



[For Immediate Release]

LENOVO REPORTS THIRD QUARTER FY2006/07 RESULTS

- Revenue of US\$4.0 billion in 3Q FY2006/07
- EBITDA (excluding restructuring charges) of US\$128 million
- Pre-tax income of US\$64 million
- Profit attributable to shareholders of US\$58 million
- Basic EPS of 0.67 US cents, or 5.2 HK cents
- Net cash reserves of US\$1.3 billion (as of December 31, 2006)

HONG KONG, February 1, 2007 – Lenovo Group today reported results for the third fiscal quarter ended December 31, 2006. Lenovo's consolidated revenue for the third quarter increased slightly year over year to US\$4.0 billion.

During the third fiscal quarter, Lenovo's worldwide PC shipments grew approximately 8 percent, ahead of the industry average of approximately 7 percent. For the same period, Lenovo reported pre-tax income of US\$64 million and basic earnings per share for the third quarter of 2006/07 of 0.67 US cents, or 5.2 HK cents. Net cash reserves as of December 31, 2006, totaled US\$1.3 billion.

"Continued high growth in our China business enabled Lenovo to hold global market share," said Yang Yuanqing, Lenovo's chairman. "All of our geographies except the Americas reported profitability this quarter in a very competitive market. While we are pleased with these accomplishments, we must continue to work diligently to address our most critical challenges of lower expense-to-revenue ratio and operational efficiency. Transformation takes time, but we are confident that we have the right plan in place to achieve our goals and deliver enhanced shareholder returns."

William J. Amelio, Lenovo's president and chief executive officer, said, "During the quarter, we made tangible progress toward our operational goals, although we still have much to accomplish. We remain sharply focused on our four strategic initiatives: rolling out the transaction model, improving product competitiveness, enhancing our supply chain and building our brand around the world. These are the key to delivering the revenue and profit momentum, cost reductions and enhanced efficiency that will make Lenovo an even stronger global competitor."

GEOGRAPHIC OVERVIEW

- During the third quarter, Lenovo continued to lead the PC market in **Greater China**, with shipments to the region increasing 17 percent. Consolidated revenue for the third fiscal quarter totaled US\$1.6 billion, or 40 percent of the Company's total revenue, including the Company's mobile handset business, which is conducted primarily in China.
- Lenovo PC shipments in the **Americas** decreased 4 percent in the third fiscal quarter. Consolidated revenue in the Americas totaled US\$1.0 billion in the third quarter, or 26 percent of total revenue.
- In the Europe, Middle East and Africa region (**EMEA**), shipments increased 3 percent in the third fiscal quarter. Consolidated revenue in EMEA totaled US\$913 million in the third quarter, or 23 percent of total revenue.

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- Shipments for the **Asia Pacific** business (excluding Greater China) decreased 1 percent in the third fiscal quarter. Consolidated revenue in Asia Pacific totaled US\$460 million in the third quarter, or 11 percent of total revenue.

PRODUCT OVERVIEW

- Lenovo's **Notebook** shipments in the third fiscal quarter were up 20 percent year over year, and consolidated revenue was US\$2.1 billion, or 52 percent of the Company's total revenue.
- Lenovo's **Desktop** shipments were up 2 percent year over year in the third fiscal quarter. Consolidated revenue was US\$1.7 billion in the third quarter, or 43 percent of the Company's total revenue.
- Shipments of Lenovo's **Mobile Handset** business (conducted primarily in China) decreased 6 percent in the third fiscal quarter and consolidated revenue of US\$146 million, or 4 percent of the Company's total revenue.

About Lenovo Group Ltd.

Lenovo (HKSE: 992) (ADR: LNVGY) is dedicated to building the world's best-engineered personal computers. Lenovo's business model is built on innovation, operational efficiency and customer satisfaction as well as a focus on investment in emerging markets. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division, the company develops, manufactures and markets reliable, high-quality, secure, and easy-to-use technology products and services worldwide. Lenovo has major research centers in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Raleigh, North Carolina. For more information, see www.lenovo.com.

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