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## Cravath, Cleary Advise as Lenovo Buys IBM Server Unit

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Almost a decade after paying [\\$1.75 billion to buy the personal computer unit](#) of International Business Machines Corp., [China's Lenovo Group has agreed to acquire](#) the Armonk, N.Y.-based global computing giant's low-end server division for \$2.3 billion.

IBM, the world's largest provider of technology services, [announced Thursday](#) the sale of its "[x86 server business](#)" to Beijing-based Lenovo, which in [late 2012 surpassed Dell and HP](#) as the world's largest personal computer maker. About \$2 billion in cash and \$300 million in stock are changing hands in the transaction.

[George Schoen, a New York-based corporate partner at Cravath, Swaine Moore, is leading a team from the firm advising longtime client IBM on the matter.](#) Schoen says the server unit sale is "nothing out of the ordinary for IBM," which has turned to Cravath to [handle a number of acquisitions](#) and divestitures over the years.

[Cravath's relationship with Big Blue dates back nearly 50 years](#), when IBM hired the firm to handle a long-running antitrust investigation by the Justice Department. Cravath's recent work for the company include a [Schoen-led team handling IBM \\$1 billion acquisition last summer](#) of Israeli fraud protection and security software provider Trusteer.

Cravath also represented IBM last year on its [\\$2 billion purchase of cloud-computing company SoftLayer Technologies](#) and [\\$1.3 billion buy of human resources software provider Kenexa](#). Cravath further [bolstered its IBM ties nearly a year ago this month by hiring](#) the company's former assistant general counsel for patent law and strategy [David Kappos](#), shortly after he stepped down as director of the U.S. Patent and Trademark Office.

Other Cravath lawyers currently working on the IBM server unit sale include employee benefits partner Jennifer Conway, tax partner J. Leonard Teti II, environmental partner Matthew

Morreale, real estate practice area attorney Joyce Law and associates Matthew Cantor, Andrew Carlon, Nicholas Dorsey, Kenneth Gerold, Keith Hallam, Jarrett Hoffman, Rachel Kiwi, James Pickel Jr., Maya Rosenthal-Larrea, Aaron Suh and Allison Wein.

Thursday's deal with Lenovo comes on the heels of [IBM issuing a disappointing fourth quarter earnings report](#) and announcing that its [top executives would forego their bonuses for 2013](#). IBM also announced this month that it would [invest \\$1.2 billion to expand its cloud-computing capabilities](#) and another [\\$1 billion to bolster its supercomputer division](#) amid a broader shift away from hardware and toward the more profitable software and services sectors.

IBM's latest deal with Lenovo—which Cravath's Schoen says has been in the works for several months—is reminiscent in some ways of the one completed a decade ago that **allowed the Chinese company to dramatically increase its presence in the U.S. market** by picking up IBM's ThinkPad division.

A team of lawyers from **Latham Watkins also advised IBM on that transaction** in connection with the company's ultimately successful effort to secure the requisite U.S. security clearances prompted by its decision to sell a significant asset to a Chinese company. (IBM, a major U.S. government contractor, secured a [\\$1 billion cloud-computing contract with the U.S. Department of the Interior last year](#) after losing out to Amazon in the bidding for a [\\$600 million pact with the Central Intelligence Agency](#).)

[Robert Weber](#), an occasional [commentator on in-house and other legal industry issues](#), has served as IBM's general counsel for the past eight years. He did not immediately respond to a request for comment on the names of the in-house lawyers working on Thursday's deal with Lenovo, which is likely to trigger a review by the Committee on Foreign Investment in the U.S.

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