

Lenovo completes acquisition of IBM

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"Within weeks, we will be introducing new products as the new Lenovo," Stephen Ward, Lenovo's chief executive officer, said in a statement.

Lenovo Chairman Yang Yuanqing called the purchase an "historic event" for the company.

The joint venture trails only Dell and Hewlett-Packard in sales, but still gives IBM a hand in the PC business. Under the deal, IBM takes an 18.9 percent stake in Lenovo. Lenovo paid \$1.25 billion for the IBM PC unit and assumed debt, which brought the total cost to \$1.75 billion.

Based on both companies' 2003 sales figures, the joint venture will have an annual sales volume of 11.9 million units and revenue of \$12 billion, increasing Lenovo's current PC business fourfold.

Lenovo will be the preferred supplier of PCs to IBM and will be allowed to use the IBM brand for five years under an agreement that includes the "Think" brand. Big Blue has promised to support the PC maker with marketing via its IBM corporate sales force.

The deal, which was announced in December 2004, has come under regulatory scrutiny over national security concerns. The Committee on Foreign Investments in the United States, which reviews acquisitions of U.S. businesses by companies based outside the country, has reportedly showed concern that Chinese operatives might use an IBM facility for industrial espionage.

However, the Federal Trade Commission indicated in January that it would not raise any objections to the Lenovo deal on the basis of how the sale might effect competition in the market.

The combined venture will have roughly 10,000 IBM employees and 9,200 Lenovo employees. It will be headquartered in New York, with operations in Beijing and in Raleigh, N.C.

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