

[Lenovo StoryHub](#) > [Press Releases](#) > [Lenovo Set to Close Acquisition of IBM's x86 Server Business](#)

## Lenovo Set to Close Acquisition of IBM's x86 Server Business

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### Acquisition to strengthen Lenovo's position as global, diversified tech leader, accelerates growth of enterprise and cloud strategies

**Research Triangle Park, North Carolina, and Armonk, New York – September 29, 2014** – Lenovo (HKSE: 992) (ADR: LNVGY) and IBM (NYSE: [IBM](#)) announced today that conditions for Lenovo's acquisition of IBM's x86 server business have been satisfied and the parties anticipate they will begin closing the transaction effective on October 1, 2014. The acquisition will make Lenovo the third-largest player in the \$42.1 billion global x86 server market.[\[1\]](#)

Lenovo is acquiring System x, BladeCenter and Flex System blade servers and switches, x86-based Flex integrated systems, NeXtScale and iDataPlex servers and associated software, blade networking and maintenance operations. IBM will retain its System z mainframes, Power Systems, Storage Systems, Power-based Flex servers, PureApplication and PureData appliances.

"With the close of the x86 acquisition, Lenovo will add a world-class business that extends our capabilities in enterprise hardware and services, immediately making us a strong number three in the global server market," said Yang Yuanqing, chairman and CEO of Lenovo. "Now, our priorities are to ensure a smooth integration and deliver a seamless transition for customers. By combining Lenovo's global reach, efficiency and operational excellence with IBM's legendary quality, innovation and service, we are confident that we will have competitive advantages to help us drive profitable growth and build Lenovo into a global enterprise leader."

The agreement builds upon a strong history of collaboration that began in 2005 when Lenovo acquired IBM's PC business, including the ThinkPad line of PCs. Lenovo's pending acquisition of Motorola Mobility from Google will make it the world's third-largest smartphone maker, while further strengthening its position as a top-three maker of smart connected devices – PCs, tablets and smartphones.

"The acquisition is a clear demonstration of the confidence we have earned based on our consistent track

record as a responsible global investor and as a secure and reliable technology provider,” said Gerry Smith, executive vice president of Lenovo Group and president of Enterprise Business Group and Americas Group. “Lenovo has big plans for the enterprise market. Over time, we will compete vigorously across every sector, using our manufacturing scale and operational excellence to repeat the success we have had with PCs.”

As described in the January announcement of Lenovo's acquisition of IBM's x86 server business, Lenovo and IBM have also established a strategic alliance where Lenovo will serve as an Original Equipment Manufacturer (OEM) to IBM and resell selected products from IBM's industry-leading storage and software portfolio, including IBM's entry and midrange Storwize storage product family, Linear Tape Open (LTO) products, and elements of IBM's system software portfolio, including Smart Cloud, General Parallel File System and Platform Computing solutions. This strategic alliance means Lenovo can now offer these products as part of a more comprehensive enterprise IT solution, allowing it to support a greater range of customer needs in data centers.

Lenovo is buying IBM's x86 server business intact and is committed to following the IBM x86 product roadmap, including Flex and x86-based PureFlex integrated systems. Lenovo will continue to drive innovation in these products. As previously disclosed, upon close, IBM will continue to provide maintenance delivery on Lenovo's behalf for an extended period of time, so customers will experience a seamless transition with no change in their maintenance support.

The global team of the IBM x86 server business will be organized under Lenovo's Enterprise Business Group. Adalio Sanchez led the x86 server business at IBM and will continue in this capacity at Lenovo, as senior vice president of Enterprise Systems, reporting to Gerry Smith.

The purchase price is approximately US\$ 2.1 billion. Approximately US\$ 1.8 billion will be paid in cash at closing after estimated adjustments and approximately US\$ 280 million will be paid in Lenovo stock, based on the closing price of Lenovo's stock on September 26, 2014. The transaction satisfied regulatory requirements and conditions, including clearance by the Committee on Foreign Investment in the United States (CFIUS), the European Commission and the Chinese Ministry of Commerce.

The transition will begin Wednesday in countries that are part of the initial closing, which includes major markets. The transaction is expected to close in most other countries later this year, with the few remaining countries following in early 2015.

## **ABOUT LENOVO**

Lenovo (HKSE: 992) (ADR: LNVGY) is a US\$39 billion personal technology company, the largest PC company in the world, serving customers in more than 160 countries. 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 smartphones. As a global Fortune 500 company, Lenovo has major research centers in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; Sao Paulo, Brazil, and Raleigh, North Carolina. For more information see [www.lenovo.com](http://www.lenovo.com).

#### **About IBM**

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