



LENOVO ACQUIRES MEDION AG TO EXPAND ITS BUSINESS IN WESTERN EUROPE

Agreement combines world's fastest growing major PC Company with major European PC, multimedia products and digital services vendor to accelerate consumer business growth in Europe

Hong Kong and Essen, June 1, 2011: Lenovo, the world's fastest growing major PC Company, today announced that it is acquiring Germany's MEDION AG, a leader in PC, multimedia products, mobile communications service and consumer electronics. The acquisition, when completed, will double Lenovo's market share in Germany and make it the third-largest PC Company in Europe's largest PC market. Together, the combined company will have more than 14% share in the German PC market and approximately 7.5% share in the Western Europe PC market. This agreement also fuels Lenovo's expansion in consumer PCs and the high-growth mobile Internet market.

"This agreement represents another bold move for Lenovo to realize its long-term strategy. It will complement both Lenovo's core PC business and new businesses which are key areas for development," said Yang Yuanqing, Lenovo Chief Executive Officer. "With their strong consumer sales, marketing, services and retail capabilities, MEDION AG's business is perfectly aligned with our consumer growth strategy in Western Europe. Bringing together this 'front end' with Lenovo's 'back end' manufacturing capability and supply chain will make both companies even more successful and competitive. Together, we can build a complete, end-to-end consumer platform that will both accelerate our PC business and give us the capabilities, expertise and relationships needed to win in the mobile Internet space."

The combined companies are also looking to realize the benefits of collaboration, global scale, cost savings and increased synergies in the areas of procurement, global supply chain, software development, distribution channels and product and business model innovation.

"This announcement will strengthen MEDION AG's competitive marketplace position while maintaining the stability, flexibility and existing company structure in Essen," said Gerd Brachmann, founder and CEO of MEDION AG. "I am proud to become a major private investor in the world's fastest growing PC Company. Along with my management team, I look forward to leveraging the synergies and ambitions that our companies share in growing our business together."

Under the terms of the agreement, Lenovo will commence a public offer for all outstanding public shares of MEDION AG for 13 Euros per share in cash. The offer price represents a 29 percent premium over the average closing price for the previous 30 calendar days and a 27 percent premium over the average closing price for the previous 90 calendar days.

Under a separate agreement, Gerd Brachmann has agreed not to participate in the public offer, but to sell 40 percent of MEDION AG's outstanding shares to Lenovo at 13 Euros per share. 80% of the purchase price to Gerd Brachmann shall be paid in cash and 20% in Lenovo shares. The public offer is conditioned upon a minimum participation level of at least 15% of MEDION AG's outstanding shares by shareholders other than Gerd Brachmann.

Gerd Brachmann will stay as a major shareholder – holding 20% of the shares – at MEDION AG.

Last week, Lenovo announced its FY 2010-2011 earnings, surpassing \$21 billion in revenue for the first time and delivering growth in every region, every segment and every product line. The company outgrew the worldwide market 28.2% to 7.4%. Additionally, it strengthened its profitability and market share position in Western Europe and in Germany.

“This agreement with MEDION AG accelerates our penetration into the consumer market in Western Europe and the German market specifically, and provides additional growth opportunities leveraging MEDION AG’s knowledge of the retail market in Western Europe. We believe the complementary market positions of the two companies fit perfectly into our “protect and attack” strategy. We have a proven track record bringing technology companies together in order to realize the economies of scale and operational synergies that increase competitiveness.” added Milko van Duijl, president, Lenovo Mature Markets Group.

After the transaction, both companies expect that all their existing operations, including customer service, product delivery and warranty fulfillment, will continue business as usual. In the near term, MEDION AG and Lenovo will continue to maintain their own product brands and provide sales and support through existing channels.

Lenovo’s and MEDION AG’s Boards of Directors have approved the transaction, which is subject to customary closing conditions including minimum level of participation in the public offer and regulatory approvals. The transaction will be financed from Lenovo’s existing cash resources. The public offer is expected to close in the third quarter of 2011.

Barclays Capital is acting as sole financial advisor to Lenovo in connection with this transaction.

About Lenovo

Lenovo (HKSE: 992) (ADR: LNVGY) is a \$US21 billion personal technology company serving customers in more than 160 countries, and the world’s fourth-largest PC vendor. Dedicated to building exceptionally engineered PCs and mobile internet devices, Lenovo’s business is built on product innovation, a highly-efficient global supply chain and strong strategic execution. 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. Its product lines include legendary Think-branded commercial PCs and Idea-branded consumer PCs, as well as servers, workstations, and a family of mobile internet devices, including tablets and smart phones. Lenovo has major research centres in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Raleigh, North Carolina. For more information see www.Lenovo.com

About MEDION AG

MEDION AG is a listed company with its headquarters in Essen and employs approximately 1,000 staff members. MEDION AG's business model is geared towards making high-quality, innovative and trendy designed consumer electronics products available to broad consumer segments. In addition to its traditional marketing campaign business with consumer electronics products, MEDION AG is increasingly focused on developing and marketing a complementary line of services, particularly in the areas of telecommunications/MEDION AG mobile, downloads and online services.

*** All market statistics are according to IDC as of May 2011**

All shareholding figures exclude treasury shares.

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