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Lenovo plans HQ in N.C.

Chinese computer maker also plans to cut jobs in Raleigh

Associated Press

RALEIGH - Chinese computer maker Lenovo Group Ltd. will move its corporate headquarters to North Carolina and lay off about 5 percent of its global work force as part of a restructuring the company expects will save it \$250 million.

The layoff of 1,000 full-time employees out of its 21,400 workers worldwide will occur over the next six months to a year, the company said Thursday.

Up to 350 positions will be cut in the Raleigh area, where Lenovo last year bought IBM Corp.'s personal computer division, spokesman Ray Gorman said. The remaining jobs will be eliminated around the world with the exception of China, he said.

"We still have some inefficiencies that leave us less competitive than I want us to be," William J. Amelio, Lenovo's president and chief executive officer, said in a conference call. "This plan makes Lenovo a much stronger company."

Lenovo will take a \$100 million charge in the quarter ending March 31 to pay for the restructuring.

The company also announced it will move its corporate headquarters and about 70 jobs from Purchase, N.Y., to Morrisville, near Raleigh. The jobs include corporate legal, finance, human resource, communications, marketing and sales.

Most of the 70 Lenovo employees in Purchase will be offered relocation packages, but the company won't know for weeks how many will move, Gorman said.

Lenovo became the world's third-largest personal computer maker by purchasing IBM Corp.'s PC division last May. It already employs 1,820 workers on IBM's campus in Research Triangle Park, between Raleigh and Durham.

In October, Lenovo Group -- which makes both laptop and desktop PCs -- said it would add 400 jobs and move into a 500,000-square-foot facility it is building five miles away in Morrisville, which is to open in early 2007.

That announcement came with a promise of state and local government incentives worth \$11 million or more, if the company meets its job creation goals.

The Raleigh-Durham area is already considered a major center for Lenovo's international division for research, design and administrative functions for computers such as ThinkPad laptops.

Moving the corporate offices to Morrisville as well will enable "more face-to-face interaction" between corporate staff and operations, Amelio said Thursday.