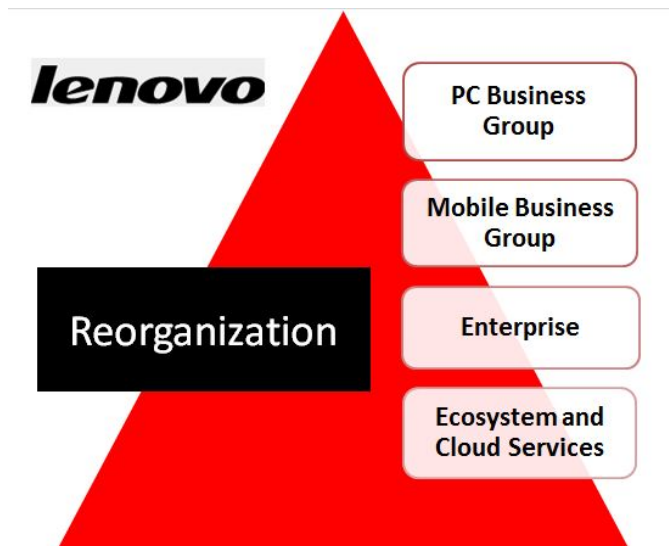


Lenovo Reorganizes in 4 New Groups

Written by Bob Snyder
30 January 2013

The company that just bought IBM's x86 server business and Motorola Mobility in the same month...**Lenovo** continues to have strong business momentum, delivering record revenue and profitability. To accommodate that growth, **Lenovo announces several organizational and senior leadership changes.**



Lenovo will establish four new business groups, effective April 1, 2014. This new structure replaces the company's structure of two business groups (Lenovo Business Group including consumer PC and mobile, and Think Business Group consisting of commercial PCs and enterprise).

PC Business Group(including Lenovo and Think brands), led by **Gianfranco Lanci**, who currently leads Lenovo EMEA. This group will ensure we continue to innovate, drive profits and expand our lead in our core PC business worldwide.

Mobile Business Group(smartphone, tablet, smart TV), led by **Liu Jun**, who currently leads the Lenovo Business Group (consumer and mobile products). This group is focused on making Lenovo a profitable global player in the fast-growing smartphone and tablet and developing our smart TV business.

Enterprise(including servers and storage), will be led by **Gerry Smith**, who currently leads Lenovo's Americas Group. The goal of this group is to aggressively build a new, fast-growing profit engine in enterprise, where we already have a solid foundation. Pending regulatory

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approvals, the business represented by the recently announced acquisition of IBM's x86 server business would be integrated into Smith's organization.

Ecosystem and Cloud Services(including both Android and Windows opportunities), led by **George He**

, senior vice president, Lenovo, who currently serves as Chief Technology Officer. The goal of this group is to continue building our China ecosystem and drive a strategy for monetization and ecosystem expansion.

Geographic sales organizations remain largely the same, with Lanci leading EMEA, Smith leading the Americas, and Chen Xudong (senior vice president, Lenovo, and president, Lenovo China) leading China. The large, diverse Asia Pacific region will be divided with the Mature Markets (including Japan and ANZ) reporting to Lanci and Emerging Markets (the remainder of the geography) reporting to Chen Xudong.

Peter Hortensius, currently head of Lenovo's Think Business Group (Think branded commercial products) is the new head of Research and Technology and Chief Technology Officer, replacing George He in those roles.

As part of this announcement, Liu Jun and Gerry Smith are promoted from Senior Vice President to Executive Vice President. CFO Wong Wai Ming is also promoted to Executive Vice President.

And Gianfranco Lanci is promoted to Executive Vice President and Chief Operating Officer. He will assume additional responsibilities for Integrated Operations, Alliances and managing our regular business reviews and processes. Lanci, once the highest ranked European in the Taiwan PC business as Acer CEO, was ousted by Acer in 2011 and publicly blamed for Acer's misreading of the tablet and mobility business. Despite that public ousting, Acer's not yet rebounded under their all-Taiwanese executive management and Lanci is flourishing at Lenovo.

Lenovo's PC Plus strategy has worked (and its all in the execution): revenue was \$ 9.8B, up 13% YOY, PTI was \$265M, up 30% YTY; Net Income was \$220M, up 36% YTY. This was the 18th consecutive quarter Lenovo outperformed the market.

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Lenovo's second quarter mix of sales from Mobile business (formerly known as Mobile Internet and Digital Home, or MIDH, which includes smartphones, smart TV and much its tablet business) was 15% of total revenues, up from 8% one year ago and 4% two years ago, with steadily improving profitability.

Lenovo shipped more tablets and smartphones (14.6m) than PCs (14m) in the last reported quarter.

In smartphones, they solidified our position as the #2 vendor in China. We were #3 globally (according to Gartner), and maintained profitability for the 4th quarter in a row

In China, Lenovo kept its #2 position in Android tablets in Lenovo's FY13/14 Q2.

Yang Yuanqing, chairman & CEO, Lenovo, says, "Today, Lenovo is in one of the most important and exciting phases in our history. We are the number 1 PC company in the world. We are number 3 in Smart Connected Devices (PC, tablet, smartphone). And we just announced the intent to make an acquisition that will make us a significant competitor in the Enterprise space.

Given that momentum, now is the perfect time to prepare for the next phase in our growth.

To do this, it is necessary to build new businesses and new pillars for our company. We will leverage our strength and competitive advantage in our traditional PC business, while also creating strong, profitable new businesses that can capture the growth opportunities in the market.

The new structure will help us be even faster, more focused and more efficient in providing innovative products and services to an incredibly diverse global market with a wide range of technology needs. We know we must anticipate the next set of opportunities for our company, and we are preparing our organization for the future. This way Lenovo can not only continue as

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the world PC leader, but become a true leader in the PC+ era.”

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