order to determine how the provisions involving holders described in this prospectus and any prospectus supplement will actually apply to you. For example, if you which you hold a beneficial interest in street name can be repaid at the option of the holder, you cannot redeem it yourself by following the procedures in the prospectus supplement relating to that security. Instead, you would need to cause the institution through which you hold your interest to take those actions. These institutions may have procedures and deadlines different from or additional to those described in the applicable prospectus supplement.

If you hold our debt securities in street name or through other indirect means, you should check with the institution through which you hold the securities out, among others:

- how it handles payments and notices with respect to the debt securities;
- whether it imposes fees or charges;
- how it handles voting, if applicable;
- how and when you should notify it to exercise on your behalf any rights or options that may exist under the debt securities;
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a direct holder; and
- how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act.

Global Securities

A global security is a special type of indirectly held security. If we issue debt securities in the form of global securities, the ultimate beneficial owners are the holders. We do this by requiring that the global security be registered in the name of a financial institution we select and by requiring that the security not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that holds the global security is called the “depository.” Any person wishing to own a security issued in global form must do so

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indirectly through an account with a broker, bank or other financial institution that in turn has an account with the depository. The applicable laws relating to securities transfers. We will not recognize you as a holder of the debt securities and instead will deal only with the depository, whether the debt securities will be issued only as global securities.

As an indirect holder, your rights relating to a global security will be governed by the account rules of your financial institution and other laws relating to securities transfers. We will not recognize you as a holder of the debt securities and instead will deal only with the depository.

You should be aware that if our debt securities are issued only in the form of global securities:

- you cannot have the debt securities registered in your own name;
- you cannot receive physical certificates for your interest in the debt securities;
- you will be a street name holder and must look to your own bank or broker for payments on the debt securities and protection of your securities;
- you may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required to hold securities in the form of physical certificates;
- the depository's policies will govern payments, dividends, transfers, exchange and other matters relating to your interest in the debt securities. Any registrar have no responsibility for any aspect of the depository's actions or for its records of ownership interests in the debt securities. The registrar also do not supervise the depository in any way; and
- the depository will require that interests in a global security be purchased or sold within its system using same-day funds for settlement.

In a few special situations described below, a global security representing our debt securities will terminate and interests in it will be transferred to you, representing the debt securities. After that exchange, the choice of whether to hold debt securities directly or in street name will be up to you. You should contact us to find out how to have your interests in the debt securities transferred to your name, so that you will be a direct holder.

Unless we specify otherwise in the applicable prospectus supplement, the special situations for termination of a global security represent:

- the depository has notified us that it is unwilling or unable to continue as depository for such global security or the depository is not registered under the Securities Exchange Act of 1934, as amended, at a time when such depository is required to be so registered; and in each case, we do not or cannot appoint a successor depository within 90 days;
- we decide in our sole discretion to allow some or all book-entry securities to be exchangeable for definitive securities in registered form;
- upon request by holders, in case that an event of default with respect to the debt securities of the applicable series has occurred.

The applicable prospectus supplement may also list additional situations for terminating a global security that would apply only to the debt securities covered by such prospectus supplement. When a global security terminates, the depository (and not us, the trustee or any registrar) is responsible for identifying the institutions that will be the initial direct holders.

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ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands because of the following benefits found there:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws protect investors; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us and our directors and shareholders, be arbitrated.

Substantially all of our current operations are conducted in China, and substantially all of our assets are located in China. We have appointed a local agent, which is located at 111 Eighth Avenue, 13th Floor, New York, NY 10011, as our agent upon whom process may be served in any action brought in the United States. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial number of our assets are located outside the United States. As a result, it may be difficult for an investor to effect service of process within the United States upon them. Consequently, judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States, may not be enforceable against us.

Maples and Calder, our counsel as to Cayman Islands law, and Han Kun Law Offices, our counsel as to PRC law, have advised us that the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States.

Maples and Calder has advised us that there is no statutory recognition in the Cayman Islands of judgments obtained in the United States. Consequently, the courts of the Cayman Islands will in the circumstances described below, recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction only if there is no binding authority on this point, this is likely to include, in certain circumstances, a non-penal judgment of a United States court imposed upon us under the civil liability provisions of the U.S. federal securities laws.

Maples and Calder has further advised us that a judgment obtained in the United States will be recognized and enforced in the courts of the Cayman Islands without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands if (1) is given by a foreign court of competent jurisdiction; (2) imposes on the

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judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (3) is final; (4) is not in respect of taxes, a fine or a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. The Grand Court proceedings if concurrent proceedings are being brought elsewhere. Neither the United States or the PRC has a treaty with the Cayman Islands and enforcement of judgments of courts of the United States or the PRC, respectively, in civil and commercial matters.

Han Kun Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Law may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties or the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

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PLAN OF DISTRIBUTION

We may sell the securities described in this prospectus from time to time in one or more of the following ways:

- to or through underwriters or dealers;
- directly to one or more purchasers;
- through agents; or
- through a combination of any of these methods of sale.

The prospectus supplement with respect to the offered securities will describe the terms of the offering, including the following:

- the name or names of any underwriters or agents;
- any public offering price;
- the proceeds from such sale;
- any underwriting discounts or agency fees and other items constituting underwriters' or agents' compensation;
- any over-allotment options under which underwriters may purchase additional securities from us;
- any discounts or concessions allowed or reallocated or paid to dealers; and
- any securities exchanges on which the securities may be listed.

We may distribute the securities from time to time in one or more of the following ways:

- at a fixed price or prices, which may be changed;
- at prices relating to prevailing market prices at the time of sale;
- at varying prices determined at the time of sale; or
- at negotiated prices.

By Agents

We may designate agents who agree to use their reasonable efforts to solicit purchases for the period of their appointment or to sell securities. The name of each agent involved will be named, and any commissions payable by us to such agent will be set forth, in the applicable prospectus supplement.

By Underwriters or Dealers

If we use underwriters for the sale of securities, they will acquire securities for their own account. The underwriters may resell the securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Unless otherwise stated in the prospectus supplement, various conditions will apply to the underwriters' obligation to purchase securities, and the underwriters will be obligated to purchase securities contemplated in an offering if they purchase any of such securities. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time. The underwriter or underwriters with respect to a particular underwritten offering of securities, or, if an underwriter or underwriters, will be set forth on the cover of the applicable prospectus supplement.

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If we use dealers in the sale, unless we otherwise indicate in the applicable prospectus supplement, we will sell securities to the dealer and then resell the securities to the public at varying prices that the dealers may determine at the time of resale.

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Direct Sales

We may also sell securities directly without using agents, underwriters, or dealers.

General Information

We may enter into agreements with underwriters, dealers and agents that entitle them to indemnification against certain civil liabilities under the Securities Act, or to contribution with respect to payments which the underwriters, dealers or agents may be required to make. Underwriters, dealers and agents, of, may engage in transactions with, or perform services for, us or our subsidiaries in the ordinary course of business.

Underwriters, dealers and agents that participate in the distribution of the securities may be underwriters as defined in the Securities Act. Any amounts received by them from us and any profit on the resale of the securities by them may be treated as underwriting discounts and commissions under the Securities Act. Underwriters, dealers or agents used in the offer or sale of securities will be identified and their compensation described in an applicable prospectus.

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We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to legal matters of United States federal securities laws and by Maples and Calder with respect to legal matters of Cayman Islands law and by Han Kun Law Offices with respect to legal matters of PRC law. All legal matters will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Maples and Calder with respect to legal matters governed by Cayman Islands law and Han Kun Law Offices with respect to matters governed by PRC law. Legal matters in connection with the offering will be passed upon for any underwriters or agents by counsel to be named in the applicable prospectus supplement.

EXPERTS

The consolidated financial statements of Baidu, Inc. in Baidu, Inc.'s annual report on Form 20-F for the year ended December 31, 2011 and internal control over financial reporting as of December 31, 2011 have been audited by Ernst & Young Hua Ming LLP, independent registered public accountants, and their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and Baidu, Inc. management's assessment of internal control over financial reporting as of December 31, 2011 are incorporated herein by reference in reliance upon such reports given by Ernst & Young Hua Ming LLP, experts in accounting and auditing. The offices of Ernst & Young Hua Ming LLP are located at Level 16, Ernst & Young Tower, Tower E3, One East Avenue, Dong Cheng District, Beijing 100738, People's Republic of China.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, in accordance with the Exchange Act, we file annual reports and other information with the SEC. Information we file with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents without a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 or visit the SEC website for further information on the operation of the public reference facilities.

This prospectus is part of a registration statement we have filed with the SEC. This prospectus omits some information contained in the registration statement in accordance with SEC rules and regulations. You should review the information and exhibits in the registration statement for further information on us and our business. Statements in this prospectus concerning any document we filed as an exhibit to the registration statement or that we otherwise filed with the SEC are not intended to be comprehensive and are qualified by reference to these filings. You should review the complete document to evaluate these statements.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them. This means that we can disclose important information in our documents. Each document incorporated by reference is current only as of the date of such document, and the incorporation by reference of such document has the implication that there has been no change in our affairs since the date thereof or that the information contained therein is current as of any time thereafter. Information incorporated by reference is considered to be a part of this prospectus and should be read with the same care. When we update the information incorporated by reference by making future filings with the SEC, the information incorporated by reference in this prospectus will be updated and superseded. In other words, in the case of a conflict or inconsistency between information contained in this prospectus and information incorporated by reference in this prospectus, you should rely on the information contained in the document that was filed later.

We incorporate by reference the documents listed below:

- our annual report on Form 20-F for the fiscal year ended December 31, 2011, originally filed with the SEC on March 29, 2012;
- our current report on Form 6-K furnished to the SEC on November 5, 2012 (File No. 000-51469);
- any future annual reports on Form 20-F filed with the SEC after the date of this prospectus and prior to the termination of the offering described in this prospectus; and
- any future reports on Form 6-K that we furnish to the SEC after the date of this prospectus that are identified in such reports as being incorporated by reference in this prospectus.

Copies of all documents incorporated by reference in this prospectus, other than exhibits to those documents unless such exhibits are specifically incorporated by reference in this prospectus, will be provided at no cost to each person, including any beneficial owner, who receives a copy of this prospectus on the written request made to:

IR Department
Baidu, Inc.
Baidu Campus
No. 10, Shangdi 10th Street
Haidian District, Beijing 100085
People's Republic of China
Telephone: +86 (10) 5992-8888

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US\$1,500,000,000

Baidu, Inc.

US\$750,000,000 2.250% Notes due 2017

US\$750,000,000 3.500% Notes due 2022

Joint Bookrunners

J.P. Morgan

Goldman Sachs (A

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Co-Managers

ANZ

Bank of China

Deutsche Bank