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PC Market Still Strong In Q4 With Solid Growth Across Regions, According to IDC

FRAMINGHAM, Mass., January 16, 2008 – Worldwide PC shipments grew by 15.5% in the fourth quarter of 2007 (4Q07), according to IDC's Worldwide Quarterly PC Tracker. In EMEA the consumer and back-to-school rush that drove more than 20% growth in 3Q07 subsided, but shipments continued to expand rapidly – outpacing growth in the prior five quarters. Other markets also performed well with growth in the United States rising to 8.8% and stronger than expected results in Japan and Latin America.

On an annual basis, total shipments reached 269.0 million units in 2007 with growth of 14.3%. HP took the top spot with volume of over 50.5 million, with Dell in second with volume of 40.0 million. Acer moved into third with volume of 21.2 million excluding Gateway's business for the first three quarters and 24.6 million including Gateway, followed by Lenovo with 20.2 million.

"Fourth quarter results show a very healthy PC market," said Loren Loverde, director of IDC's Worldwide Quarterly PC Tracker. "There is a lot happening with vendors repositioning their channels and going after new markets while falling prices and portable adoption continue to drive volume. Despite fourth quarter strength, projections for the next couple years anticipate slower growth. Rising concerns about economic growth are likely to reduce expectations further, although we're still likely to see double digit growth through 2008 and probably 2009."

"The better-than-expected growth in the U.S. market can be largely attributed to channel realignment among key players, particularly through the retail expansion of Dell and Acer," said David Daoud, research manager, Personal Computing. "The results, however, do not reflect changes in the fundamentals of demand. Consumers continue to be attracted by mobile platforms and are benefiting from the proliferation of channels and heightened competition, which continue to bring prices down. Going forward, demand could soften further if bad news over the economy persists and consumer confidence worsens."

Regional Outlook

- The **United States** market saw growth rise to nearly 9% as expansion of retail channels and competition among major vendors drove volume. Dell turned a corner, boosting shipments by over 15% and expanding its lead following gains by HP over the past year. Overall market growth is a good sign and shows the impact of competition and holiday demand. However, we remain conservative about growth prospects for 2008 based on economic concerns.
- **EMEA** saw a strong year end supported by healthy Christmas sales and active vendor marketing across consumer and business channels. Notebooks continue to drive volume with growth of roughly 35%, though somewhat slower than a peak of more than 48% during the third quarter back-to-school season. Overall growth of nearly 15% was the fastest since mid 2006 after the recent third quarter.
- Following a year and a half of declining volume, the **Japan** market recovered in the fourth quarter with a strong showing from the Commercial market. Growth jumped to roughly 10% from a decline of about 4% in the past two quarters. The improved growth is partly due to a weak market a year ago, but also improved demand and solid performances from HP and Dell. Several large projects also contributed to shipment volume after several quarters with no deals of this scale.

- **Asia/Pacific (excluding Japan)** continued to grow by more than 20% with steady growth in the major markets. Shipments in Australia and Indonesia accelerated in the fourth quarter while growth in several fast growing markets, including Malaysia and Vietnam, remained above 20% despite slowing from mid year peaks. The outlook for APeJ remains strong, although recession in other countries would impact exports and rising oil prices will raise production costs. Political turmoil, including recent events in Pakistan, could also affect shipments although the impact has been limited so far.

Vendor Highlights

- **HP** continued to lead the market and gain share in the fourth quarter, but saw growth slow from earlier in the year. A slower market in EMEA and more competition in the United States were important factors, though growth slowed from a peak in mid 2007 in most regions. Despite coming off a growth surge from mid year, HP continued to grow faster than the top competitors other than Acer.
- Having struggled through the past year, **Dell** is starting to turn around. Its 15.2% growth in the United States was well ahead of the market, and worldwide growth of 17.1% shows strong international performance as well. Declining shipments a year ago make for easier year-on-year comparisons, but the company's rapid expansion in retail has also helped boost volume and address competition from other leading players. The company saw solid gains across most regions, and in both Desktops and Portables. The recent addition of Best Buy among other retail outlets, should also accelerate the company's retail sales during 2008.
- **Acer** had a solid quarter with worldwide shipments increasing more than 60% from a year ago as it integrated Gateway and continued its expansion in many regions. Combined Acer and Gateway shipments were up more than 25% worldwide from 4Q06. Although this was slower than combined growth of more than 35% in the past two quarters, it reflects overall market trends felt by competitors such as HP including slower growth in EMEA and rising competition for retail space in the United States. Combined Acer/Gateway growth continued to be the fastest among the top vendors and is a very solid performance for the first quarter of merged operations. Acer also clearly established itself as the third largest vendor, overtaking Lenovo, and seems to be handling the Gateway integration quickly.
- **Lenovo** completed a third consecutive quarter of growth over 22% with steady double-digit gains in the United States and Europe in addition to Asia/Pacific (excluding Japan). The company is finding growth through its distribution network as well as direct sales, and in mid-size enterprises. Although it will be harder to maintain growth above 20% as the market slows and year-ago sales rise, Lenovo's consumer push and gains outside of Asia position the company for continued gains.
- **Toshiba** saw shipments increase by 19% in the fourth quarter. Although this is ahead of total market growth, it is slower than overall Portables growth. Overall growth was down from the third quarter in several markets, but remained above 20% in EMEA – the company's largest region.

Top 5 Vendors, Worldwide PC Shipments*, Fourth Quarter 2007 (Preliminary)

(Units Shipments are in thousands)

Rank	Vendor	4Q07 Shipments	Market Share	4Q06 Shipments	Market Share	4Q07/4Q06 Growth
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1	HP	14,695	19.0%	11,921	17.8%	23.3%
2	Dell	11,314	14.6%	9,661	14.4%	17.1%
3	Acer	7,394	9.6%	4,611	6.9%	60.3%
4	Lenovo	5,826	7.5%	4,762	7.1%	22.3%
5	Toshiba	3,029	3.9%	2,544	3.8%	19.0%
	Others	35,122	45.4%	33,502	50.0%	4.8%
	All Vendors	77,378	100.0%	67,001	100.0%	15.5%
3	Acer (Merged)	7,394	9.6%	5,904	8.8%	25.2%

Notes:

* IDC estimates prior to financial earnings reports.

Shipments include shipments to distribution channels or end users. OEM sales are counted under the vendor/brand under which they are sold.

PCs include Desktops, Notebooks, Ultra Portables, and x86 Servers and do not include handhelds. Data for all vendors are reported for calendar periods.

Source: IDC, January 16, 2008

Top 5 Vendors, United States PC Shipments*, Fourth Quarter 2007 (Preliminary)

(Units Shipments are in thousands)

Rank	Vendor	4Q07 Shipments	Market Share	4Q06 Shipments	Market Share	4Q07/4Q06 Growth
1	Dell	5,510	29.6%	4,783	28.0%	15.2%
2	HP	4,522	24.3%	4,117	24.1%	9.8%
3	Acer	1,527	8.2%	387	2.3%	294.2%
4	Apple	1,058	5.7%	808	4.7%	30.9%
5	Toshiba	903	4.9%	800	4.7%	12.8%
	Others	5,092	27.4%	6,203	36.3%	-17.9%
	All Vendors	18,612	100.0%	17,100	100.0%	8.8%
3	Acer (Merged)	1,527	8.2%	1,519	8.9%	0.5%

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Source: IDC, January 16, 2008

Top 5 Vendors, Worldwide PC Shipments*, Full Year 2007 (Preliminary)

(Units Shipments are in thousands)

Rank	Vendor	2007 Shipments	Market Share	2006 Shipments	Market Share	2007/2006 Growth
1	HP	50,526	18.8%	38,838	16.5%	30.1%
2	Dell	39,993	14.9%	39,094	16.6%	2.3%
3	Acer	21,206	7.9%	13,594	5.8%	56.0%
4	Lenovo	20,224	7.5%	16,609	7.1%	21.8%
5	Toshiba	10,936	4.1%	9,292	3.9%	17.7%
	Others	126,075	46.9%	117,971	50.1%	6.9%
	All Vendors	268,960	100.0%	235,397	100.0%	14.3%
3	Acer (Merged)	24,569	9.1%	18,615	7.9%	32.0%

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Source: IDC, January 16, 2008

Top 5 Vendors, United States PC Shipments*, Full Year 2007 (Preliminary)

(Units Shipments are in thousands)

Rank	Vendor	2007 Shipments	Market Share	2006 Shipments	Market Share	2007/2006 Growth
1	Dell	19,645	28.0%	20,472	31.3%	-4.0%
2	HP	16,759	23.9%	14,106	21.5%	18.8%
3	Apple	4,081	5.8%	3,109	4.7%	31.3%
4	Acer	3,860	5.5%	1,421	2.2%	171.7%
5	Toshiba	3,509	5.0%	2,843	4.3%	23.4%
	Others	22,235	31.7%	23,530	35.9%	-5.5%
	All Vendors	70,088	100.0%	65,481	100.0%	7.0%
3	Acer (Merged)	6,831	9.7%	5,826	8.9%	17.2%

Notes:

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Source: IDC, January 16, 2008

IDC's Worldwide Quarterly PC Tracker gathers PC market data in 55 countries by vendor, form factor, brand, processor brand and speed, sales channel and user segment. The research includes historical and forecast trend analysis as well as price band and installed base data.

For more information, or to subscribe to the research, please contact Kathy Nagamine at 650-350-6423 or knagamine@idc.com.

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