

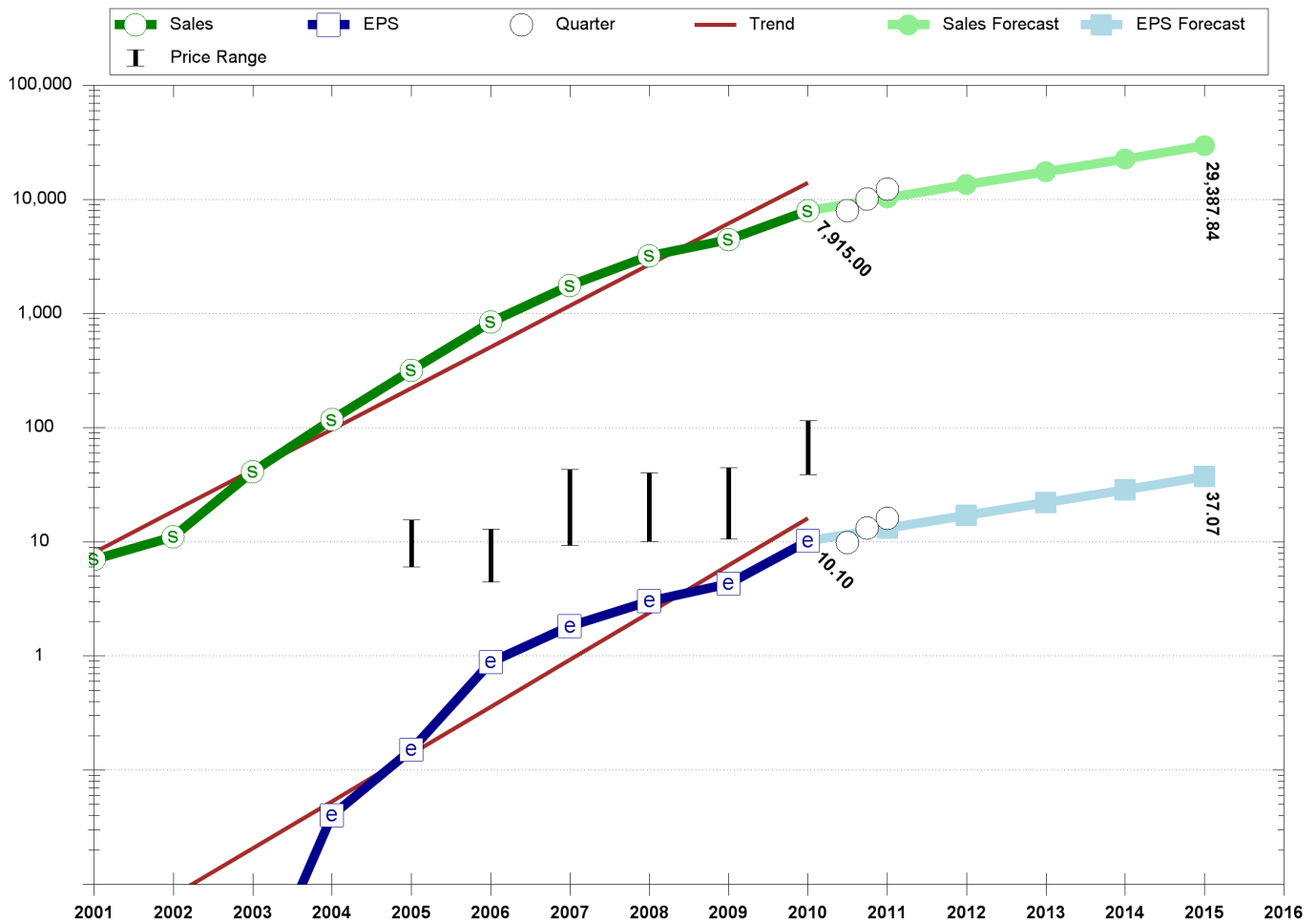
Company	Baidu, Inc.		Date	11/18/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Internet Content & Information	
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	349.0	0.0	59.7		
Debt (\$M)	2,477.8	% to Tot Cap	15.9	% Pot Dil	0.2

## Stock Selection Guide

Symbol: BIDU

### 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 Quarter Ending (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	4,175.5	5.38
Year Ago Quarter	2,255.9	3.00
Percentage Change	85.09%	79.55%



(1) Historical Sales Growth	129.1%	(3) Historical Earnings Per Share Growth	114.9%
(2) Estimated Future Sales Growth	30.00%	(4) Estimated Future Earnings Per Share Growth	29.70%

## 2 EVALUATING Management

Baidu, Inc.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	0.00%	0.00%	-21.89%	10.63%	15.51%	36.93%	35.32%	36.40%	37.84%	51.31%	39.56%
% Earned on Equity (E/S / Book Value)					28.73%	169.41%	223.36%	230.19%	213.15%	275.83%	222.39%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 126.9

HIGH THIS YEAR 165.96

LOW THIS YEAR 94.33

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2006	12.87	4.44	0.88	14.71	5.08	0.000	0.00	0.00
2 2007	42.92	9.28	1.81	23.70	5.12	0.000	0.00	0.00
3 2008	39.77	10.05	3.02	13.17	3.33	0.000	0.00	0.00
4 2009	44.33	10.50	4.27	10.38	2.46	0.000	0.00	0.00
5 2010	115.04	38.47	10.10	11.39	3.81	0.000	0.00	0.00
6 TOTAL		72.7		73.4	19.8		0.0	
7 AVERAGE		14.5		14.7	4.0		0.0	
8 AVERAGE PRICE EARNINGS RATIO 9.3					9 CURRENT PRICE EARNINGS RATIO 9.7			

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 40.00 X Estimate High Earnings/Share 37.00 = Forecasted High Price \$ 1,480.00

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 3.96 X Estimate Low Earnings/Share 10.10 = Forecasted Low Price \$ 40.00

(b) Avg. Low Price of Last 5 Years 14.55

(c) Recent Market Low Price 10.50

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.00$

Selected Forecasted Low Price 40.00

### C ZONING using 25%-50%-25%

Forecasted High Price 1,480.00 Minus Forecasted Low Price 40.00 = 1,440.00 Range. 25% of Range 360.00

Buy Zone 40.00 to 400.00

Hold Zone 400.00 to 1,120.00

Sell Zone 1,120.00 to 1,480.00

Present Market Price of 126.93 is in the **Buy** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{1,480.00 - 126.93}{126.93} = 11.66$   
 $\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{1,480.00 - 126.93}{126.93 - 40.00} = 15.57$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{1,480.00}{126.93} = 11.66$  X 100 = 1,166.00 - 100 = 1,066.00 % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A  $\frac{\text{Present Full Year's Dividend \$ } 0.000}{\text{Present Price of Stock } 126.93} = 0.00 = 0.00\%$  Present Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.00\%}{40.00} = 0.00\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 63.43 %

Average Yield 0.00 %

Annualized Rate of Return 63.43 %