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

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.

Article source: Article Source

Share This:

Twitter Google Facebook Pinterest LinkedIn

Related Posts:
1. Weil, S&C Steer the Way in Ally’s $4.2 Billion Asset Sale to GM
2. Clifford Chance, Davis Polk, Freshfields Advise as EADS Overhauls Ownership Structure
3. In Confusion Over Protection for Former Partners, Dewey Bankruptcy Hits Bump
4. Quinn Emanuel Hit With Employee Overtime Lawsuit
5. With Deadline Approaching, Howrey Trustee Keeps Suing
About Us: Rocketnews is an aggregator of the top online news articles and stories from around the globe. Rocketnews uses news feeds from a variety of online news feed providers including Feedzilla, Yahoo, and the BBC. Additional news feed providers include online media suppliers, local and regional publications, industry journals, companies, governments, universities, PR companies, official organizations, associations, shopping guides, and weblogs. Featured content providers include Reuters, Metacafe, News Corporation, About, BBC, and The Sun.