Earnings Presentation

Fourth Quarter and Full Year 2012

January 29, 2013

Forward Looking Statements and GAAP Reconciliations

The contents of this presentation that are not statements of historical fact are forward-looking statements and involve risks and uncertainties that are discussed in the Safe Harbor section of our earnings releases and SEC filings. Actual results may differ materially from such statements. Lexmark undertakes no obligation to update any forward-looking statements.

This presentation contains non-GAAP financial measures, unless otherwise noted. Lexmark has provided in the supplemental materials section of these slides reconciliations of GAAP to non-GAAP financial measures and a discussion of management's use of non-GAAP financial measures.

CEO Presentation

Paul Rooke

Chairman and Chief Executive Officer

Business Dynamics

Generating Solid Cash Flow, 4Q12 Revenue Exceeded Guidance

- **Strong Free Cash Flow in 4Q12, FY12 Marks 11th Consecutive Year of Positive Free Cash Flow**
- **4Q12 Revenue Exceeded October Guidance, Grew Sequentially, Declined YTY**
- **4Q12 EPS Unfavorably Impacted By Higher Tax From Geographic Mix, Delay of R&E Tax Credit**
- **FY13 Guidance for Growth in Both MPS and Perceptive Revenue, and Growth in EPS**

Creating a Higher-Value Portfolio

- **Strong Double-Digit Growth in Perceptive Software Revenue**
- **Growth in MPS Revenue**
- **Advanced Lexmark's Perceptive Software Health Care Solutions with Acquisition of Acuo**

Working to Increase Profitability

- **Remain Committed To Long Term Operating Margin of 11% - 13%**
- **Managing Previously Announced Inkjet Exit**
- **Expected to Deliver $95 Million in Ongoing Annual Savings From Previously Announced Restructuring**

Maintaining Capital Allocation Discipline to Deliver Shareholder Value

- **Building and Growing Solutions Business Through Expansion and Acquisitions**
  - **Expanded Strategic Software Capabilities With Four Acquisitions in 2012**
- **Returning >50% of Free Cash Flow to Shareholders Through Dividends and Share Repurchases on Average**
  - **Returned More Than $500 Million Since July 2011**

Financial Summary[1]

	4Q12	FY12
Revenue	**$968M** -9% YTY	**$3.803B** -9% YTY
Operating Income Margin	**7.7%**	**9.9%**
EPS	**$0.61**	**$3.51**
Free Cash Flow(2)	**$101M**	**$251M**

Revenue

- Exceeded 4Q12 Expectation, Grew Sequentially
  - Supplies Revenue Drove Better Performance versus Expectation
  - Sequential Growth Driven By Higher Laser Revenue
- Continued Growth in Strategic Focus Areas
  - Perceptive Software Grew 37% in 4Q12, 62% in FY12
  - MPS Grew 3% in 4Q12, 7% in FY12
- FY12 Headwinds - Inkjet Exit / Currency / Weakness in European Market

Operating Income Margin

- 2012 Gross Profit Margin Percentage A Record For Fourth Consecutive Year
- 2012 Operating Expenses About Flat YTY
- Previously Announced Actions Underway to Improve Cost and Expense Structure in 2013 and Beyond

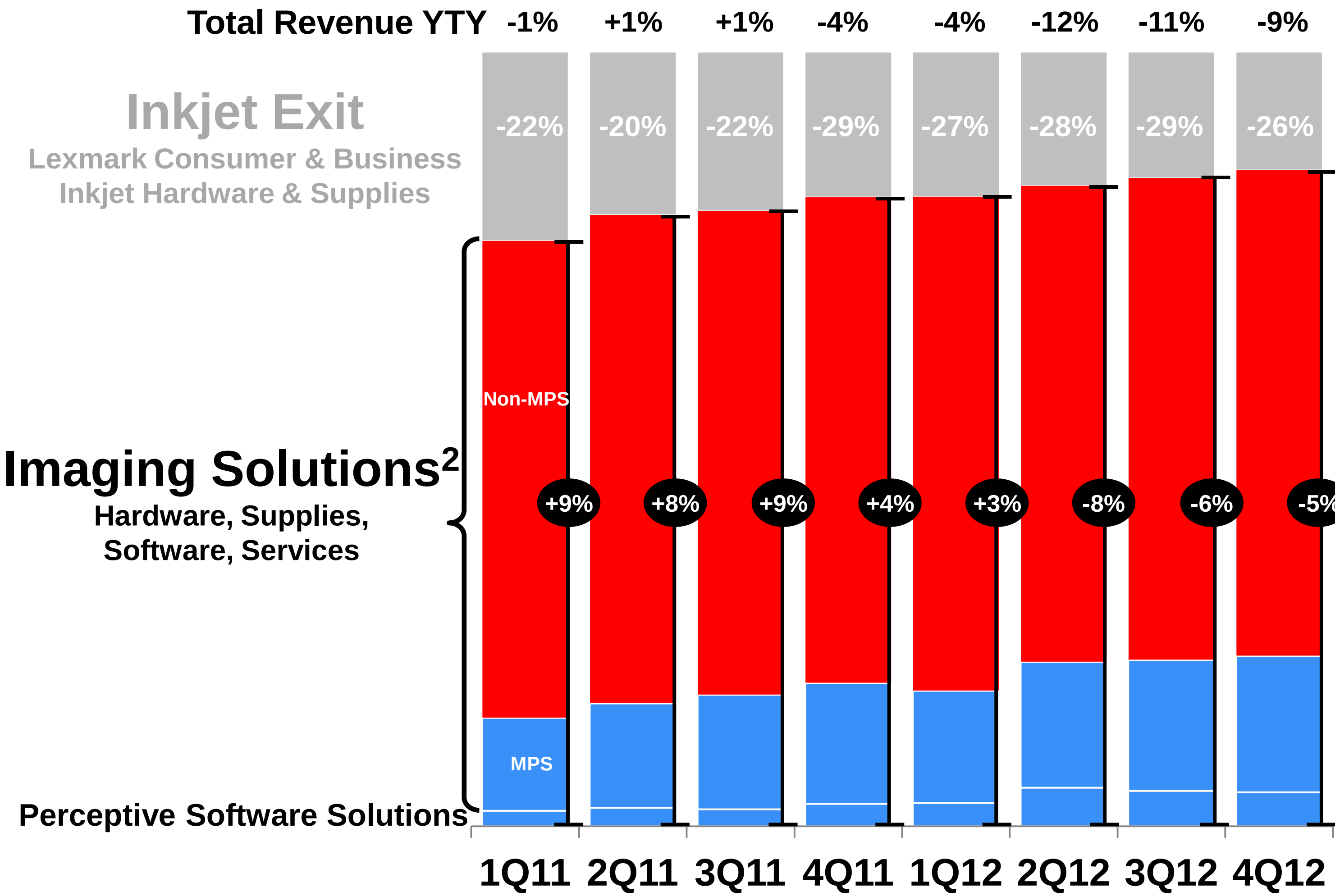
EPS

- Unfavorable Tax Impact From Geographic Mix of Earnings and Delay of R&E Tax Credit

Free Cash Flow(2)

(1) Non-GAAP
(2) Free cash flow = cash from operations – capital expenditures + proceeds from the sale of fixed assets

Total Revenue Composition[1]



Inkjet Exit Revenue Expected To Decline Over 40% YTY

Growth in Perceptive and MPS Revenue More Than Offset By Non-MPS Decline

8% Growth in Combined MPS + Perceptive Software Revenue

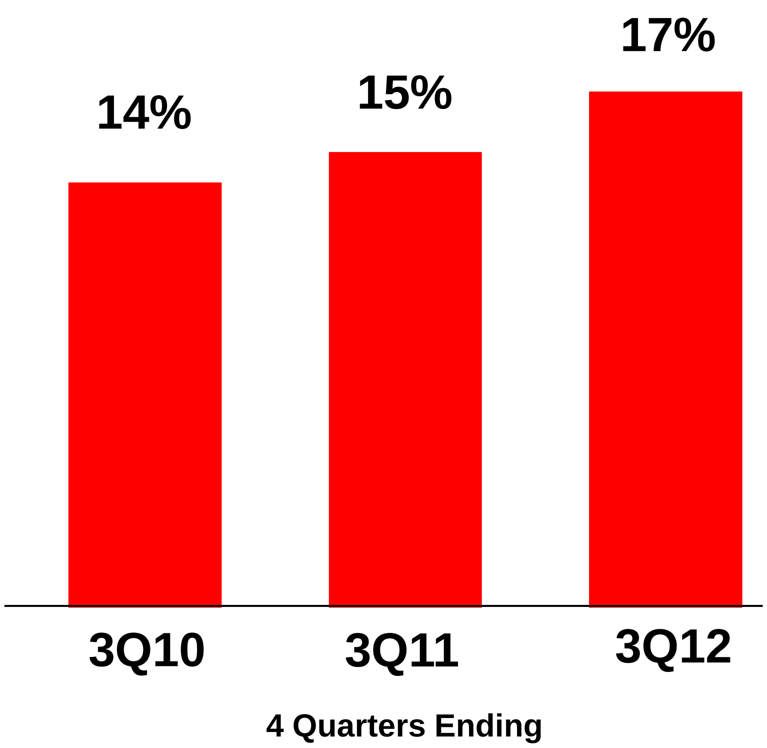
	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
Imaging & Software Solutions % of Total Revenue	76%	79%	80%	81%	81%	83%	84%	85%
YTY Currency Impact [3]	+1%	+5%	+3%	-1%	-2%	-4%	-4%	-1%

Currency ~1% Point Headwind YTY

(1) Non-GAAP. Bars depict percentage of total revenue.
(2) Imaging Solutions Revenue = ISS revenue excluding inkjet exit revenue
(3) Based on corporate average

Increasing Share in High-Usage Large Workgroup

Large Workgroup Laser (A4) Unit Share[1][2]



(1) Rolling four quarters
(2) Lexmark Custom Category using IDC WW HCP Tracker, Q3 2012 Branded A4 Laser Printer/MFP Shipments, Worldwide Excluding Japan

Recognized as a Leader*

Managed Print Services Leader

Gartner | IDC Analyze the Future | Forrester | quocirca

Smart MFP Leader

Gartner

Healthcare Content Software Leader

KLAS — ACCURATE. HONEST. IMPARTIAL.

perceptivesoftware from Lexmark

acuo TECHNOLOGIES

* See footnote slide 49

Lexmark's Evolution

Continuing Solutions & Services Investments

- Smart MFP Solutions
- Managed Print Solutions & Services

Software Acquisitions

- Perceptive Software
- Pallas Athena
- Brainware
- Isys
- Nolij
- Acuo

2007 — 2010 — 2013

Exited Consumer Inkjet

Exited Business Inkjet

Goal	End-to-End Solutions Provider

Lexmark Acquires Acuo Technologies

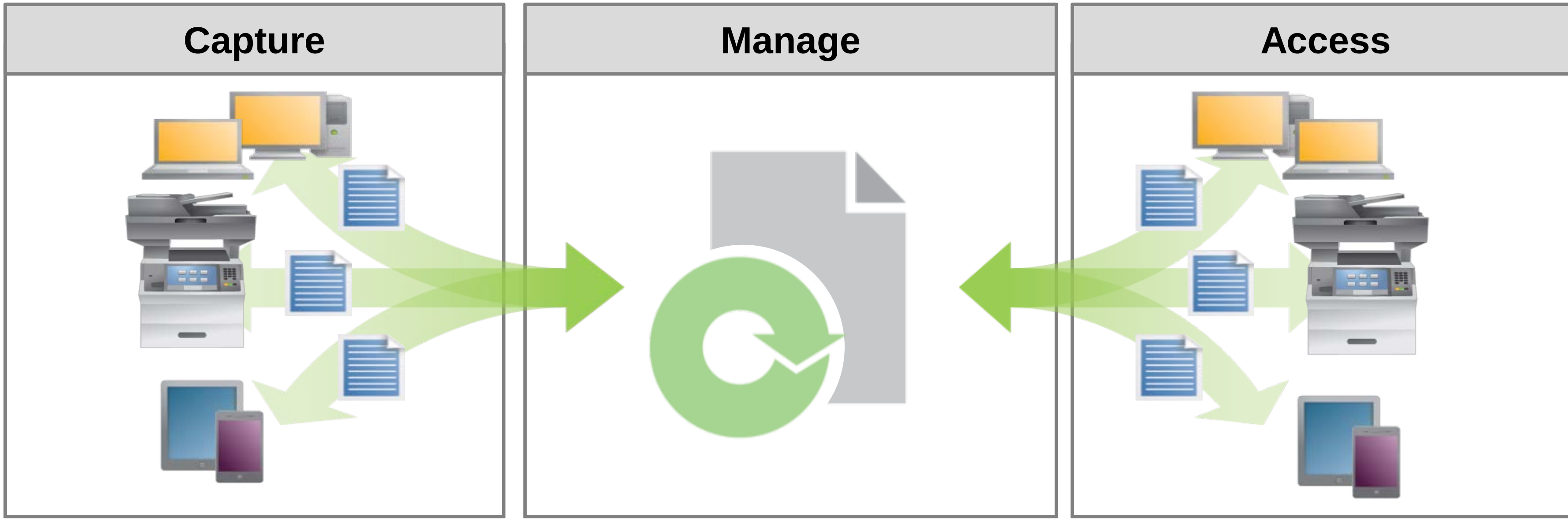
Acuo is a leading provider of software for the healthcare sector

- **Clinical content management**
- **Data migration**
- **Vendor neutral archives (VNA)**

Perceptive Software + Acuo

- **Unique healthcare sector offering**
- **Single, enterprise-wide and content-based medical record**
- **Accessible via any electronic medical records system**

Creating Differentiated Solutions

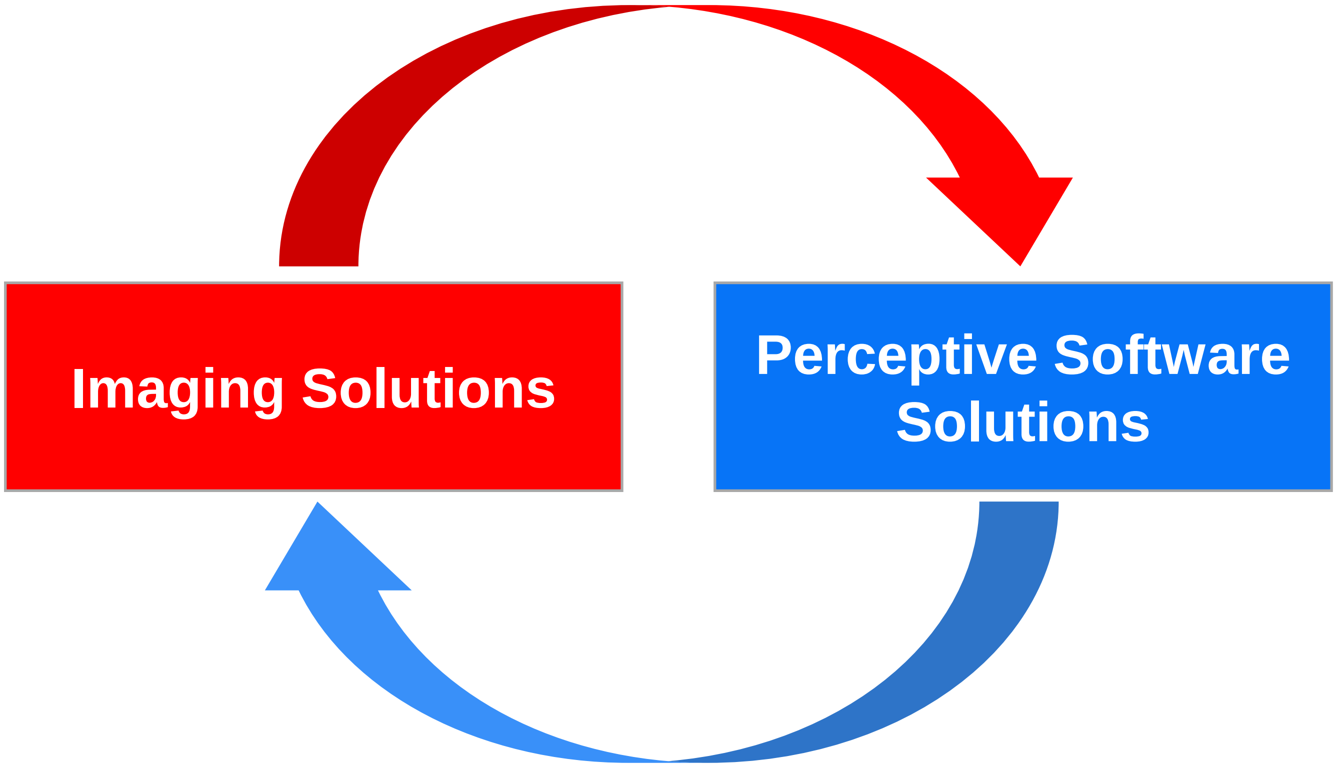


Imaging + **Content & Process Management**

Lexmark is Unique

Creating Synergies for Growth

- Global Large Account Presence
- Broad Industry Expertise
- Global Infrastructure
- Cash to Accelerate Growth



- Advanced Software Solutions to Differentiate/Grow MPS
- Healthcare, Education, Back Office Presence & Expertise

Recent Solutions Wins

Lexmark's Managed Print

- New 5-year Managed Print Services agreement with Anheuser-Busch InBev in Europe
- Builds Upon Similar Deal Announced in 1Q12 Covering Corporate Offices and Breweries in North America
- Ongoing Managed Print Services Customer in South America

Lexmark's Perceptive Software

- Acuo's Universal Clinical Platform (UCP) Selected by U.S. Department of Defense
- UCP to Consolidate Imaging Studies from U.S. Army and U.S. Navy Healthcare Facilities Located Around the World
- 9-Year Contract

Capital Allocation Framework

Invested > $500M Since 2010

Acquisitions Since 2010
✓ Perceptive
✓ Pallas Athena
✓ Brainware
✓ ISYS
✓ Nolij
✓ Acuo

Free Cash Flow

<50% → **Cash for Investment**

>50% → **Return to Shareholders**

Returned > $500M Since Mid-2011

Recent Track Record[1]

Dividend

- ✓ 4Q11 $0.25/Share, $18M
- ✓ 1Q12 $0.25/Share, $18M
- ✓ 2Q12 $0.30/Share, $21M
- ✓ 3Q12 $0.30/Share, $21M
- ✓ 4Q12 $0.30/Share, $19M

} $97M

Stock Repurchases

- ✓ 2H11 $250M
- ✓ 2012 $190M

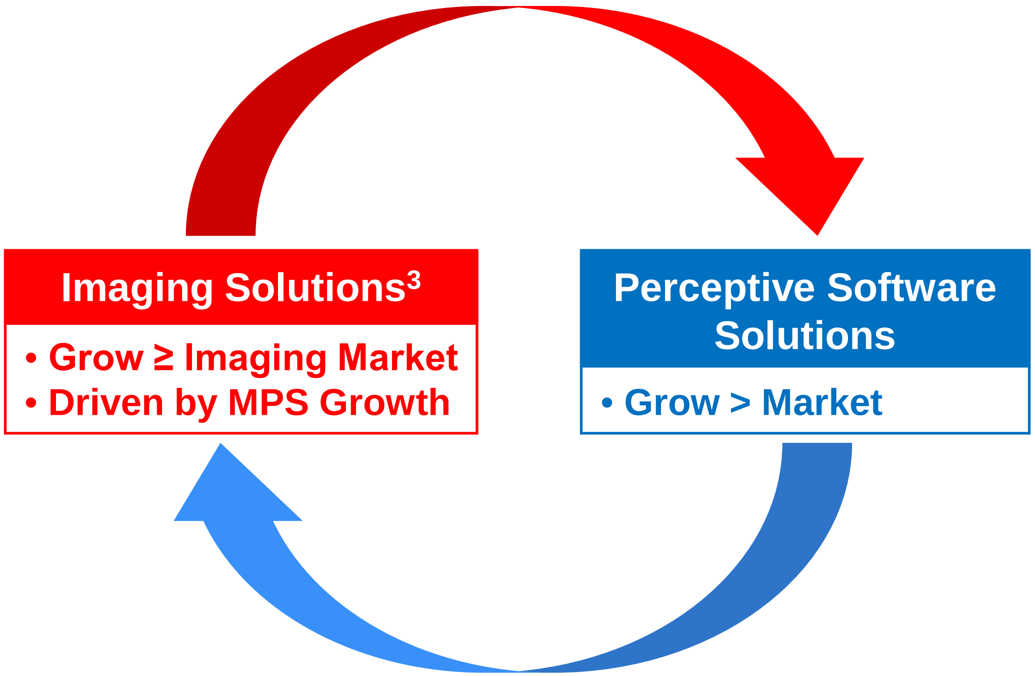
} $440M

Long Term Assumption:	Strengthen & Grow Capabilities	Return >50% on Average through Dividends & Repurchases

(1) Totals may not foot due to rounding

Longer Term Revenue Growth Assumptions[1,2]

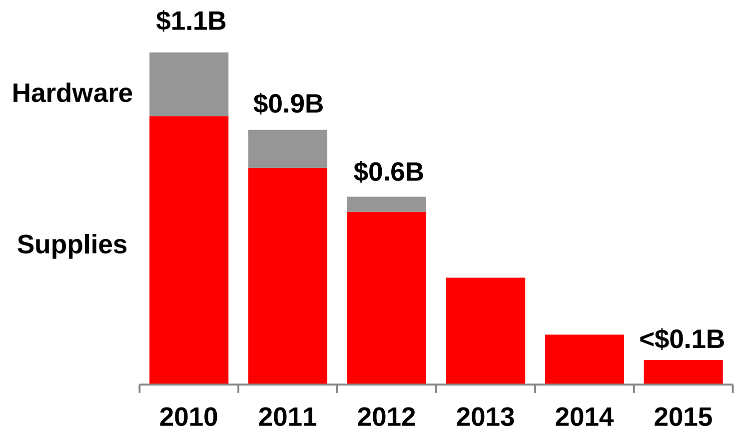
Revenue Drivers



Revenue Headwind

Inkjet Exit Revenue*

Rapidly Diminishing Influence On Overall Revenue Performance Going Forward



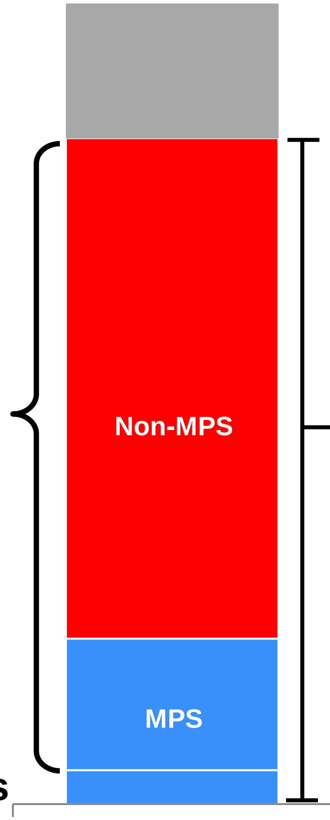
***2013 – 2015 Bars Are Illustrative**

(1) Non-GAAP
(2) Based on foreign currency exchange rates as of 12/31/12
(3) Imaging Solutions Excludes Inkjet Exit Revenue

2013 Revenue Assumption[1]

Year to Year

	2012	2012	2013
Overall Revenue	$3.8B	-9%	-8 to -10%
Inkjet Exit — Lexmark Consumer + Business Inkjet Hardware & Supplies		Inkjet Exit: -27%	Inkjet Exit: Down Over 40%
Imaging Solutions — Hardware, Supplies, Software, Services		Imaging & Software Solutions: - 4%	Imaging & Software Solutions: Down Slightly
Perceptive Software Solutions		MPS & Perceptive Software: +15%	MPS & Perceptive Software: About 15%



Imaging & Software Solutions % of Total Revenue	83%
YTY Currency Impact (2)	-3%

(1) Non-GAAP. Bar chart depicts percentage of total revenue.
(2) Based on corporate average

Outlook *

1Q13

Revenue	Down 11% to 13% YTY
EPS	$0.80 - $0.90

FY13

Revenue	Down 8% to 10% YTY
EPS	$3.90 - $4.10

Long Term

Revenue Growth	Grow at or above market
Op. Inc. Margin	11% - 13%

* Non-GAAP

CFO Presentation

John Gamble

Executive Vice President and Chief Financial Officer

4Q12 EPS Overview*

	4Q12	Comments
Midpoint of EPS Guidance Range	$0.87	EPS Range: $0.82 - $0.92
Segment Operational Performance		
ISS	+$0.08	+ Supplies Revenue - Aggressive Hardware Pricing on Older Models - Higher Comp. Expense Triggered by Strong Cash Flow
Perceptive Software	-$0.07	Growth Greater than Market, But Less Than Expected
All Other	-$0.02	Higher Comp. Expense Triggered by Strong Cash Flow
Net Operating Result at Guidance Tax Rate	$0.86	
Tax Effects		
Delay of R&E Credit	-$0.09	Timing of $6 Million Tax Credit for 2012 Shifts From 4Q12 to 1Q13
Geographic Shift of Earnings	-$0.16	$11 Million in Higher Tax, 2012 Full Year Catch Up
Reported Non-GAAP EPS	$0.61	

* Non-GAAP, Totals may not foot due to rounding.

Revenue[1]

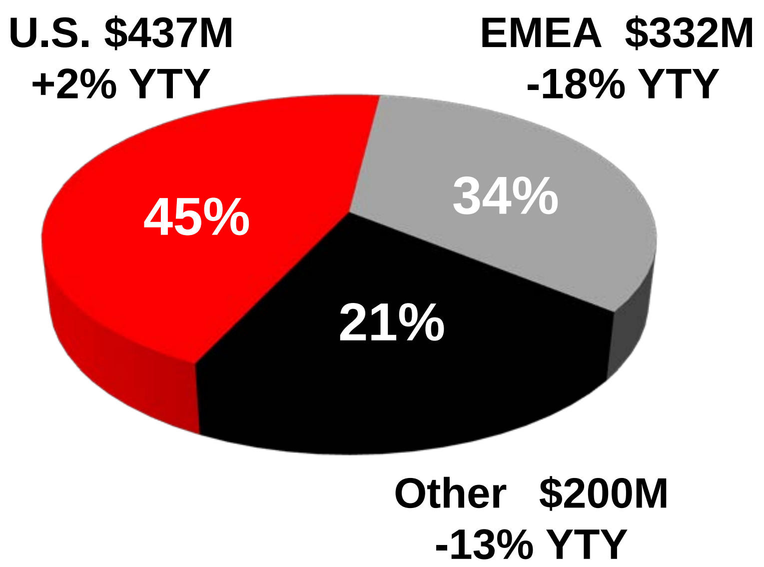
	4Q12	Guidance	YTY	SEQ	FY12	YTY
Total	**$968M**	**Exceeded**	**-9%**	**5%**	**$3,803M**	**-9%**
ISS	$925M		-10%	+5%	$3,642M	-11%
Perceptive	$43M		+37%	0%	$162M	+62%
Imaging Solutions + Perceptive	$821M		-5%	+6%	$3,163M	-4%
Inkjet Exit	$147M		-26%	-2%	$640M	-27%

- Inkjet Exit Unfavorably Impacted 4Q12 and FY12 Revenue By 5% and 6%, Respectively
- Currency Changes Reduced 4Q12 and FY12 Revenue By 1% and 3% versus Prior Year, Respectively
- ISS Revenue Increased Sequentially Due to Growth in Laser Revenue, Declined YTY Reflecting Expected Lower Inkjet Exit Revenue
- Perceptive Software Grew 37% YTY(2) in 4Q12, 62%(2) in FY12

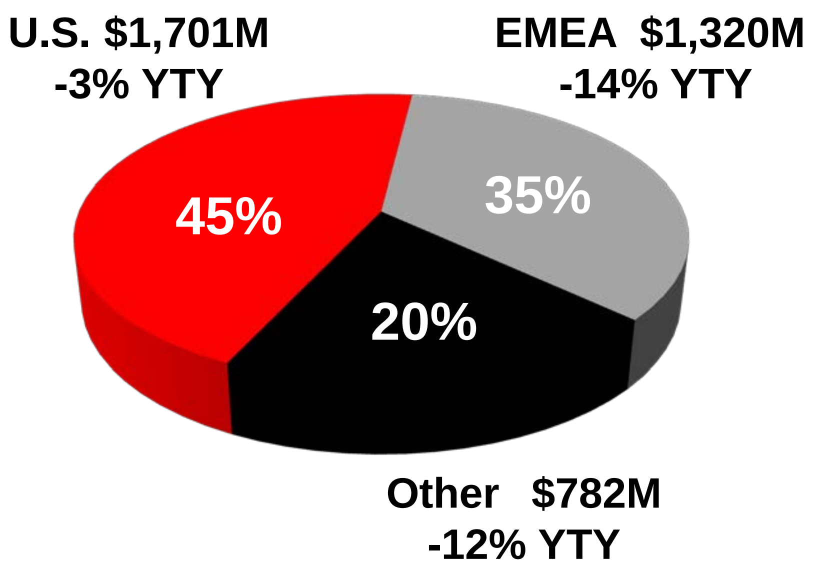
(1) Non-GAAP. Totals may not foot due to rounding.
(2) Includes Acquisitions Completed Over Past 4 Quarters (Pallas Athena acquired on October 18, 2011). Organically, Perceptive Software in 4Q grew 16% YTY and 21% for the full year of 2012.

Geographic Revenue Details*

4Q12



FY12

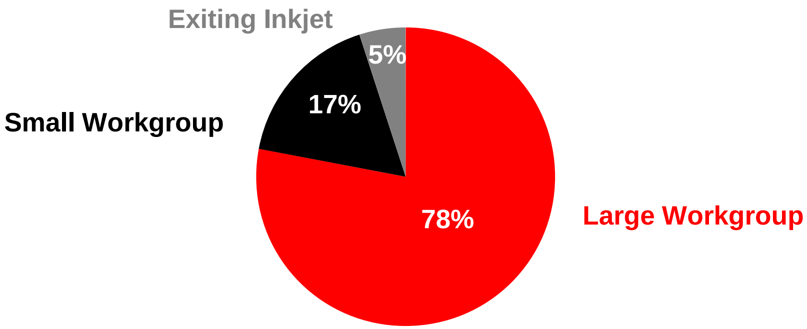


* Non-GAAP, Totals May Not Foot Due To Rounding

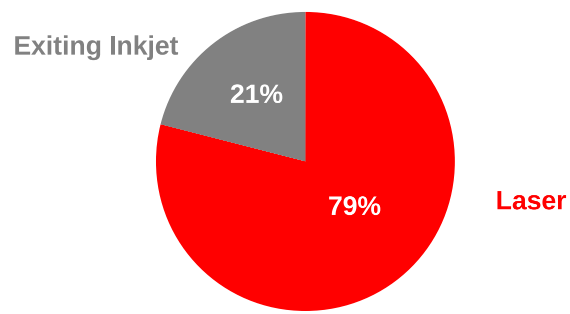
Product Revenue[1]

	4Q12	YTY	Year to Year Changes	Rev	Units	AUR
Hardware(2)	$222	-15%	Total Hardware	-15%	-24%	+11%
			Large Workgroup(5)	-11%	-1%	-10%
			Small Workgroup(6)	-11%	-13%	3%
			Exiting Inkjet	-57%	-42%	-27%
Supplies(3)	$656	-10%	Laser	-6%		
			Exiting Inkjet	-22%		
Software & Other(4)	$89	+25%	Perceptive Software	+37%		
			Perceptive Organic(7)	+16%		
Total	$968	-9%				

Hardware Revenue



Supplies Revenue

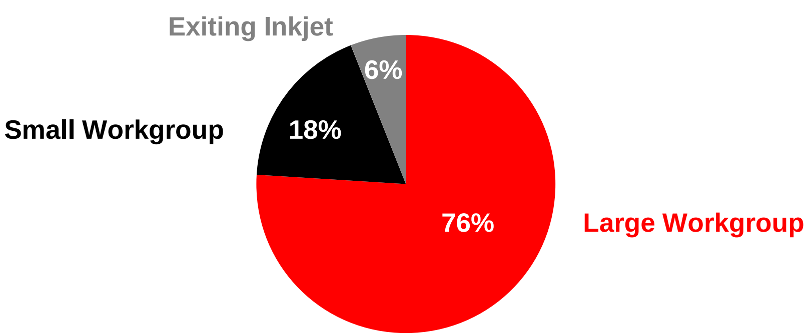


(1) Non-GAAP, totals may not foot due to rounding
(2) Includes laser, inkjet, and dot matrix hardware and the associated features sold on a unit basis or through a managed service agreement.
(3) Includes laser, inkjet, and dot matrix supplies and associated supplies services sold on a unit basis or through a managed service agreement.
(4) Includes parts and service related to hardware maintenance and includes software licenses and the associated software maintenance services sold on a unit basis or as a subscription service.
(5) Includes departmental, large workgroup, and medium workgroup lasers, dot matrix printers and options
(6) Includes small workgroup lasers and personal lasers
(7) Excluding acquisitions completed over the past four quarters (Pallas Athena acquired on October 18, 2011).

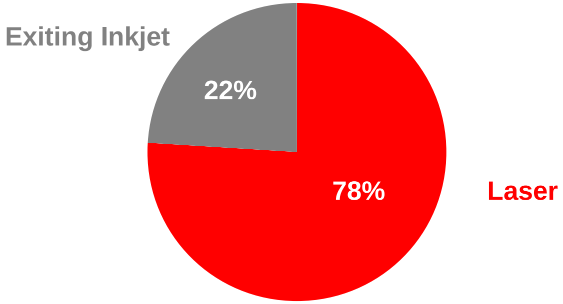
Product Revenue[1]

	FY12	YTY	Year to Year Changes	Rev	Units	AUR
Hardware[(2)]	**$827**	**-17%**	Hardware	-17%	-34%	+26%
			Large Workgroup[(5)]	-9%	0%	-9%
			Small Workgroup[(6)]	-10%	-9%	-1%
			Exiting Inkjet	-62%	-57%	-12%
Supplies[(3)]	**$2,640**	**-9%**	Laser	-5%		
			Exiting Inkjet	-21%		
Software & Other[(4)]	**$337**	**+22%**	Perceptive Software	+62%		
			Perceptive Organic[(7)]	+21%		
Total	**$3,803**	**-9%**				

Hardware Revenue



Supplies Revenue



(1) Non-GAAP, totals may not foot due to rounding
(2) Includes laser, inkjet, and dot matrix hardware and the associated features sold on a unit basis or through a managed service agreement.
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(5) Includes departmental, large workgroup, and medium workgroup lasers, dot matrix printers and options
(6) Includes small workgroup lasers and personal lasers
(7) Excluding acquisitions completed over the past four quarters (Pallas Athena acquired on October 18, 2011).

Gross Profit Margin*

	4Q12	YTY	SEQ	FY12	YTY
Total	36.0%	-220 bps	-390 bps	38.9%	+50 bps
ISS	35.7%	-270 bps	-400 bps	38.7%	+10 bps
Perceptive	67.0%	-50 bps	-50 bps	69.1%	-100 bps

FY12 Gross Profit Margin % a Record For Fourth Consecutive Year

- **4Q12 Sequential Decline Driven by Lower Hardware Margins**
  - **Principally Inkjet**
- **4Q12 YTY Decline Driven by Lower Hardware Margins In Both Laser and Inkjet**
  - **Partially Offset By a Favorable Product Mix Driven by Less Inkjet and More Laser and Software in the Mix**
- **FY12 YTY Increase Reflects Favorable Product Mix Shift**
  - **Primarily Less Inkjet and More Laser and Software in the Mix**

* Non-GAAP

Operating Expense*

	4Q12	YTY	SEQ	FY12	YTY
Total	$275M	-$8M	$6M	$1,106M	$2M
R&D	$88M	-$10M	-$5M	$372M	-$2M
SG&A	$187M	$2M	$11M	$734M	$4M
ISS	$178M	-$23M	$2M	$733M	-$60M
Perceptive	$35M	$13M	-$2M	$137M	$63M
All Other	$61M	$2M	$5M	$236M	-$1M

- 4Q12 Expense Declined YTY Reflecting Lower ISS Expense, Partially Offset By Increased Investment in Perceptive Software
- 4Q12 Expense Increased Sequentially Driven by All Other Expense, Reflecting Increased Compensation Triggered By Higher Free Cash Flow
- FY12 Expense Relatively Flat YTY Reflecting Increased Perceptive Software Investments Offset by Reduced Expense in ISS

* Non-GAAP, Totals May Not Foot Due To Rounding.

Operating Income Margin*

	4Q12	YTY	SEQ	FY12	YTY
%	7.7%	-390 bps	-310 bps	9.9%	-220 bps
$	$74M	-$49M	-$25M	$375M	-$128M
ISS	$152M	-$42M	-$21M	$677M	-$104M
Perceptive	-$7M	-$6M	$1M	-$25M	-$21M
All Other	-$71M	-$2M	-$5M	-$278M	-$2M

- 4Q12 YTY Decline was Driven by ISS, Principally Due to Weak Demand Especially Outside the US, Inkjet Exit and Unfavorable Currency Impacts
- 4Q12 Sequential Declines Driven by Lower ISS Operating Income Principally Aggressive Hardware Pricing on Older Products including Inkjet Exit Hardware
- FY12 YTY Operating Income Decline Reflecting Unfavorable Currency and Inkjet Exit Partially Offset By Lower ISS Expense

* Non-GAAP, Totals may not foot due to rounding.

Earnings*

	4Q12	Guidance	YTY	SEQ	FY12	YTY
Net Earnings	$40M		-$53M	-$25M	$244M	-$122M
EPS	$0.61	Below	-$0.64	-$0.33	$3.51	-$1.20

- EPS Impacted By Higher Tax Rate
  - Effective Tax Rate 40.7% in 4Q 2012, 19.7% in 4Q 2011
  - Effective Tax Rate 29.3% in FY 2012, 22.5% in FY 2011
- Average Diluted Shares Outstanding
  - 65.4 M in 4Q 2012 Compared to 74.0 M in 4Q 2011 (Approx. 12% Reduction)
  - 69.5 M in FY 2012 Compared to 77.9 M in FY 2011 (Approx. 11% Reduction)
- Outstanding Shares At December 31, 2012 Were 63.9M

* Non-GAAP, Totals May Not Foot Due to Rounding

Cash Generation / Conversion[1]

- Solid Cash Generation / Working Capital Performance
- Strong Liquidity Position
  - $906M Cash[2], $350M Revolver, $125M A/R Program
- Maintaining an Investment Grade Debt Rating

	4Q12	FY12
Cash[2]	$906M	
U.S. Cash	$36M	
Non-U.S. Cash	$870M	
Cash from Operations[3]	$138M	$413M
Free Cash Flow[4]	$101M	$251M
Depreciation & Amortization[5]	$76M	$276M
Capital Expenditures	$38M	$162M
Cash Provided By or (Used For)		
A/R	$2M	($57M)
Inventory	$11M	$58M
A/P	$30M	$22M

Cash Conversion Days

	4Q11	1Q12	2Q12	3Q12	4Q12
Receivables	39	43	47	51	49
Inventory	45	48	49	44	39
Payables	66	70	69	73	72
Cash Conversion[1]	18	22	27	22	16

(1) GAAP, Totals may not foot due to rounding.
(2) Includes current short-term marketable securities .
(3) Net cash provided by operating activities.
(4) Free cash flow = cash from operations – capital expenditures + proceeds from the sale of fixed assets.
(5) Includes $26 million and $83 million for 4Q12 and FY12, respectively for restructuring –related and acquisition-related adjustments. Excluding these adjustments, depreciation and amortization would have been $50 million and $193 million for 4Q12 and FY12, respectively.

1Q13 Outlook

Revenue[1][2] to be Down 11% to 13% YTY

Gross Profit Margin[1][2] to be Above the 39.4% in 1Q12

Operating Expense[1][2] to be Below the $275M in 4Q12

Operating Income Margin[1][2] to be Below the 11.0% in 1Q12

GAAP EPS[2] $0.43 - $0.53, Assuming an ~19% Effective Tax Rate (Includes $0.09 per share of the R&E Tax Credit), or $0.80 - $0.90 Excluding Approximately $0.37 Per Share for Non-GAAP Adjustments

Compares to 1Q12 GAAP EPS of $0.84 Which Included a 26% Effective Tax Rate, or $1.05 Excluding $0.21 Per Share for Non-GAAP Adjustments

(1) Non-GAAP, excludes restructuring-related and acquisition-related adjustments.
(2) Based on foreign currency exchange rates as of 12/31/12.

1Q13 EPS* Guidance YTY Change

	1Q	Comments
1Q12 EPS*	$1.05	
Segment Operational Performance		
ISS / Other	-$0.45	- Inkjet Exit - Laser Supplies - Economic Weakness + Benefits From 2012 Restructurings
Perceptive Software	+$0.05	Improved Performance in 1Q and Throughout 2013
Tax Impact / Lower Outstanding Shares		
Delay of R&E Credit	+$0.09	Timing of $6 Million Tax Credit for 2012 Shifts From 4Q12 to 1Q13
Lower Average Shares Outstanding	+$0.11	Average diluted shares expected to decline 1Q12 average diluted shares @ 72.3M, 65.4M in 4Q12
Midpoint of 1Q13 EPS* Guidance Range	$0.85	EPS Range: $0.80 - $0.90

* Non-GAAP, Totals may not foot due to rounding.

FY13 and Longer-Term Assumptions

FY13 Assumptions

- Revenue[(1)(2)] to Decline 8% to 10% YTY
- FY13 Tax Rate 25%[(3)] (Effective Tax Rate 26.5%)
- EPS[(1)(2)] of $3.90 - $4.10
- Free Cash Flow ~80% - 90% of Non-GAAP Net Income
- Capital Spending ~$185M
- Depreciation ~$250M[(4)]
- Pension Funding ~$25M (Cash)

Longer Term Assumptions

- Grow Revenue At or Above Market
- Op. Inc. Margin[(1)] of 11% - 13%
- Cash Generation Primarily Driven by Net Income
- Modest Ongoing Working Capital / Cash Cycle Improvements
- Capital Expenditures ~ Depreciation
- Free Cash Flow / Prioritization –
  - ~ 90% - 100% of Non-GAAP Net Income
  - > 50% Dividends & Share Repurchases
  - < 50% Acquisitions & Other cash needs

(1) Non-GAAP, excludes restructuring-related and acquisition-related adjustments.
(2) Based on foreign currency exchange rates as of 12/31/12.
(3) Includes $6 million benefit from delay of 2012 R&E credit from 4Q12 to 1Q13.
(4) Includes approximately $60M of restructuring and acquisition-related adjustments.

Supplemental Materials

- Lexmark Financial Summary
- ISS Financial Summary
- Perceptive Software Financial Summary
- Estimated Currency Impact on Revenue
- 2012 Foreign Currency Exposure
- Outstanding Share Counts
- Cash Returned To Shareholders
- Anticipated Dividend Schedule
- Restructuring Summary
- Geographic Comparison
- P&L's Compared To Last Year
- Segment Comparison
- Expected Non-GAAP Adjustments
- 2012 Laser Product Line
- Footnotes
- Non-GAAP Measures

Lexmark Financial Summary*

	4Q12	FY12
• Revenue	$968M	$3,803
• Gross Profit Margin	36.0%	38.9%
• Operating Expense	$275M	$1,106M
– R&D	$88M	$372M
– SG&A	$187M	$734M
• Operating Income	$74M	$375M
– ISS	$152M	$677M
– Perceptive	($7M)	($25M)
– Other	($71M)	($278M)
• Operating Income Margin	7.7%	9.9%
• Net Earnings	$40M	$244M
• Tax Rate	40.7%	29.3%
• EPS	$0.61	$3.51

* Non-GAAP

ISS Financial Summary*

	4Q12	YTY	FY12	YTY
• Revenue	$925M	-10%	$3,642M	-11%
• Gross Profit Margin	35.7%	-2.7 pts	38.7%	+0.1 pts
• Operating Expense	$178M	-$23M	$733M	-$60M
• Operating Income	$152M	-$42M	$677M	-$104M
	16.4%	-2.4 pts	18.6%	-0.6 pts

* Non-GAAP

Perceptive Software Financial Summary*

	4Q12	YTY	FY12	YTY
• Revenue	$43M	+37%	$162M	+62%
– Licenses	$12M	+27%	$49M	+57%
– Subscriptions / Maintenance	$19M	+50%	$67M	+66%
– Professional Services / Other	$12M	+29%	$45M	+62%
• Gross Profit Margin	67.0%	-0.5 pts	69.1%	-1.0 pts
• Operating Expense	$35M	+$13M	$137M	+$63M
• Operating Income	-$7M	-$6M	-$25M	-$21M

* Non-GAAP

Estimated Currency Impact To Revenue*

4Q12 and FY12

4Q12 vs. 3Q12	1%
4Q12 vs. 4Q11	-1%
4Q12 vs. Guidance	0%
FY12 vs. FY11	-3%

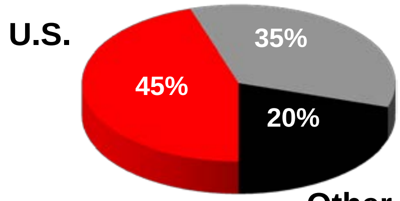
1Q13 and FY13

1Q13 vs. 4Q12	0%
1Q13 vs. 1Q12	0%
FY13 vs. FY12	0%

(*) Based on foreign currency exchange rates as of 12/31/12.

2012 Foreign Currency Exposure

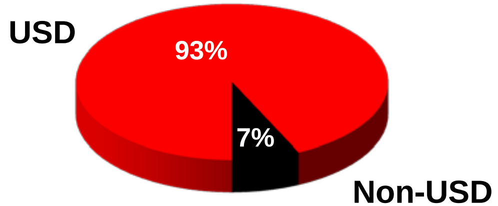
Revenue by Geography



Europe: Mostly Euro (65%-70%) and British Pound (5%-10%)

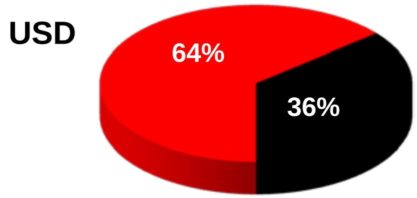
Other International: Primarily Canadian Dollar, Brazilian Real and Australian Dollar

Cost by Currency



Non-USD: Primarily Euro (20%-25%), Australian Dollar (20% -20%), Brazilian Dollar (10%-15%), Canadian Dollar (10%-15%), and a number of other currencies representing less than 10% including Mexican Peso, Philippine Peso, and Japanese Yen.

Operating Expense by Currency



Non-USD: Euro (30%- 35%), Swiss Franc (10%-15%), and a number of other currencies each representing less than 10% including the Brazilian Real, Canadian Dollar, Australian Dollar, Philippine Peso and British Pound

Other Factors

- Company generally acts to harmonize supplies prices globally to the U.S. dollar
- Price increases cannot immediately impact laser supplies that are sold under contract (~60% or more at any given point in time)
- Lexmark does not hedge cash flow, but does hedge transaction exposures

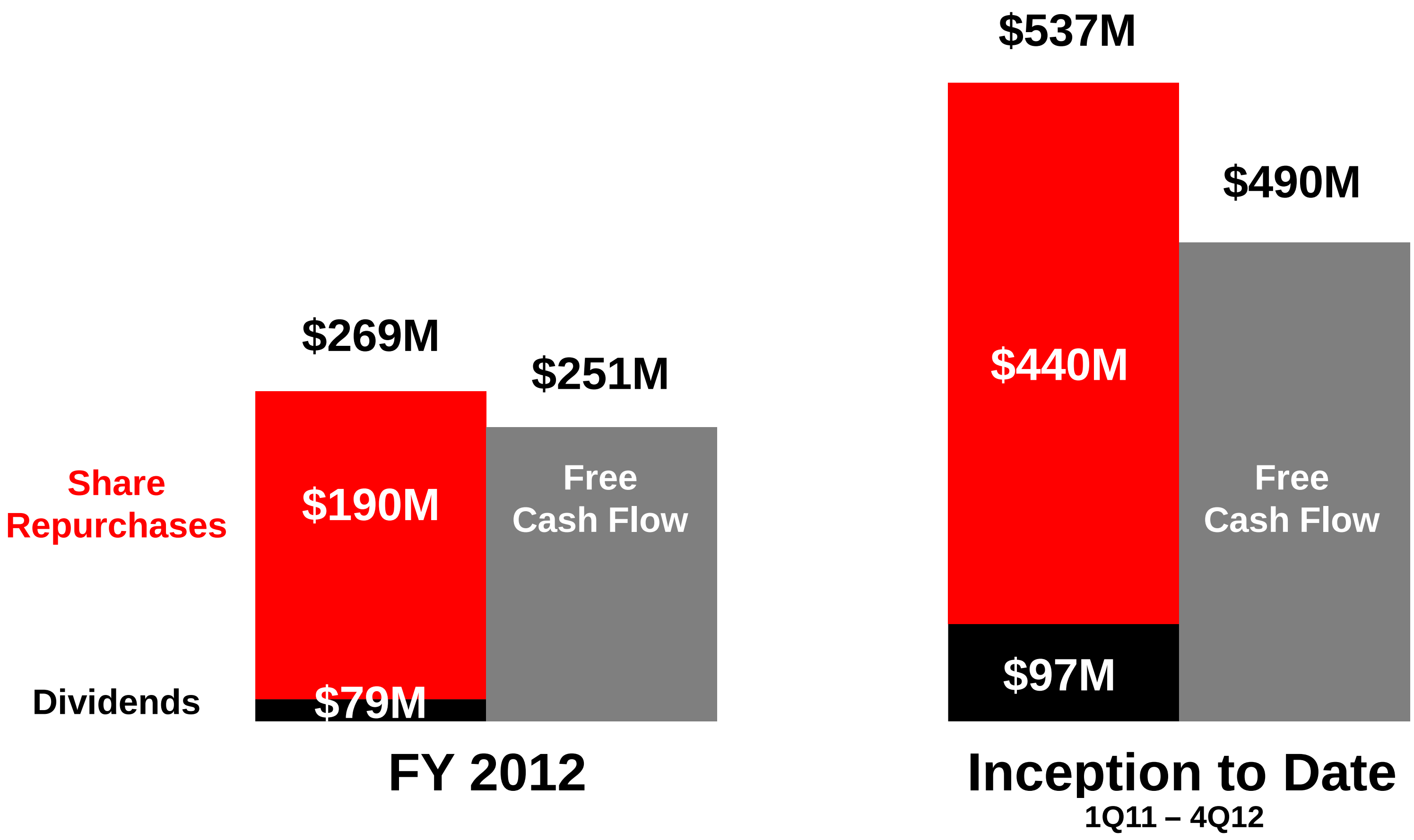
Outstanding Share Counts*

Quarter	Actual Ending	Diluted Average
4Q12	63.9	65.4
3Q12	64.6	68.9
2Q12	70.3	71.5
1Q12	71.1	72.3
4Q11	71.4	74.0
3Q11	75.2	78.0
2Q11	79.2	80.0
1Q11	79.1	79.8

* Millions

Cash Returned to Shareholders

Returned 110% of Free Cash Flow to Shareholders Since 2011



Anticipated Dividend Schedule*

Declaration Date	Record Date	Payment Date
2/21/13	3/4/13	3/15/13
4/25/13	5/31/13	6/14/13
7/25/13	8/30/13	9/13/13
10/24/13	11/29/13	12/13/13

* Future quarterly dividend payments subject to Board of Directors' approval

2012 Restructuring Summary[1][2]

Pretax charges	Jan 2012 Charges	Jan 2012 Cash Flow[3]	Aug 2012 Charges	Aug 2012 Cash Flow[3]
• FY11	$8M	$3M	-	-
• 4Q12	$1M	$3M	$32M	$23M
• FY12	$23M	$14M	$96M	$24M
• FY13 Expected	$1M	$1M	$39M	$37M
• Total Program	$32M	$18M	$160M	$75M

Savings	Jan 2012	Aug 2012
• FY12	$17M	$1M
• FY13 Expected	$28M	$85M
• Ongoing	$28M	$95M (Cash $85M)[4]

Note:
(1) Restructuring-related charges for 2012 actions and related project costs only.
(2) Restructuring savings include savings from 2012 actions only.
(3) Cash restructuring charges are estimates based on the timing of related activities.
(4) Beginning in FY15. Estimated Allocation of 65% Operating Expense / 35% Cost of Goods Sold.

4Q & FY2012 Geo Comparison[1,2]

4Q Geographic Revenue *(Dollars in millions)*	4Q 2012			4Q 2011			YTY Comparison	
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP	GAAP	Non-GAAP
United States	436	1	437	427	--	427	2%	2%
EMEA	332	--	332	403	1	404	-18%	-18%
Other International	200	--	200	230	--	230	-13%	-13%
Total Revenue	967	1	968	1,060	1	1,061	-9%	-9%

FY Geographic Revenue *(Dollars in millions)*	2012			2011			YTY Comparison	
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP	GAAP	Non-GAAP
United States	1,696	5	1,701	1,755	4	1,759	-3%	-3%
EMEA	1,320	--	1,320	1,532	1	1,533	-14%	-14%
Other International	782	--	782	886	--	886	-12%	-12%
Total Revenue	3,798	5	3,803	4,173	5	4,178	-9%	-9%

1)Totals may not foot due to rounding.
2)Adjustments comprised of acquisition-related adjustments.

4Q P&L Compared to Last Year

$ Million, Except EPS

	4Q12						4Q11					
	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS
GAAP	**$967**	**$330** **34.1%**	**$304** **31.5%**	**$25** **2.6%**	**$6**	**$0.10**	**$1,060**	**$396** **37.4%**	**$303** **28.6%**	**$93** **8.8%**	**$69**	**$0.94**
Deferred revenue	*$1*	*$1*	*--*	*$1*			*$1*	*$1*	*--*	*$1*		
Amortization of purchased intangibles	*--*	*$7*	*($4)*	*$11*			*--*	*$4*	*($2)*	*$6*		
Acquisition costs	*--*	*--*	*($4)*	*$4*			*--*	*--*	*($3)*	*$3*		
Acquisition-Related(1)	**$1**	**$8**	**($8)**	**$16**	**$11**	**$0.17**	**$1**	**$6**	**($5)**	**$10**	**$8**	**$0.11**
Restructuring-Related(2)	**--**	**$11**	**($22)**	**$33**	**$23**	**$0.35**	**--**	**$4**	**($16)**	**$20**	**$15**	**$0.21**
Non-GAAP(3)	**$968**	**$349** **36.0%**	**$275** **28.4%**	**$74** **7.7%**	**$40**	**$0.61**	**$1,061**	**$406** **38.3%**	**$283** **26.7%**	**$123** **11.6%**	**$93**	**$1.25**

(1) Acquisition-related amounts include amortization of purchased intangibles, adjustments to deferred revenue and acquisition and integration costs.
(2) Restructuring-related amounts include 2007, 2008 , 2009 and 2012 actions and related project costs.
(3) 4Q12 GAAP effective tax rate of 66.5%, 4Q12 Non GAAP effective tax rate of 40.7%, 4Q11 GAAP effective tax rate of 18.6%, 4Q11 Non GAAP effective tax rate of 19.7%.
(4) Totals may not foot due to rounding.

Full Year P&L Compared to Last Year

$ Million, Except EPS

	FY 2012						FY 2011					
	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS
GAAP	**$3,798**	**$1,400** **36.9%**	**$1,213** **31.9%**	**$187** **4.9%**	**$106**	**$1.53**	**$4,173**	**$1,581** **37.9%**	**$1,138** **27.3%**	**$443** **10.6%**	**$321**	**$4.12**
Deferred revenue	*$5*	*$5*	*--*	*$5*			*$5*	*$5*	*--*	*$5*		
Amortization of purchased intangibles	*--*	*$27*	*($14)*	*$41*		*--*	*--*	*$16*	*($6)*	*$21*		
Acquisition costs	*--*	*--*	*($19)*	*$19*			*--*	*--*	*($3)*	*$3*		
Acquisition-Related[(1)]	**$5**	**$33**	**($33)**	**$66**	**$49**	**$0.70**	**$5**	**$20**	**($9)**	**$29**	**$23**	**$0.29**
Restructuring-Related[(2)]	**--**	**$48**	**($74)**	**$122**	**$90**	**$1.29**	**--**	**$5**	**($25)**	**$30**	**$23**	**$0.30**
Non-GAAP[(3)]	**$3,803**	**$1,480** **38.9%**	**$1,106** **29.1%**	**$375** **9.9%**	**$244**	**$3.51**	**$4,178**	**$1,606** **38.4%**	**$1,104** **26.4%**	**$502** **12.0%**	**$367**	**$4.71**

(1) Acquisition-related amounts include amortization of purchased intangibles, adjustments to deferred revenue and acquisition and integration costs.
(2) Restructuring-related amounts include 2007, 2008 , 2009 and 2012 actions and related project costs
(3) 2012 GAAP effective tax rate of 32.7%, 2012 Non GAAP effective tax rate of 29.3%, 2011 GAAP effective tax rate of 22.4%, 2011 Non GAAP effective tax rate of 22.5%.
(4) Totals may not foot due to rounding.

4Q Segment Comparison[1,2]

Revenue

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 925	$ --	$ 925	$ 1030	$ --	$ 1,030	(10%)	(10%)
Perceptive Software	42	1	43	30	1	31	41%	37%
Total Revenue	$ 967	$ 1	$ 968	$ 1,060	$ 1	$ 1,061	(9%)	(9%)

Gross Profit $

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 319	$ 11	$ 330	$ 391	$ 5	$ 395	(18%)	(16%)
Perceptive Software	21	8	28	16	5	21	33%	36%
All Other	(10)	$ --	(10)	(10)	--	(10)	1%	1%
Total Gross Profit Margin	$ 330	$ 19	$ 349	$ 396	$ 10	$ 406	(17%)	(14%)

Operating Expense

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 189	$ (10)	$ 178	$ 210	$ (8)	$ 201	(10%)	(12%)
Perceptive Software	40	(5)	35	24	(2)	22	67%	59%
All other	76	(15)	61	69	(10)	59	9%	3%
Total Operating Expense	$ 304	$ (30)	$ 275	$ 303	$ (20)	$ 283	0%	(3%)

Operating Income

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 130	$ 22	$ 152	$ 181	$ 13	$ 194	(28%)	(21%)
Perceptive Software	(20)	13	(7)	(8)	7	(1)	(131%)	(415%)
All other	(86)	15	(71)	(79)	10	(69)	(8%)	(3%)
Total Operating Income	$ 25	$ 49	$ 74	$ 93	$ 30	$ 123	(73%)	(40%)

(1) Totals may not foot due to rounding
(2) Adjustments comprised of restructuring-related amounts from 2007, 2008, 2009 and 2012 actions and related project costs, and acquisition-related adjustments.

Full Year Segment Comparison[1,2]

Revenue

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 3,642	$ --	$ 3,642	$ 4,078	$ --	$ 4,078	(11%)	(11%)
Perceptive Software	156	5	162	95	5	100	65%	62%
Total Revenue	$ 3,798	$ 5	$ 3,803	$ 4,173	$ 5	$ 4,178	(9%)	(9%)

Gross Profit $

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 1,362	$ 48	$ 1,411	$ 1,569	$ 6	$ 1,575	(13%)	(10%)
Perceptive Software	80	32	112	50	20	70	59%	60%
All Other	(42)	$ --	(42)	(38)	(0)	(39)	(9%)	(8%)
Total Gross Profit Margin	$ 1,400	$ 81	$ 1,480	$ 1,581	$ 26	$ 1606	(11%)	(8%)

Operating Expense

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 778	$ (45)	$ 733	$ 804	$ (11)	$ 793	(3%)	(8%)
Perceptive Software	152	(15)	137	80	(6)	74	91%	85%
All other	283	(47)	236	254	(17)	237	12%	(0%)
Total Operating Expense	$ 1,213	$ (107)	$ 1,106	$ 1,138	$ (34)	$ 1,104	7%	0%

Operating Income

(Dollars in millions)	2012 GAAP	2012 Adjustments	2012 Non-GAAP	2011 GAAP	2011 Adjustments	2011 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 584	$ 93	$ 677	$ 765	$ 17	$ 782	(24%)	(13%)
Perceptive Software	(72)	47	(25)	(30)	26	(4)	(144%)	(529%)
All other	(325)	47	(278)	(292)	17	(275)	(11%)	(1%)
Total Operating Income	$ 187	$ 188	$ 375	$ 443	$ 59	$ 502	(58%)	(25%)

(1) Totals may not foot due to rounding
(2) Adjustments comprised of restructuring-related amounts from 2007, 2008, 2009 and 2012 actions and related project costs, and acquisition-related adjustments.

Expected Non-GAAP Adjustments

$ Million, Except EPS

1Q13

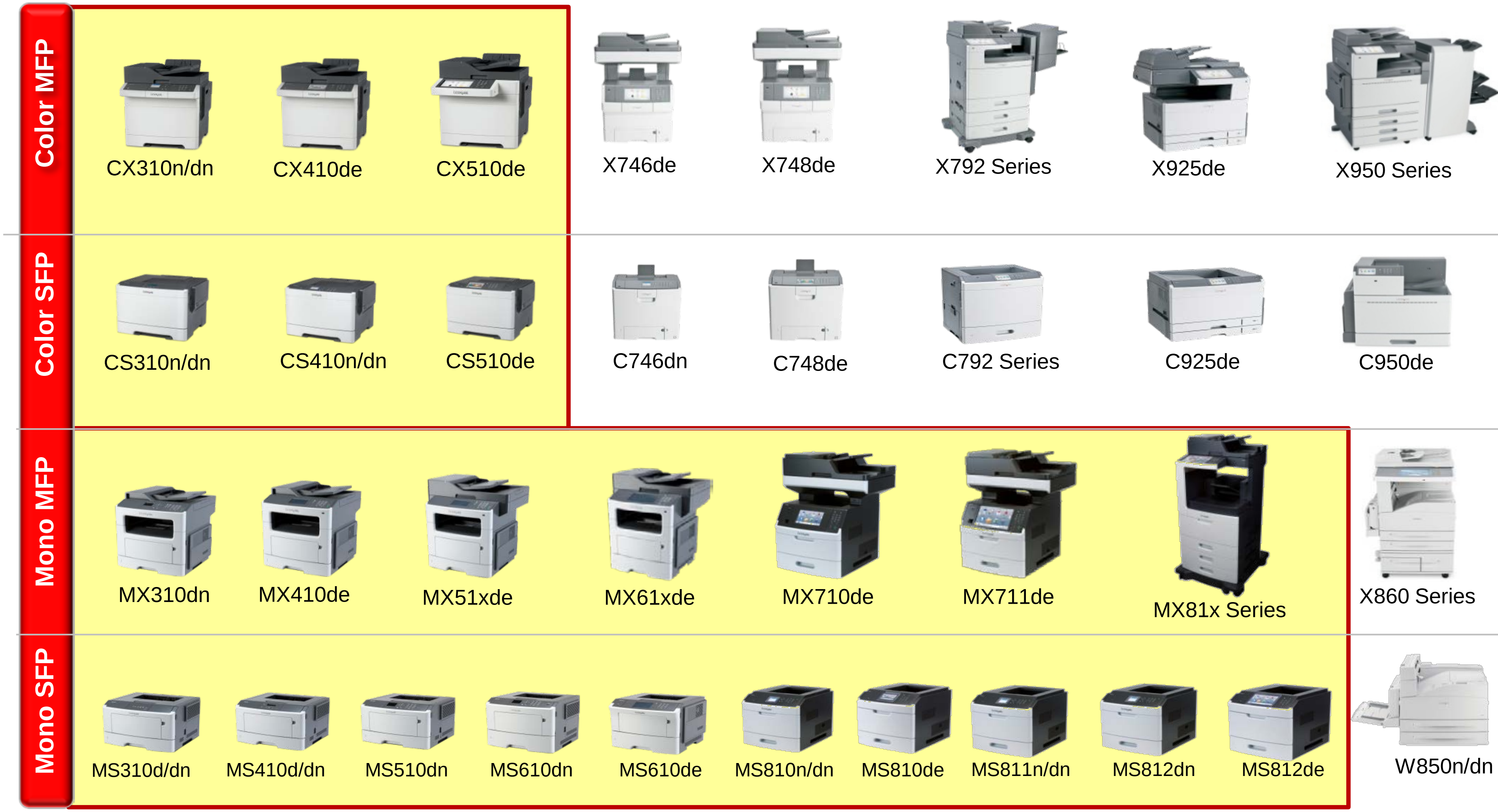
	Revenue	Gross Profit	Op Ex	Op Inc	EPS
Deferred revenue	*$3*	*$3*	*--*	*$3*	
Amortization of purchased intangibles		*$9*	*($4)*	*$13*	
Acquisition costs		*$0*	*($1)*	*$1*	
Acquisition-Related(1)	**$3**	**$12**	**($5)**	**$17**	**$0.21**
Restructuring-Related(2)		**$6**	**($7)**	**$13**	**$0.16**
Total Non-GAAP Adjustments				**$29**	**$0.37**

FY 2013

	Revenue	Gross Profit	Op Ex	Op Inc	EPS
Deferred revenue	*$10*	*$10*	*--*	*$10*	
Amortization of purchased intangibles		*$35*	*($18)*	*$53*	
Acquisition costs		*$0*	*($4)*	*$4*	
Acquisition-Related(1)	**$10**	**$45**	**($22)**	**$67**	**$0.80**
Restructuring-Related(2)		**$18**	**($21)**	**$39**	**$0.47**
Total Non-GAAP Adjustments				**$107**	**$1.27**

(1) Acquisition-related amounts include amortization of purchased intangibles, adjustments to deferred revenue and acquisition and integration costs.
(2) Restructuring-related amounts include 2009 and 2012 actions and related project costs.
(3) May not foot due to rounding.

Fall 2012 Laser Product Portfolio*



*Yellow: Products announced on10/18/2012

Footnotes For Leader Slide

Gartner, Inc., Magic Quadrant for Managed Print Services, Worldwide, Ken Weilerstein, Cecile Drew, Yulan Li, October 25, 2012.

Gartner, Inc., Magic Quadrant for MFPs and Printers, Worldwide, Sharon McNee, Federico De Silva, October 24, 2012.

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IDC MarketScape: Worldwide Managed Print Services 2011 Hardcopy Vendor Analysis

Forrester Wave™: Managed Print Services, Q2 2012

Quocirca Vendor Landscape: Managed Print Services, March 2012

Non-GAAP Measures

Management believes that presenting non-GAAP measures is useful because they enhance investors' understanding of how management assesses the performance of the Company's businesses. Management uses non-GAAP measures for budgeting purposes, measuring actual results to budgeted projections, allocating resources, and in certain circumstances for employee incentive compensation. Adjustments to GAAP results in determining non-GAAP results fall into two broad general categories that are described below:

•Restructuring- related charges

In recent years, the Company has initiated restructuring plans which have resulted in operating expenses which otherwise would not have been incurred. The size of these items can vary significantly from period to period and the Company does not consider these items to be part of core operating expenses of the business. Restructuring and related charges that are excluded from GAAP earnings to determine non-GAAP earnings consist of accelerated depreciation, asset impairments, employee termination benefits, pension and postretirement plan curtailments, inventory-related charges and contract termination and lease charges. They also include project costs that relate to the execution of the restructuring plans. These project costs are incremental to normal operating charges and are expensed as incurred, such as compensation costs for overlap staffing, travel expenses, consulting costs and training costs.

•Acquisition- related adjustments

In connection with acquisitions, management provides supplementary non-GAAP financial measures of revenue and expenses to normalize for the impact of business combination accounting rules as well as to exclude certain expenses which would not have been incurred otherwise.

A. Adjustments to Revenue

Due to business combination accounting rules, deferred revenue balances for service contracts assumed as part of acquisitions are adjusted down to fair value. Fair value approximates the cost of fulfilling the service obligation, plus a reasonable profit margin. Subsequent to acquisitions, management adds back the amount of amortized revenue that would have been recognized had the acquired company remained independent and had the deferred revenue balances not been adjusted to fair value. Management reviews non-GAAP revenue to allow for more complete comparisons to historical performance as well as to forward-looking projections and also uses it as a metric for employee incentive compensation.

B. Amortization of intangible assets

Due to business combination accounting rules, intangible assets are recognized which were not previously presented on the balance sheet of the acquired company. These intangible assets consist primarily of purchased technology, customer relationships, trade names, in-process R&D and non-compete agreements. Subsequent to the acquisition date, some of these intangible assets begin amortizing and represent an expense that would not have been recorded had the acquired company remained independent. The total amortization of the acquired intangible assets varies from period to period, due to the mix in value and useful lives of the different assets. For the purpose of comparing financial results to historical performance as well as for defining targets for employee incentive compensation, management excludes the amortization of the acquired intangible assets on a non-GAAP basis.

C. Acquisition and integration costs

In connection with its acquisitions, the Company incurs expenses that would not have been incurred otherwise. The acquisition costs include items such as investment banking fees, legal and accounting fees, and costs of retention bonus programs for the senior management of the acquired company. Integration costs may consist of information technology expenses, consulting costs and travel expenses as well as non-cash charges related to the abandonment of assets under construction by the Company that are determined to be duplicative of assets of the acquired company. The costs are expensed as incurred and can vary substantially in size from one period to the next. For these reasons, management excludes these expenses from non-GAAP earnings in order to evaluate the Company's performance on a continuing and comparable basis.

In addition to GAAP results, management presents these non-GAAP financial measures to provide investors with additional information that they can utilize in their own methods of evaluating the Company's performance. Management compensates for the material limitations associated with the use of non-GAAP financial measures by having specific initiatives associated with restructuring actions and acquisitions approved by management, along with their budgeted costs. Subsequently, actual costs incurred as a part of these approved restructuring plans and acquisitions are monitored and compared to budgeted costs to assure that the Company's non-GAAP financial measures only exclude pre-approved restructuring-related costs and acquisition-related adjustments. Any non-GAAP measures provided by the Company may not be comparable to similar measures of other companies as not all companies calculate these measures in the same manner.

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