Lenovo Global Presence

**Mature Market Group**
US, Canada, Japan, Western Europe, ANZ, Israel

**Emerging Market Group**
China, Hong Kong, Taiwan, South Korea, ASEAN, India, Turkey, Eastern Europe, Middle East, Pakistan, Egypt, Africa, Russia, CIS, Mexico, Latin America
Lenovo Corporate Strategy

**Protect**
- China
  1. Expand leadership position
  2. Improve profitability
- Rel WW (Think)
  1. Return to profitability
  2. Maintain/Grow share

**Attack**
- TM WW
  1. Go global & gain share
  2. Use Idea & Think
  3. Invest & move to profitability
- Emerging Market
  1. Focus on TM (SMB & consumer)
  2. Primary leverage of Idea portfolio

**Effective business model**
- Driving speed & efficiency

**Lean cost structure**
- Leverage China infrastructure in TM & EM
- Meet the par with competition in Rel

**Innovation leadership**
- Premium Think
- Creative Idea
- New biz model
- Innovation efficiency
Winning in the Future No. 1 PC Market

WW PC Market Size Forecast (Units Mil)

FY09/10 Q2 China PC Market Share

- China is forecasted to exceed US as the No. 1 PC market
- Lenovo has secured the No. 1 position in China for 12 years consecutively
China PC Market Overview

- The second largest PC market today
  - Expected to surpass the US by 2012
- Recovered from the economic slowdown
  - Shipment increased 28% YTY in calendar Q3 2009
- Consumer and SMB segments account for >80% of the market
  - Consumer notebook segment is the largest growth driver
China PC Market: Customer Segments

- Lenovo Transactional business targets at the 2 main growth segments: Consumer and SMB

Source: IDC, Nov 2009
Pillars of Success in Lenovo China

Unique Business Model
- Dual Model: Transactional & Relationship
- E2E business model
- Speed & efficiency

Effective Channel Strategy
- Extensive coverage
- Industry leading channel management

Best Customer Service
- Best in class service
  - E-care. Call centers. Service stations
- 12 years CCID award

Great Product & Successful Branding
- Great products & coverage
- Most well-known PC brand

People & Team
- Employer of choice
Dual Business Model: Go to Market Approach

Transactional Customers (Consumer, SMB)
- Retailers
  - Promoters → Sell Out
  - Grid Sales → Sell Through-In
  - Product Sales → Sell In
- Distributors
- RKA
- FA
- Tele / Web Sales
- Sales Rep (Product, Grid, STF)
- ISR (Inside Sales Reps)

Relationship Customers (LE, Government, Education)
- Business Partners
- Direct Sales
- Direct Relationship
- ISR (Inside Sales Reps)
- AE (Account Executives)
- Notes:
  - FA - Fulfillment agent
  - LE - Large enterprises
  - RKA - Retail key account
  - STF - Store fronts

Lenovo
Effective Channel Strategy

Most Extensive Coverage

• More than 13,000 sales points
• Over 6,500 Lenovo Exclusive Stores (LES)
• Covering 100% of all Tier 1 - 6 cities

Industry Leading Channel Management

• Daily monitoring of Sell-In / Sell-Out / Channel Inventory
  – Average channel inventory turnover of 16 days
• Exclusivity of channels
  – 80% sell Lenovo products only
• Strong credit and risk management
  – Driving bad debt rate to a minimum
Lenovo Everywhere

Lenovo Storefronts

Lenovo Storefronts

Commercial Experience Centers

Demand Generation Event in Rural Market
Best Customer Service

Most Extensive Service Network
- 1,500+ service stations
- 100% coverage in Tier 1 – 5 cities
- 24x7 E-care service (350 million visits per month)
- 8,000 certified service professionals
  - Including 3,000+ Lenovo engineers
- 800 phone lines handling average of 20,000 calls per day

Industry Recognition
- “Best Customer Service” award by CCID for 12 years
- Certified “COPC” call center 6 years running
- “HDI Level 4” certification (only 2 worldwide)
Great Products and Most Well-known PC Brand

Brand Total Awareness in China

<table>
<thead>
<tr>
<th>Brand</th>
<th>DT</th>
<th>NB</th>
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<tbody>
<tr>
<td>Lenovo</td>
<td>100</td>
<td>98</td>
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<tr>
<td>Dell</td>
<td>70</td>
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<td>Sony</td>
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<td>TCL</td>
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</tbody>
</table>

Source: Millward Brown ACSR, Brand Tracker FY2008/09Q4
Employer of Choice

- China Top 100 Employer Award 2006 & 2007
- Global Top 100 Employer Award 2006

- China University Graduates Best Employer Award
- 2003 - 2009

- Quality Employer Partner Award 2008

Note: CIMA – Chartered Institute of Management Accountants
EMG Half Moon Strategy:
Leverage China Best Practices

- Unique Business Model
- Effective Channel Strategy
- Best Customer Service
- Great Product & Successful Branding
- People & Team

Notes:
HTK: Hong Kong, Taiwan, Korea
EMAT: Eastern Europe, Middle East, Africa, Turkey
RUCIS: Russia, Commonwealth of Independent States (CIS)
Progress in Emerging Markets Group (EMG)

Market Share

- EMG
  - Q2 FY08/09: 13.6%
  - Q3 FY08/09: 14.3%
  - Q4 FY08/09: 12.9%
  - Q1 FY09/10: 15.7%
  - Q2 FY09/10: 16.2%

- Rest of EM (ex. China)
  - Q2 FY08/09: 4.2%
  - Q3 FY08/09: 4.1%
  - Q4 FY08/09: 3.6%
  - Q1 FY09/10: 4.4%
  - Q2 FY09/10: 5.3%
Lenovo in India

FY2009/10 Q2

- Market Size = 2,190K
- Market YTY Growth = -3.1%
- Lenovo YTY Growth = -7.5%

Lenovo’s Market Share in India

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
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</thead>
<tbody>
<tr>
<td>FY08/09</td>
<td>7.8%</td>
<td>7.6%</td>
<td>6.6%</td>
<td>4.7%</td>
<td>5.0%</td>
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<tr>
<td>FY09/10</td>
<td>7.3%</td>
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</tbody>
</table>

- High brand awareness of 93%
- Customer satisfaction score of over 90%
- Introduce new products focusing on Consumer & SMB segments
- Getting closer to consumers in India
  - Increasing city coverage from 300 to 350 by end of 2009
  - Grow current service center network from 140 to 250+ by end of 2009
  - Penetrate deep into Tier 2 – 4 cities
Lenovo in Russia

FY2009/10 Q2

<table>
<thead>
<tr>
<th></th>
<th>FY08/09 Q1</th>
<th>FY08/09 Q2</th>
<th>FY08/09 Q3</th>
<th>FY08/09 Q4</th>
<th>FY09/10 Q1</th>
<th>FY09/10 Q2</th>
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<td>Market Size</td>
<td>2,102K</td>
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<tr>
<td>Market YTY Growth</td>
<td>-31.6%</td>
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<tr>
<td>Lenovo YTY Growth</td>
<td>133.2%</td>
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Lenovo’s Market Share in Russia

- Seized new market growth areas like WiMAX mobile broadband
  - First PC vendor to launch WiMAX enabled notebook
- Continue to grow channel network
- Introduced full range of Idea products for consumer
Summary

• Further expand leadership in China
  – Continue to leverage our unique dual model
  – Strengthen channel coverage
  – Expand product line-up to meet customer needs
  – Focus on sustainable profitability

• Drive growth in other Emerging Markets
  – Replicate our strengths from China
  – Focus on key countries
  – Drive growth in shipments and expand market shares