The Company today announced a series of measures designed to enhance business performance and accelerate profitable growth. Such measures when fully implemented will have the effect of:

1. Achieving cost savings of approximately US$100 million (or about HK$780 million) in the year ending March 31, 2008, the majority of which will be reinvested back into the business to support the Company’s strategic initiatives;

2. Achieving a resource reduction of approximately 1,400 employees (including contractors) of which approximately 750 positions will be transitioned to emerging markets; and

3. Incurring a pre tax restructuring cost of approximately US$50 million to US$60 million (or about HK$390 million to HK$468 million), the majority of which will be reflected in the financial results of the 1st quarter of the Group in the year ending March 31, 2008.

The board of directors (the “Board”) of Lenovo Group Limited (the “Company” and together with its subsidiaries, the “Group”) wishes to inform shareholders of the Company and investors that the Company today announced a series of measures designed to enhance business performance and accelerate profitable growth.

These measures include further strengthening supply chain by streamlining the global supply chain organization and aligning more work closer to the Company’s supply base; integrating software testing into the China operations; further integrating key customer support functions; streamlining sales and marketing organizations; and centralizing teams and aligning multinational investments and resources. These measures when fully implemented will have the effect of:

(a) Achieving cost savings of approximately US$100 million (or about HK$780 million) in the year ending March 31, 2008, the majority of which will be reinvested back into the business to support the Company’s strategic initiatives;

(b) Achieving a resource reduction of approximately 1,400 employees (including contractors) of which approximately 750 positions will be transitioned to emerging markets; and
(c) Incurring a pre tax restructuring cost of approximately US$50 million to US$60 million (or about HK$390 million to HK$468 million), the majority of which will be reflected in the financial results of the 1st quarter of the Group in the year ending March 31, 2008.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

By Order of the Board

Yang Yuanqing
Chairman

New York, April 19, 2007

As of the date of this announcement, the Executive Directors are Mr. Yang Yuanqing, Mr. William J. Amelio and Ms. Ma Xuezheng, the Non-executive Directors are Mr. Liu Chuanzhi, Mr. Zhu Linan, Mr. James G. Coulter, Mr. William O. Grabe, Mr. Shan Weijian, Mr. Justin T. Chang (alternate Director to Mr. James G. Coulter), Mr. Vince Feng (alternate Director to Mr. William O. Grabe) and Mr. Daniel A. Carroll (alternate Director to Mr. Shan Weijian); and the Independent Non-executive Directors are Mr. Wong Wai Ming, Professor Woo Chia-Wei, Mr. Ting Lee Sen and Mr. John W. Barter III.

“Please also refer to the published version of this announcement in the South China Morning Post”