

# Lenovo, NEC create Japan's largest PC group

TOKYO, JAPAN: Lenovo and NEC Corporation (NEC) have announced a strategic relationship that creates a joint venture between the two companies and forms the largest PC group in Japan. Both companies are also exploring strategic cooperation in other areas.



The agreement aligns NEC, reputedly Japan's number one PC company, with Lenovo, claimed to be the fastest growing top-five PC maker in the world\*. The new joint venture gives both Lenovo and NEC a unique opportunity to grow their commercial and consumer PC businesses in Japan, the third largest PC market in the world, through a stronger market position, enhanced product portfolios, and expanded distribution channels.

The new joint venture combines NEC's market reputation, product development capabilities, well-regarded customer service and knowledge of customer needs in Japan with Lenovo's heritage of technology expertise, strong global business momentum, and global supply chain reach. It is hoped it will give customers in Japan more innovative products that are faster to market, more attuned to their needs, and competitively priced.

Lenovo and NEC will form NEC Lenovo Japan Group, and under this group, Lenovo and NEC will establish a new organisation known as Lenovo NEC Holdings B.V., registered in the Netherlands. Under the terms of the agreement, Lenovo will hold a 51% stake in the new joint venture, while NEC will hold a 49% stake. Hideyo Takasu, currently president, NEC Personal Products, Ltd., will become president and CEO of the new joint venture, while Roderick Lappin, currently representative director and president, Lenovo (Japan) Ltd., will become executive chairman. Lenovo (Japan) Ltd. and NEC Personal Computers, Ltd., a new company formed as a result of separating NEC's PC business from NEC Personal Products, Ltd. will both become 100% subsidiary companies of the new joint venture. As the result of this transaction and upon closing, NEC will receive from Lenovo US\$175million (about R1.225 billion) through an issue of Lenovo shares.

## Transaction completion expected mid-2011

NEC has long been the leading PC company in Japan with widespread sales, marketing and distribution capabilities. Lenovo, the fourth-largest PC maker in the world\* currently has a major research centre, known as the Yamato Lab, in Yokohama, Japan, and a main sales office in Tokyo. Combining the operations of both companies in Japan will commence immediately with cooperation and collaboration in manufacturing, development and sales. The transaction is expected to close by 30 June 2011.

"The agreement with NEC is a perfect fit for our strategy. It reinforces our commitment to our core PC business while, at the same time, providing important new opportunities for growth in Japan," said Yang Yuanqing, CEO, Lenovo. "We have a long history of innovation in Japan and a firm commitment to the Japanese market. Now, we are combining our global strength and momentum with NEC's market leadership. It is the perfect partnership for us and for our customers."

"Lenovo is the right partner at the right time for NEC, and we believe that we are creating a strategic relationship today that will benefit NEC and our customers for many years to come, said Nobuhiro Endo, president, NEC. "We believe this alliance will further reinforce and expand our PC business in Japan, upholding the NEC brand name and will continue to provide Japanese PC users with products supported by high quality and service. Taking this strategic relationship as a first step, NEC will accelerate expansion of our IT business worldwide."

During and after the transition from independent operations to the joint venture, both companies expect that all their existing PC operations, including customer service, product delivery and warranty fulfilment, will continue as usual. The current product brand names of both NEC and Lenovo will continue, and the joint venture will leverage each company's strength, such as NEC's product development capabilities and Lenovo's procurement resources to develop and to provide the most suitable products to all users in Japan. For consumer products, NEC and Lenovo will continue to maintain their own brands, and provide sales and support through existing routes. For commercial PCs, NEC will continue to market products and support customers through NEC's current channels.

As part of this strategic alignment, Lenovo and NEC have also agreed to discuss further cooperation in other areas, including selling PCs and providing global support to Japanese companies operating outside of Japan (JOCs); developing, producing, and selling devices such as tablets; and selling additional IT platform products such as servers.

## About Lenovo

Lenovo is dedicated to building exceptionally engineered PCs and its business model is built on innovation, operational efficiency, and customer satisfaction as well as a focus on investment in emerging markets. Lenovo has major research centres in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Raleigh, North Carolina. For more information, go to [www.lenovo.com](http://www.lenovo.com).

## About NEC Corporation

NEC Corporation is a leader in the integration of IT and network technologies designed to benefit businesses and people around the world. For more information go to [www.nec.com](http://www.nec.com).

*\* All market statistics are according to IDC as of November 2010*

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