



Eric Schmidt, Google's chairman, during a press conference in New York, Sept. 5, 2012, where Motorola introduced three new smartphones, the first since it became a part of Google.

Google's Motorola Misstep Could Be Lenovo's Boon

By Michael Liedtke

SAN FRANCISCO—An expensive mistake by Google could turn into a golden opportunity for China's Lenovo as it expands beyond its success in the personal computer industry—if concerns about security do not pose problems for the Chinese tech giant.

Google is ridding itself of a financial headache by selling Motorola's smartphone business to Lenovo for \$2.9 billion. The deal announced late Wednesday comes less than two years after Google bought Motorola Mobility LLC for \$12.4 billion in the biggest acquisition of Google's 15-year history.

While Google Inc. is backpedaling, Lenovo Group Ltd. is gearing up for a major expansion.

Already the world's largest PC maker, Lenovo is now determined to become a bigger player in smartphones as more people rely on them instead of laptop and desktop computers to go online.

Lenovo is already among the smartphone leaders in its home country, but it has been looking for ways to expand its presence in other markets, especially the United States and Latin America. The company had been rumored to be among the prospective buyers for BlackBerry Ltd. when that troubled smartphone maker was mulling a sale last year.

"We will be going from an emerging-market player to a worldwide player in smartphones," Lenovo CEO Yang Yuanqing said in an interview with The Associated Press.

This marks Lenovo's second high-profile deal this month. The company announced plans last week to buy a major piece of IBM Corp.'s computer server business for \$2.3 billion.

For Google, the sale is a tacit admission that a company that prides itself on employing some of the world's smartest people miscalculated how much Motorola was worth.

Google previously recovered some of the money that it spent on Motorola by selling its set-top operations last year to Arris Group Inc. for \$2.35 billion.



A man talks on his mobile phone as he walks past a Lenovo shop on Qianmen shopping street in central Beijing, Jan. 30.

Retaining Patents

And Google is holding on to most of Motorola's more than 20,000 mobile patents, providing Google with legal protection for its widely used Android software for smartphones and tablet computers. Gaining control of Motorola's patents was the main reason Google was willing to pay so much for a smartphone maker that was already losing money and market share.

The Motorola patents were valued at \$5.5 billion at the time Google took over, according to regulatory filings.

Factoring all that, there's a gap of roughly \$1.65 billion between what Google paid for Motorola and what Google is getting from its sales to Arris and Lenovo, plus the original value of the patents. What's not known is the value of the patents Google is keeping, as Lenovo is picking up about 2,000 Motorola patents in addition to the phone manufacturing operations.

Buying Motorola puts Lenovo in an exclusive club with Apple Inc., making them the only major technology companies with global product lines in PCs, smartphones, and tablets. Lenovo will be in a better position to become a one-stop shop for companies to buy

all their devices from the same vendor, said Forrester Research analyst Frank Gillett.

"This makes Lenovo a company to watch," Gillett wrote in an email. "The personal device manufacturer business is consolidating—and manufacturers must compete in all three device markets, plus emerging wearable categories, or get left out of the next market shift."

Security

Acceptance of Lenovo-owned Motorola devices may depend on how the public, and governments, react to concerns about security. Lenovo products have been banned from secret and top secret intelligence and defense networks in the United States, Canada, the United Kingdom, Australia, and New Zealand.

In July 2013, Australia's Financial Review confirmed the ban with "multiple intelligence and defence sources in Britain and Australia."

"The ban was introduced in the mid-2000s after intensive laboratory testing of its equipment allegedly documented 'back-door' hardware and 'firmware' vulnerabilities in Lenovo chips," said the Review.

It also noted there were "malicious modifications to Lenovo's circuitry" that go beyond typical security flaws, and "could allow people to remotely access devices without the users' knowledge."

More recently, sales of Lenovo systems were also affected by the 2014 U.S. federal budget, which bans U.S. government departments from using Chinese Information Technology systems.

The budget requires a finding of whether "any risk of cyberespionage or sabotage [exists] associated with the acquisition of such systems," and includes companies "that may be owned, directed, or subsidized by the People's Republic of China."

From The Associated Press. Associated Press business writer Joe McDonald in Beijing and Epoch Times staff member Joshua Philipp contributed to this report.

Biting Cold Puts a Freeze on Restaurant Business

More people stay at home to eat, delay appointments

TOLEDO, Ohio—The homemade matzo ball and beef barley soups are lost on customers walking into Rascals' NY Deli—because there just aren't very many of them.

"After it starts getting really cold and the sun goes down, the people don't want to come," said Randy Smith, manager of the restaurant in the Cincinnati suburb of Blue Ash.

Across much of the eastern half of the country, bitter cold and snowstorms in recent weeks have put a chill on restaurants, bakeries, and coffee shops, limiting the number of walk-in customers and shrinking tips. Some merchants report sales cut in half.

The January deep freeze wrought by the polar vortex in the Midwest, a big snowfall in the Northeast, and abnormal cold and snow in the Deep South has moved many to hibernate.

Only four people picked at pancakes and eggs during what should have been the morning rush at American Table Family Restaurant, a Toledo diner, while the temperature dipped to 9 below zero Tuesday. The nearly 40 inches of snow this month is a record for January and more than what the city normally gets in an entire winter.

"Some of the regulars, I haven't seen in a week and half, two weeks," said owner Elton Bregu.

Viven McKinney, a retired postal worker, stopped in for eggs and coffee only because he had just dropped his wife off at work.

"Otherwise, I'd still be in bed," he said. "I don't like to be cold."

All the waitresses are working two fewer days a week, said Bobbie Boyd, the only one on duty. And on the days Boyd does work, she draws half her usual tips.

"I'm a single mom," she said. "It's hard making ends meet, paying bills."

While eateries are taking a hit, a few places, including hardware stores, are booming, selling out of space heaters, pipe insulation, and sidewalk salt.

"Unfortunately, I live off everybody's misery," said Jamie Ondrus, who owns a hardware store in Toledo.

Walk-Ins Delayed

But in addition to restaurants, other businesses that rely on walk-ins and appointments are seeing a hit, including health care specialists, and hair salons. They can expect to recoup some losses as people venture out in warmer weather, but for now, that's cold comfort.

Larry Guinn, a chiropractor in Toledo, figures one-third of his patients canceled in recent weeks. "Way more than we normally see," he said. "Usually the patients are there no matter what."

Many of the older patients are choosing to stay home rather than navigate icy roads and sidewalks. Now, it seems, most of his customers are aching from shoveling snow.

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We're just hanging in there, waiting for nice weather.

Tori Mitchell, owner, Ancora Coffee Roasters

At Hair On The Floor Barbershop this week in Covington, a suburb of Cincinnati, Ky., two barbers on duty, Tarris Horton and England Wesley played video games to pass time while temperatures hovered around zero at lunchtime.

Business has been down by about 90 percent in the past few weeks, owner England Wesley said. Just two customers had walked in before noon Tuesday. "It's terrible right now," he said. "With weather like this, a lot of folks are just trying to stay warm."

Warm they are in their homes—a silver lining, as the deli outside Cincinnati has found. Hungry folks unwilling to go out are clamoring for delivery. Chili is popular.

"We keep going through massive amounts of soup," said Smith, the manager.

From The Associated Press. Todd Richmond in Madison, Wis., contributed to this report.



Manager Randy Smith checks the register at Rascal's NY Deli in Cincinnati, Jan. 28. Smith says overall business is down at the deli, because of the cold weather, but that their carryout and delivery business is up.



Manhattan Beach
Hill Section Southwestern Style Home
8 BD & 8 BA ~ 7,000 sq. ft. on 10,505 sq. ft. lot
\$4,895,000



Rancho Palos Verdes
Prestigious Lot in Oceanfront Estates
26,811 sq. ft. lot w/ conceptual plans for 8,000 sq. ft. home
\$2,899,000



Palos Verdes Estates
Mediterranean Home w/ Ocean Views
5 BD & 5 BA ~ 5,679 sq. ft. on 11,151 sq. ft. lot
\$2,299,000



San Pedro
Panoramic Unobstructable Ocean Views!
3 BD & 2 BA ~ 1,976 sq. ft. living space on 11,795 sq. ft. lot
\$1,999,000



Palos Verdes Estates
Brand New Home in Monte Malaga
4 BD & 3.5 BA ~ 2,536 sq. ft. on 9,888 sq. ft. lot
\$1,799,000



Rancho Palos Verdes
Unobstructable Ocean Views!
5 BD & 3.5 BA ~ 5,314 sq. ft. on 21,257 sq. ft. lot
\$2,599,000



Hermosa Beach
Walkstreet Location Next to the Strand
3 BD & 4 BA ~ 2,520 sq. ft. living space on 2,863 sq. ft. lot
\$2,299,000



Rancho Palos Verdes
Contemporary Home w/ Ocean View
4 BD & 4 BA ~ 3,800 sq. ft. on 10,023 sq. ft. lot
\$1,999,000



Redondo Beach
Prime Income Property - Esplanade!
2 BD & 1 BA X 3 units, 3 BD & 1 BA X 1 unit
Total 3,690 sq. ft. ~ 7,270 SF lot
\$2,999,000



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