

The Lenovo logo is displayed in a bold, white, lowercase sans-serif font.

NEW WORLD. NEW THINKING.

Lenovo Group Limited

2008/09 Interim Results

November 6, 2008, San Francisco /
November 7, 2008, Hong Kong

The Lenovo logo is displayed in a bold, white, lowercase sans-serif font. The background of the top half of the slide is a dark blue gradient with abstract, flowing light blue lines that create a sense of motion and depth.

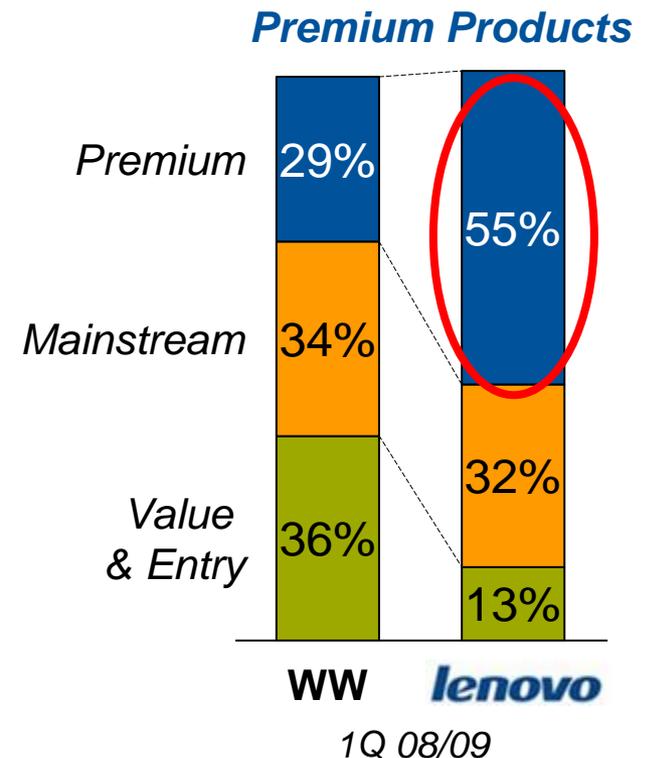
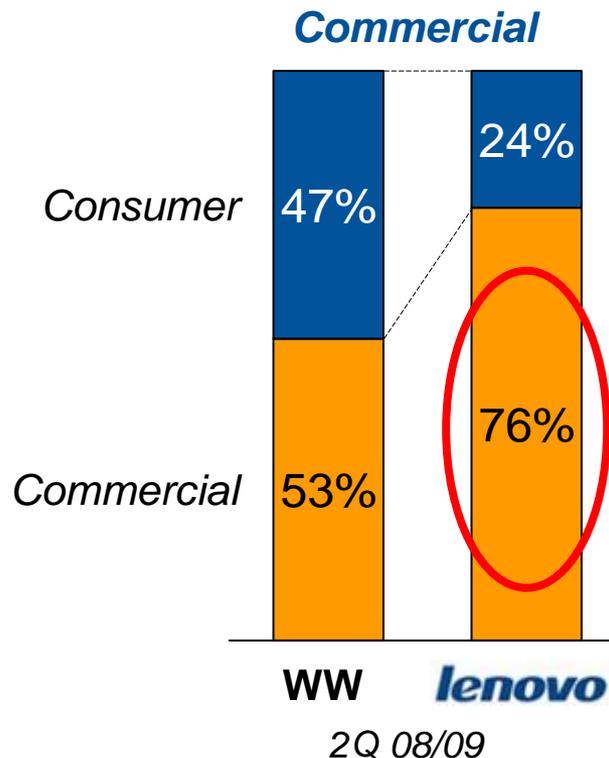
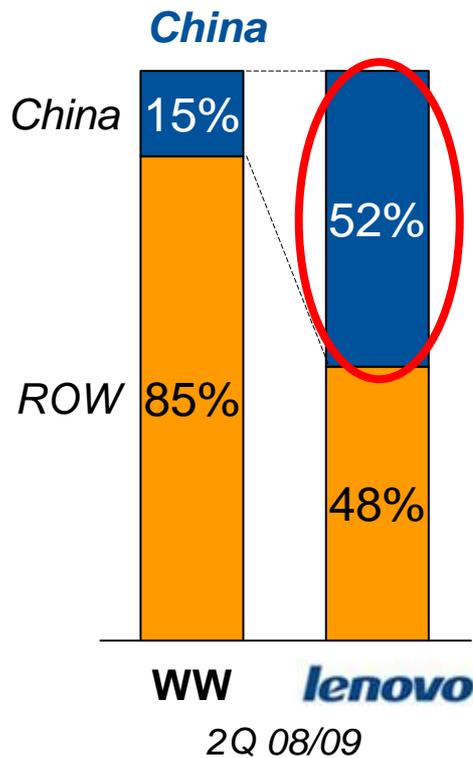
NEW WORLD. NEW THINKING.

William Amelio

President &
Chief Executive Officer

The foundation of Lenovo's business

- China
- Commercial (LE, MM, SMB)
- Premium products

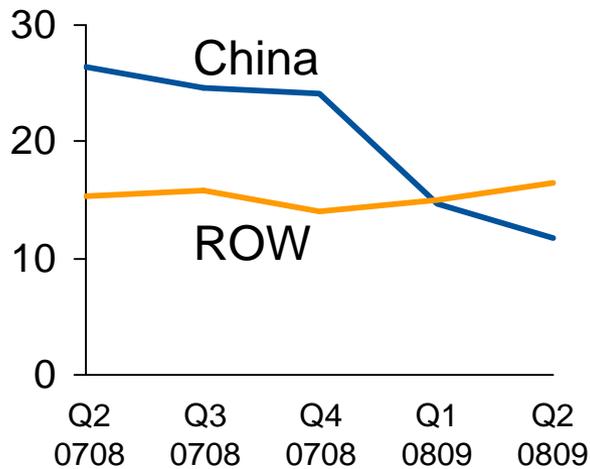


We are witnessing an unprecedented economic environment

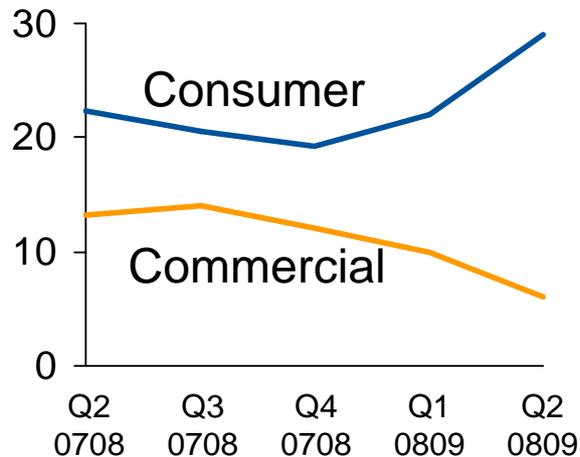
- The China PC market slowed to levels below global growth
- Commercial growth slowed dramatically; consumer business increased
- Dramatic expansion of entry-price category

PC Market Shipment Growth

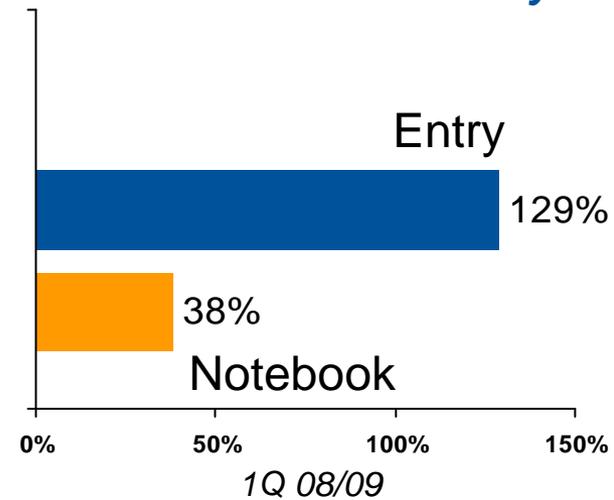
China v. ROW



Consumer v. Commercial



Overall Notebook v. Entry



Strategic Plan: Drive growth & manage profitability

1. Implement global alignment and operational efficiency programs
2. Accelerate expansion into fast-growing segments
 - Netbooks
 - Transaction business
 - Emerging markets
3. Identify & grow businesses/products that drive high profitability
 - Workstations & Servers
 - Services
 - Software & Peripherals

Netbooks

- Outstanding product reviews
- Demand ahead of expectations



Wired Magazine- IdeaPad S10

“The Best Netbook We’ve Seen All Year...Amazing combination of price and performance. Sophisticated, decidedly non-toy-like styling.”

The Street – IdeaPad S10

“Some Love for Lenovo’s New Laptop... Overall, I can highly recommend Lenovo’s S-10 IdeaPad as a great little laptop ...Highly recommended.”

PC World – IdeaPad S10

“Faster than its mini-notebook brethren, the IdeaPad S10 offers enough perks to make it a top pick for serious mobility.”

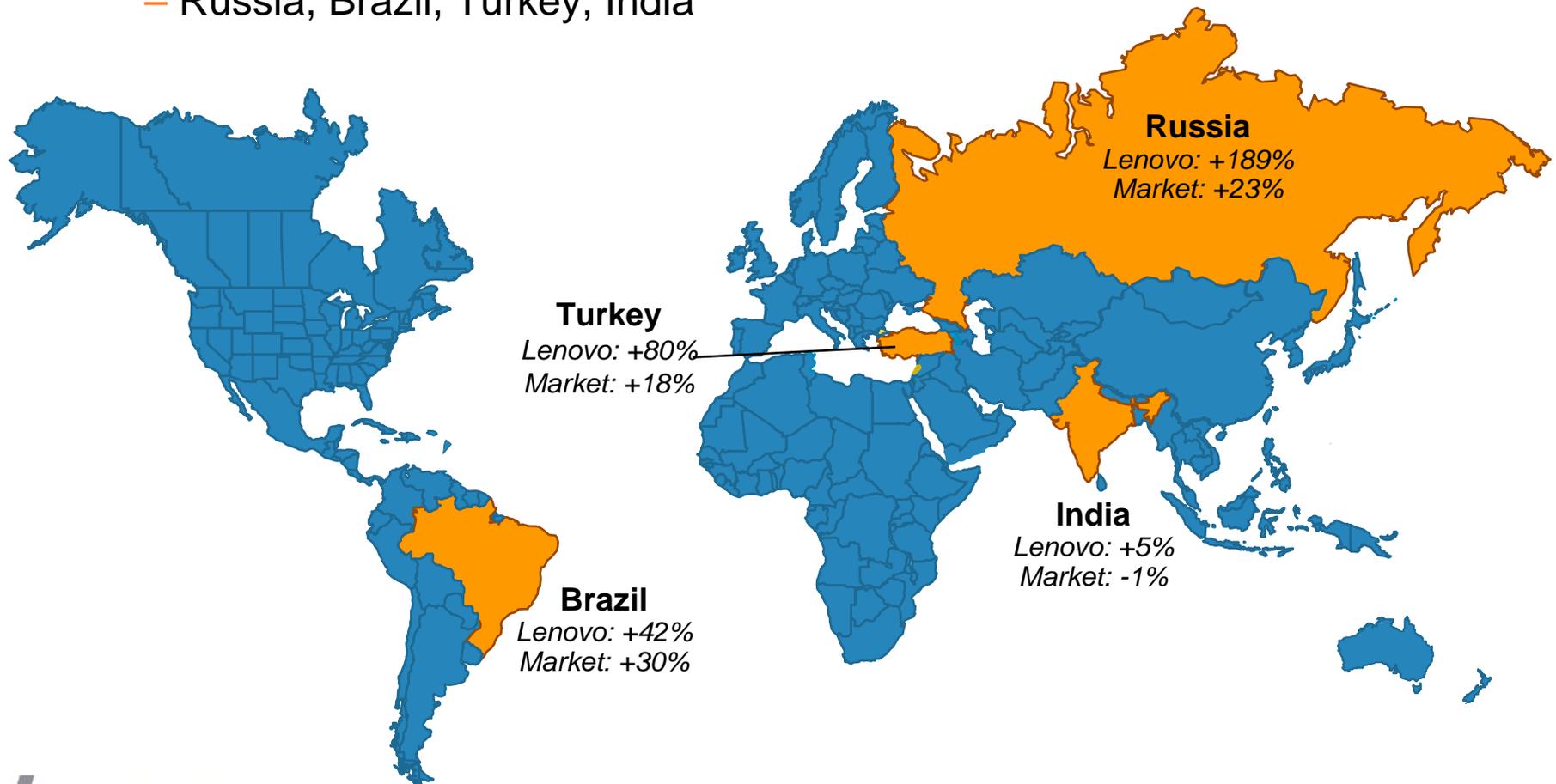


Transaction Business

- Building momentum in fastest-growing segments
 - SMB & consumer
 - Emerging markets
- Replicating best practices across geographies
- Leveraging global campaigns
- 2Q Highlights:
 - Volume: +13% YOY
 - Double digit growth in all geographies (except AP)
 - Strong performance in Greater China and emerging market targets

Emerging Markets

- Strength in China ahead of market for 13th consecutive quarter
- Robust growth in critical targets in 2Q
 - Russia, Brazil, Turkey, India



Workstations & Servers

- ThinkStation
 - ThinkStation well received by press, industry analysts, customers worldwide
 - Strong volume, revenue and profitability
- ThinkServer
 - ThinkServer launched for SMB market; available September 30th
 - Ultimate server experience; expand SMB portfolio of products

ThinkStation



ThinkServer



Services and Software & Peripherals

- Services
 - Expanded portfolio of offerings
 - Recognition for excellence in customer satisfaction (TBR)
 - #1 in notebook customer satisfaction in 2Q08
 - #1 in desktop customer satisfaction in 2Q08 (first time in Lenovo's history)
 - Contract signings up 23% YOY
- Software & Peripherals
 - Strong growth in Greater China
 - Broad/innovative portfolio of offerings
 - Expanded routes to market
 - New and expanding partnerships

#1

*Notebook
Customer
Satisfaction*

#1

*Desktop
Customer
Satisfaction*



Building the Future

- Execute against strategic initiatives
 - Operational excellence
 - Customer intimacy
 - Priority businesses
 - Profitable scale
 - Brand
- Engineer the best products & services
- Balanced approach to growth & profitability
 - Strictly manage global alignment & operational efficiency
 - Penetrate high growth markets
 - Netbooks, transaction model, emerging markets
 - Identify & grow high profit opportunities
 - Workstations & Servers, Services, Software & Peripherals



The Lenovo logo is displayed in a bold, white, lowercase sans-serif font.

NEW WORLD. NEW THINKING.

Wong Wai Ming

Senior Vice President &
Chief Financial Officer

Lenovo Q2 FY08/09 Results Highlights

- PC unit shipment up 7.4%, with WW market share at 7.4%*
- Continues to deliver results in our key business segments – China and WW Commercial
- Global financial crisis and slower growth in China impacted our growth compared to the industry
- Aggressive pricing and currency impact harmed GP margin
- Prudent expense management to drive E/R ratio down

* Industry estimates

Financial Summary

US\$ Million	Q2 FY2008/09	Q2 FY2007/08	Y/Y	Q/Q	Interim 2008/09	Y/Y
Continuing Operations						
Sales	4,326	4,310	+ 0.4%	+ 2.7%	8,539	+ 5.1%
Gross Profit	545	645	- 15.4%	- 8.3%	1,140	- 5.8%
Operating Expenses	(492)	(523)	- 6.0%	+ 5.2%	(960)	+ 0.5%
Other (Expense)/income, net	(0)	0			1	
Operating Profit before Restructuring Cost	53	122	- 55.9%	- 57.9%	181	- 29.3%
Other Non-Operating Income	10	5			19	
Pre-tax Income before Restructuring Cost	63	127	- 50.2%	- 53.9%	200	- 22.7%
Restructuring Cost	(24)	(2)			(24)	
Pre-tax Income	39	125	- 68.7%	- 71.4%	176	- 17.0%
Taxation	(16)	(18)			(42)	
Profit from Continuing Operations	23	107	- 78.2%	- 78.8%	134	- 25.1%
Loss from Discontinued Operations	-	(2)			-	
Profit attributable to Shareholders	23	105	- 77.7%	- 78.8%	134	- 22.2%
EPS (US cents)						
- Basic	0.27	1.22	-78.8%	-78.3%	1.51	-24.3%
- Diluted	0.25	1.12	-78.6%	-78.1%	1.38	-25.8%
Dividend per Share (HK cents)	3.00	3.00			3.00	

	Q2 2008/09	Q2 2007/08	Q1 2008/09
Gross margin	12.6%	15.0%	14.1%
Expense-to-revenue ratio*	11.4%	12.1%	11.1%
Operating margin*	1.2%	2.8%	3.0%
PTI margin*	1.5%	2.9%	3.2%
Net profit margin	0.5%	2.4%	2.6%

Condensed Balance Sheet

US\$ Million	As at Sept 30, 2008	As at Mar 31, 2008
Non-current assets	2,514	2,494
Property, plant and equipment	359	365
Intangible assets	1,867	1,838
Others	288	291
Current assets	4,997	4,705
Bank deposits and cash	1,985	2,191
Account receivables	2,313	1,999
Inventories	636	472
Others	63	43
Current liabilities	4,893	4,488
Short-term bank loans	16	61
Account payables	4,723	4,273
Current portion of non-current liabilities	146	49
Others	8	105
Net current assets	104	217
Non-current liabilities	1,015	1,098
Total equity	1,603	1,613

Cash and Working Capital

US\$ Million

	Q2 2008/09	Q2 2007/08	Q1 2008/09
Bank deposits and cash	1,985	1,882	2,298
Total bank borrowings	516	181	513
Net cash reserves	1,469	1,701	1,785
Days inventory	15	9	13
Days receivable	30	22	28
Days payable	68	60	64
Cash conversion cycle	-23 days	-28 days	-23 days

Geography Performance (Q2 FY2008/09)

Greater China

- Shipment up 12% YTY
- PRC market share up 0.3 pt to 29.2%
- Refresh storefront, expand channel partnership

EMEA

- Shipment up 18% YTY
- Solid performance in mid-market segment and transaction business
- Negative currency impact

Americas

- Shipment down 4% YTY
- Aggressive pricing & slowing commercial spending reduce sales
- Consumer PC roll-out on track

Asia Pacific (ex. GC)

- Shipment down 10% YTY
- India started to gain traction in sales and profitability
- Execution issues in Japan offset higher growth in other areas

Geography Summary (Excluding restructuring charges)

	Sales US\$mn			Segment Operating Profit US\$mn			Segment Operating Profit Margin		
	Q2 09	Y/Y	Q/Q	Q2 09	Q2 08	Q1 09	Q2 09	Q2 08	Q1 09
Greater China	1,899	11.4%	10.4%	108	104	117	5.7%	6.1%	6.8%
Americas	1,070	-9.4%	-2.1%	9	21	4	0.9%	1.8%	0.3%
EMEA	890	0.6%	-1.5%	(12)	44	20	-1.4%	5.0%	2.2%
AP (ex GC)	467	-13.4%	-5.9%	(23)	8	7	-4.9%	1.5%	1.5%

* Continuing operations

Product Performance (Q2 FY2008/09)

- **Notebook**

- Sales up 4% YTY, 60% of share
- Shipment up 21% YTY
- Successful launch of new models
 - IdeaPad “Netbook” for consumers
 - ThinkPad SL series for SMB

- **Desktop**

- Sales down 5% YTY, 38% of share
- Shipment down 3% YTY
- Held share in the market
- First-time No. 1 ranking in TBR’s corporate desktop

Outlook

- Expect challenging market environment to continue
- Expand into high-growth segments to position for future success
- Continue expense management to reduce costs
- Prudent financial management policy and strong cash position

The Lenovo logo is displayed in a bold, white, lowercase sans-serif font.

NEW WORLD. NEW THINKING.

Yang Yuanqing

Chairman of the Board

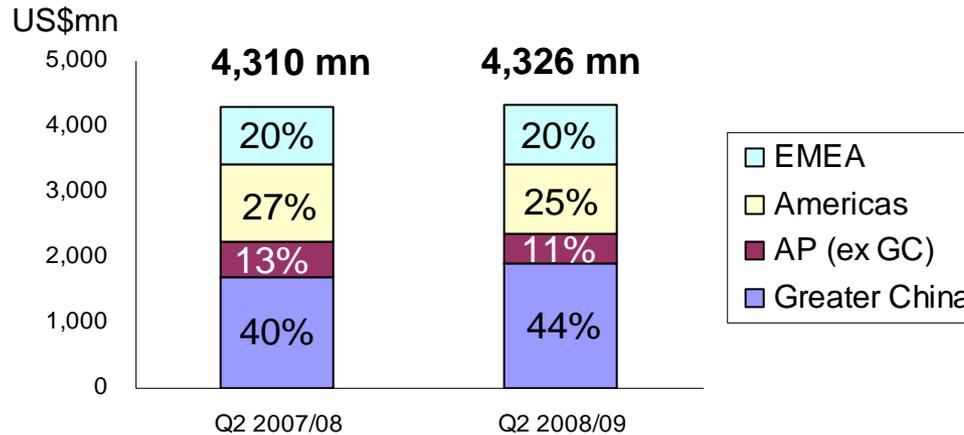
The Lenovo logo is displayed in a white, lowercase, sans-serif font. The background of the top half of the slide is a dark blue gradient with abstract, flowing light blue lines.

NEW WORLD. NEW THINKING.

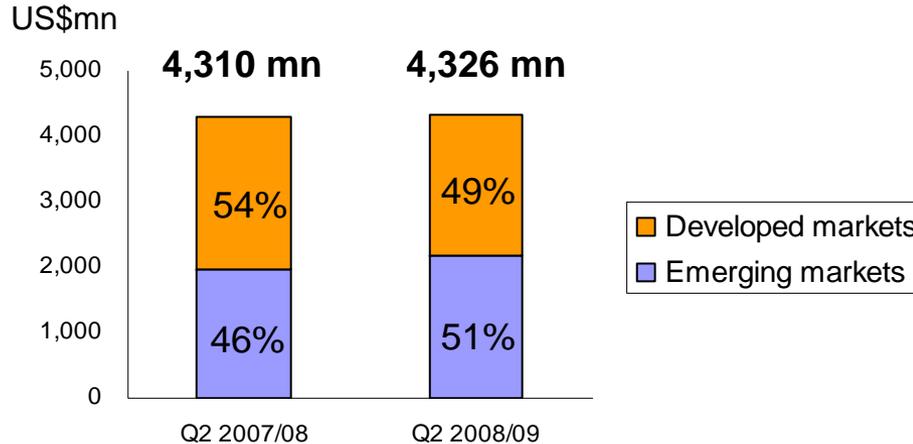
Appendix

- Sales Breakdown
- Income Statement
- Cash Flow Statement

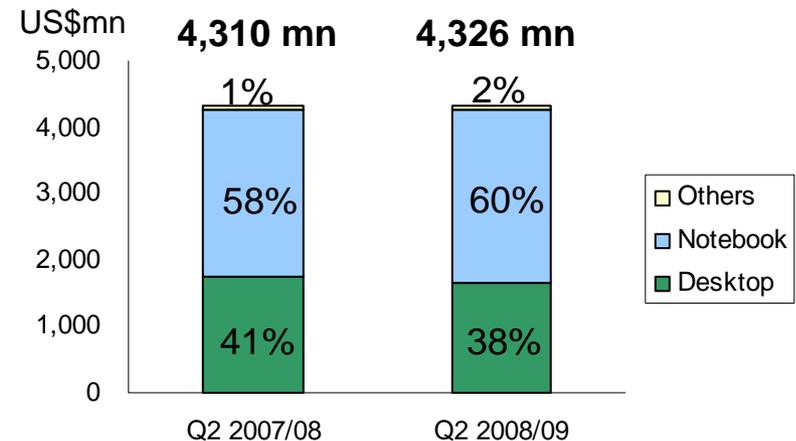
Sales Breakdown*



Balanced geographic mix



Increasing emerging markets presence



Higher notebook mix

Consolidated Income Statement

US\$ Million	Q2 2008/09	YTD 2008/09	Q2 2007/08	YTD 2007/08
Continuing operations:				
Sales	4,326	8,539	4,310	8,123
Cost of sales	(3,781)	(7,399)	(3,666)	(6,914)
Gross profit	545	1,140	645	1,210
Other (expense)/income, net	(0)	1	0	2
Selling and distribution expenses	(271)	(521)	(304)	(558)
Administrative expenses	(158)	(332)	(143)	(272)
Research and development expenses	(47)	(101)	(58)	(106)
Other operating expenses - net	(40)	(30)	(20)	(66)
Operating profit	29	157	120	209
Finance income	19	38	14	20
Finance costs	(9)	(19)	(10)	(18)
Share of gain/(losses) of associated companies	0	(0)	0	0
Profit before taxation	39	176	125	212
Taxation	(16)	(42)	(18)	(33)
Profit from continuing operations	23	134	107	179
Losses from discontinued operations	-	-	(2)	(7)
Profit for the period	23	134	105	172
Profit attributable to:				
Shareholders of the Company	23	134	105	172
Dividend		36		35
Earnings per share				
- Basic	0.27 US cents	1.51 US cents	1.22 US cents	2.00 US cents
- Diluted	0.25 US cents	1.38 US cents	1.08 US cents	1.81 US cents



Condensed Cash Flow Statement

US\$ Million	2008/09 Q2	2007/08 Q2
Net cash (used in)/generated from operating activities	(118)	503
Net cash generated from/(used in) investing activities	112	(58)
Net cash used in financing activities	(146)	(33)
(Decrease)/increase in cash and cash equivalents	(152)	412
Decrease in cash and cash equivalents from discontinued operations	-	(1)
Effect of foreign exchange rate changes	(5)	(36)
Cash and cash equivalents at the beginning of the period	1,469	1,507
Cash and cash equivalents at the end of the period	1,312	1,882



LENOVO POWERS THE WORLD'S BIGGEST IDEA