

Lenovo eyes takeover, with IBM server unit in focus

January 21 2014

Chinese computer giant Lenovo said Tuesday it is in negotiations on a "potential acquisition," following media reports the deal could be for IBM's server division.

In a letter released to shareholders, Lenovo said its board "noted certain articles published in the Internet in relation to a possible acquisition by the company of certain computer server business."

The letter added that Lenovo "is in preliminary negotiations with a third party in connection with a potential acquisition" but that there has been no agreement on any deal.

"The board will make further announcement as and when necessary in compliance with the listing rules and applicable laws when a legally binding agreement is signed or there is substantial development," the statement added.

While Lenovo offered no details, various media reports said the PC maker is in talks with IBM for a purchase of the US firm's server operations.

The Wall Street Journal said a deal would likely involve the "low-end" server business to help the Chinese firm compete in that segment with US rivals Dell and Hewlett-Packard.

The report said Lenovo and IBM renewed talks that began last year when

IBM wanted to sell all or part of the so-called x86 server business. The Journal said Dell also may be interested in the unit.

The reports said Lenovo, which according to surveys has become the largest vendor of PCs, is seeking to diversify away from the slumping segment, and that the [deal](#) could help it get more enterprise customers.

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