



[For Immediate Release]

LENOVO REPORTS SECOND QUARTER 2007/08 RESULTS

- Quarterly revenue jumps 20% to US\$4.4 billion
- Quarterly EBITDA (excluding restructuring) of US\$210 million, up 135%
- Quarterly pre-tax income (excluding restructuring) of US\$125 million, up 177%
- Quarterly profit attributable to shareholders (including impact of restructuring) of US\$105 million, up 178%
- Quarterly basic EPS of 1.22 US cents, or 9.47 HK cents, up 177%
- Net cash reserves of US\$1.7 billion (as of September 30, 2007)

HONG KONG, Nov. 1, 2007– Lenovo Group today reported results for its second fiscal quarter of 2007/08 ended Sept. 30, 2007. Consolidated revenue for the quarter jumped 20%, year over year, to US\$4.4 billion, driven by growth in all of Lenovo's operating geographies. For the third consecutive quarter, Lenovo PC shipments exceeded the average growth rate of the global PC market, with year-over-year growth of 23% far outpacing the industry's average growth rate of 15.7%.

The company's gross profit margin for the second quarter of 2007/08 was 15.1%, compared to 13.0% in the same period a year ago, and up 0.2 percentage points sequentially. Net cash reserves as of Sept. 30, 2007, totaled US\$1.7 billion. Lenovo's Board of Directors has declared an interim dividend of 3.0 HK cents or 0.39 US cents per share.

"Our strong performance in the second quarter once again proved that Lenovo has successfully completed the integration phase of our acquisition, and we are now entering a new phase of profitable growth," said Lenovo Chairman Yang Yuanqing. "In this new phase, we will continue to strengthen the competitiveness of our products and improve operational efficiency, so as to further enhance profitability. We will also continue to tap the growth potential of the PC industry, especially in China and other emerging markets, the SMB and consumer segments in mature countries, and the notebook market worldwide. Our work in all of these market segments is now in full swing."

William J. Amelio, Lenovo's president and chief executive officer, said, "Our second quarter performance demonstrates that our business strategy continues on track, and that we're executing effectively around the world. We achieved market share gains in both desktop and notebook PCs, and all of our geographies posted double-digit revenue increases. Through growing market acceptance, customers clearly are recognizing the value we deliver through our best-engineered PCs and unequalled ownership experience.

"By making substantial progress on all of our critical priorities over the past few quarters, we're now a stronger, healthier company," Amelio added. "One important sign of this progress is our decision to completely transition our Think products from the IBM brand to the Lenovo brand two years earlier than planned. Concurrently, we've recently launched our own 'Best Engineered PCs' advertising campaign and global sponsorship of the Beijing 2008 Summer Olympic Games to promote our brand worldwide."

GEOGRAPHIC OVERVIEW

- Lenovo **Greater China** posted US\$1.8 billion in consolidated revenue in the second quarter, up 26.5% year to year, as the Company's growth in PC shipments outpaced the

industry average for the Greater China market. China business accounted for 41% of total revenue in the quarter.

- The **Americas** accounted for US\$1.2 billion in consolidated revenue, or 27% of total revenue. The continued rollout of the transaction model contributed to success in the region which experienced double-digit volume and revenue growth year over year. Lenovo PC shipments in the Americas during the quarter increased 12%.
- In the Europe, Middle East and Africa region (**EMEA**), shipments increased 16% in the second fiscal quarter. For the same period, consolidated revenue totaled US\$885 million, or 20% of total revenue.
- Shipments for the **Asia Pacific** business (excluding Greater China) increased 24% in the second fiscal quarter. Consolidated revenue in Asia Pacific totaled US\$539 million in the second quarter, or 12% of total revenue.

PRODUCT OVERVIEW

- Lenovo's **Notebook** computers continued to be the largest contributor to total revenue, providing a commensurate percentage increase to company profit. Notebook shipments in the second fiscal quarter were up 42% year over year, and consolidated revenue was US\$2.5 billion, or 56% of total revenue for the quarter.
- In the second fiscal quarter, Lenovo's **Desktop** shipments rose 12% year over year posting strong volume and revenue share gains. Consolidated revenue was US\$1.8 billion in the quarter, or 40% of total revenue.
- Shipments of Lenovo's **Mobile Handsets**, conducted primarily in China, showed a decrease of 17% in the second fiscal quarter. Handset shipments generated consolidated revenue of US\$122 million, or 3% of total revenue, continuing the trend of this business representing a smaller percentage of total company revenues sequentially and year over year.

2007/08 INTERIM RESULTS

For the six months ended September 30, 2007, consolidated revenue increased 16 percent year over year to US\$8.4 billion. During the first half of the fiscal year, Lenovo's PC shipments grew approximately 23% year over year. In the same period, pre-tax income (excluding restructuring charges taken during the six-month period) totaled US\$247 million. Lenovo reported profit attributable to shareholders of US\$172 million and basic earnings per share for the interim 2007/08 period of 2.00 US cents, or 15.52 HK cents.

ABOUT LENOVO

Lenovo (HKSE: 992) (ADR: LNVGY) develops, manufactures and markets high-quality, secure and easy-to-use technology products and services worldwide and is dedicated to building the world's best-engineered personal computers. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division, Lenovo's heritage in both emerging and developed markets has resulted in a New World Company business model where ideas, operations and resources are borderless and mobile. With four operational hubs in Beijing, Raleigh, Singapore and Paris, Lenovo has major research centers in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Raleigh, North Carolina, as well as a marketing center in Bangalore, India. For more information, see www.lenovo.com

#

Contacts:

Hong Kong

Angela Lee
(852) 2516-4810
angelalee@lenovo.com

Beijing

Jay Chen
(8610) 5886-2552
chenji@lenovo.com

U.S.

Ray Gorman
(919) 257-6325
rgorman@us.lenovo.com

LENOVO GROUP
FINANCIAL SUMMARY
For the fiscal quarter and half-year ended September 30, 2007

(in US\$ millions, except per share data)

| | Q2 07/08 | Q2 06/07 | Y/Y % CHG | 1H 07/08 | Y/Y % CHG |
|--|---------------------|---------------------|--------------------------|---------------------|--------------------------|
| Turnover | \$4,432 | \$3,700 | 20% | \$8,358 | 16% |
| Gross Profit | 668 | 480 | 39% | 1,252 | 28% |
| Gross Profit Margin | 15.1% | 13.0% | 2.1pts | 15.0% | 1.4pts |
| Operating Expenses | (548) | (434) | 19% | (1,009) | 13% |
| Operating Expense Margin | 12.4% | 11.7% | 0.7pts | 12.1% | (0.3pts) |
| Other Income / (Expenses) * | 5 | (1) | N/A | 3 | N/A |
| Pre-Tax Income before restructuring cost | 125 | 45 | 177% | 247 | 212% |
| Restructuring Costs | (2) | (2) | N/A | (47) | 118% |
| Pre-Tax Income | 123 | 43 | 186% | 201 | 247% |
| Profit Attributable to Shareholders | 105 | 38 | 178% | 172 | 299% |
| EPS (US cents) | | | | | |
| Basic | 1.22 | 0.44 | 177% | 2.00 | 300% |
| Diluted | 1.12 | 0.43 | 160% | 1.86 | 280% |
| EBITDA ** | 210 | 89 | 135% | 391 | 130% |

* Including finance income, finance cost and share of profits/(losses) of associated companies

** Excluding restructuring charges