Earnings Presentation

Third Quarter 2011

October 25, 2011

Safe Harbor

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.

Business Highlights

Financial Performance

- Better than Expected Revenue Growth
- Strong Gross Profit Margin, Solid Improvement in ISS Operating Margin Year on Year
- EPS Unfavorably Impacted by Discrete Tax Items of $0.06 Per Share

Continued Revenue Growth in Strategic Focus Areas

- Core Growth of 10% Driven by Double Digit Growth in High End Hardware, Supplies, MPS
- Perceptive Software Growth of 15%
- Dampened by Continued Decline of Legacy

Resumed Share Repurchase Program

- Repurchased $125 million in 3Q
- Anticipating Additional $125 million in 4Q

Strengthened Business Process & Fleet Management Solutions

- Announced Acquisition of Pallas Athena
- Announced Enterprise-Focused, Cloud-Based Print Release Solution
- Announced New Vertical Solutions for Healthcare and Education

Financial Summary*

	3Q11
Revenue Growth in Strategic Focus Areas • Core Growth of 10% • Driven by Double Digit Growth in High End Hardware, Supplies and MPS • Perceptive Software Growth of 15% • Dampened by Declines in Legacy Revenue	**$1.035B** **+1% YTY**

Operating Income Margin
• Strong Gross Profit Margin, up ~80 bps
• Solid Improvement in ISS Operating Margin
• Partially offset by
  • Increased Software Investment to Accelerate Product Roadmap and Expand Globally
  • Higher Other Cost/Expense, Principally Foreign Exchange
	10.4%
	-0.5 pts YTY

EPS • Impacted by Discrete Tax Items of $0.06 per share	**$0.95** **-13% YTY**

* Non-GAAP

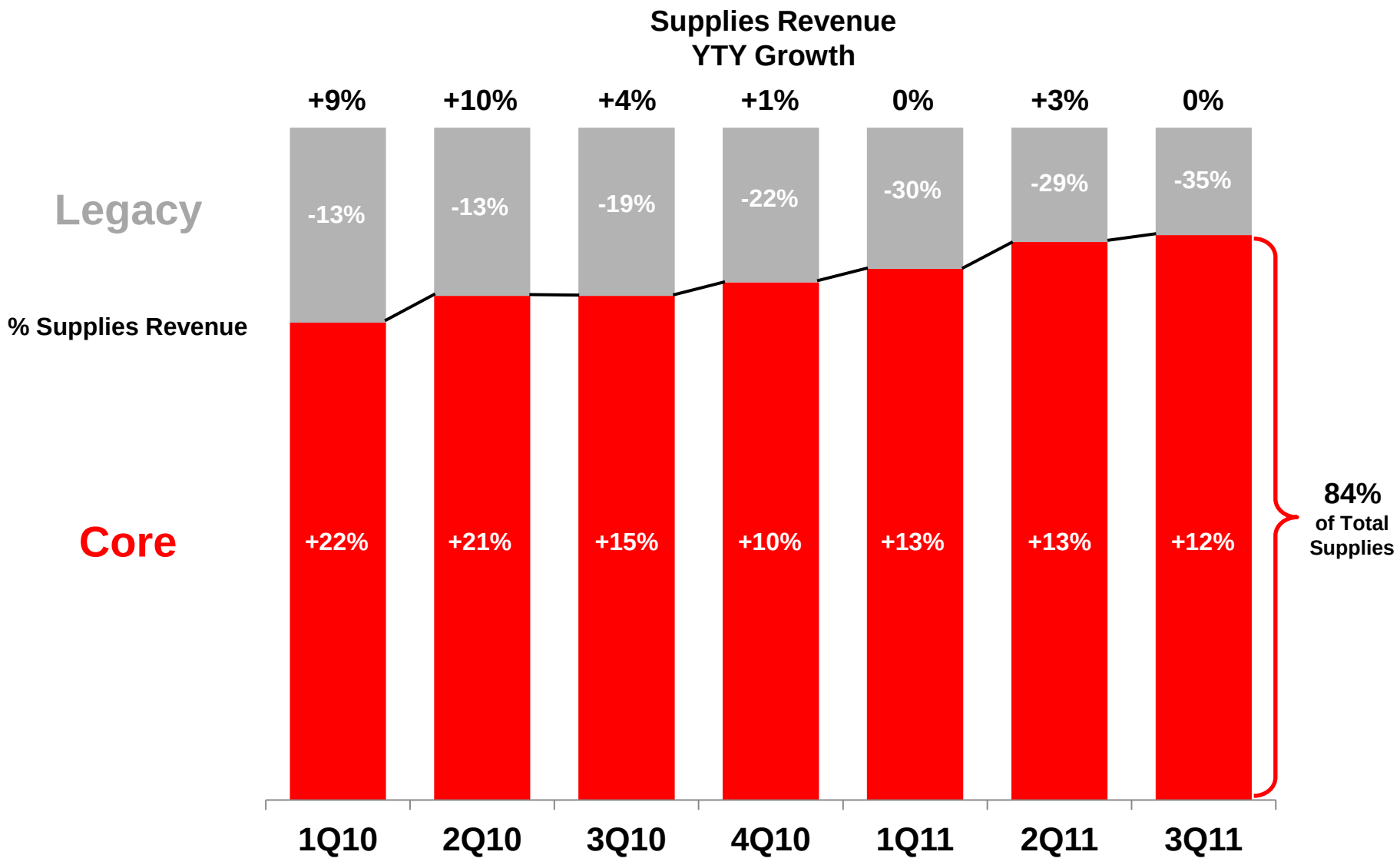
Record Laser Supplies Performance

	2007	2008	2009	2010	2011 Est.
Laser Shipments (Millions)	2.1	1.9	1.5	1.7	1.7+/-

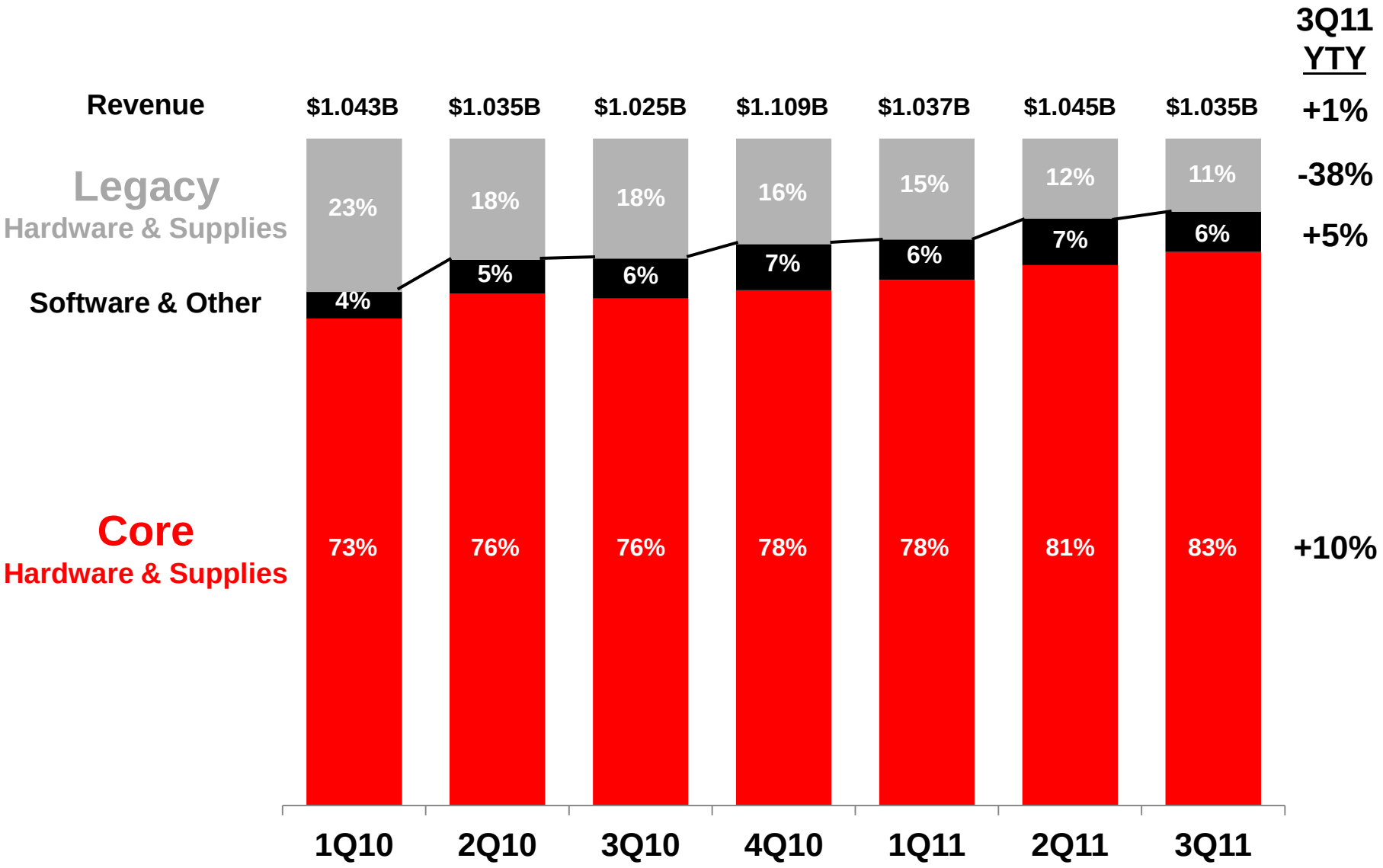
Record Laser Supplies Revenue

- ✓ 2010
- ✓ 3Q 2011 Year to Date
- ✓ Projected Full Year 2011

Core Supplies Revenue Growth Continues



The Strategic Segments are Growing



Lexmark's Acquisition of Pallas Athena

PALLAS ATHENA

- ✓ Based in Apeldoorn, Netherlands
- ✓ $50.2 million cash transaction (from non-U.S. cash)
- ✓ Builds upon Lexmark's end-to-end MPS and BPM software solutions
- ✓ Adds/strengthens Process Mining, BPM, and DOM software capabilities
- ✓ Broadens access to closely adjacent, high growth BPM software market

Process Mining	Business Process Management (BPM)	Document Output Management (DOM)
Automatic Discovery of Business Processes	Model, Simulate, Analyze, Control, Monitor Business Processes	Creation and Distribution Management of Documents

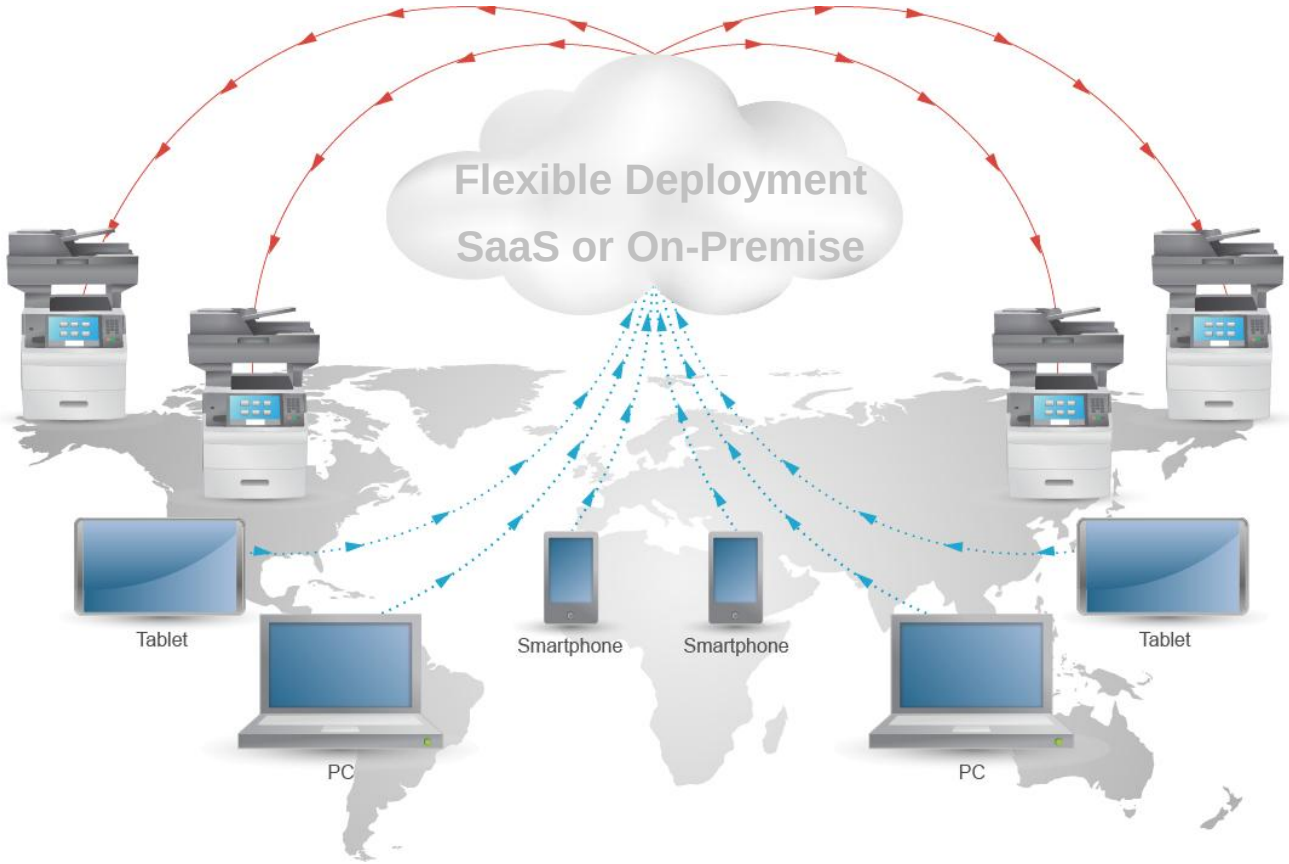
Lexmark + Perceptive + Pallas Athena

1. **Significantly strengthens Lexmark's core industry focused workflow solutions and MPS**

2. **Expands Lexmark and Perceptive's market for revenue growth and provides opportunity to cross sell imaging products, MPS, ECM, BPM and DOM**

3. **Provides opportunities to grow Perceptive and Pallas Athena leveraging Lexmark's global presence**

Print from Anywhere with Lexmark Print Release



It's Easy

Convenient, enterprise-class mobile printing

Print Jobs Follow You

It's Secure

Protected Access

It's Green

Only Print What's Needed

New Lexmark Medical and Education Solutions

Lexmark Patient Admission and Registration Solution

✓ Simplifies paper-intensive healthcare admissions and registration processes

✓ Enables healthcare providers to electronically capture, organize, route and access patient documentation quickly, accurately and securely

Lexmark Individualized Education Plan (IEP)Solution

✓Helps education professionals manage the paper-intensive area of special education

✓Assists special education professionals and school administrators with strict legal requirements and compliance audits on IEP documentation

Vertical Industry Presence*

Percentage of Top 10

Retail	Financial	Healthcare	Government	Education
Retailers	**Banks**	**Healthcare Systems**	**Federal Agencies**	**K-12 Districts**
90% Global **90% U.S.** **MPS Customers** **50% Global** **80% U.S.**	**70% Global** **70% U.S.** **MPS Customers** **50% Global** **30% U.S.**	**30% U.S.**	**70% U.S.**	**30% U.S.**

36% of the Fortune 50 Companies Are Lexmark Customers

24% of the Fortune 50 Companies Are Lexmark MPS Customers

* Refer to appendix for footnotes.

YTD 2011 Awards & Recognition*

Solutions

Markvision Enterprise

perceptivesoftware
a Lexmark company

Color Workgroup

X950 Series

X792 Series

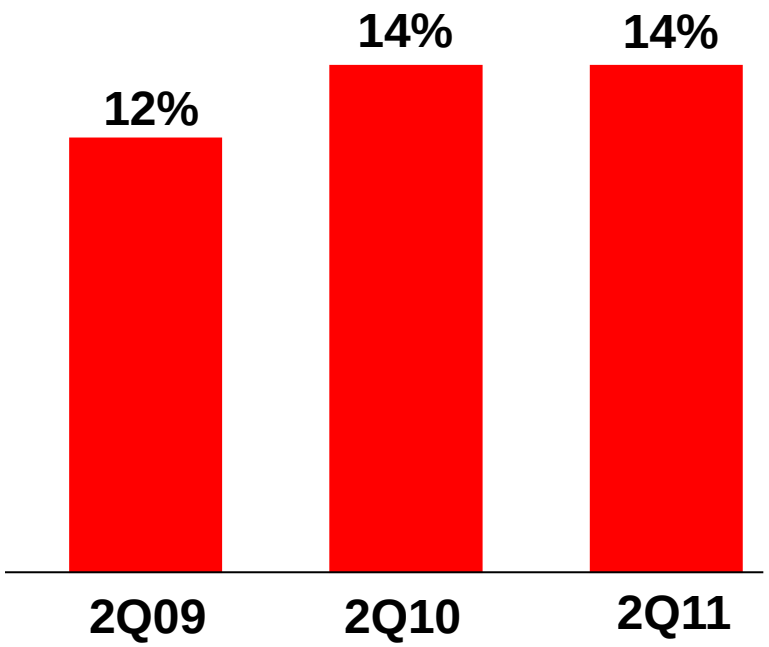
X548 Series

C792 Series

*Partial list of accolades received in 2011

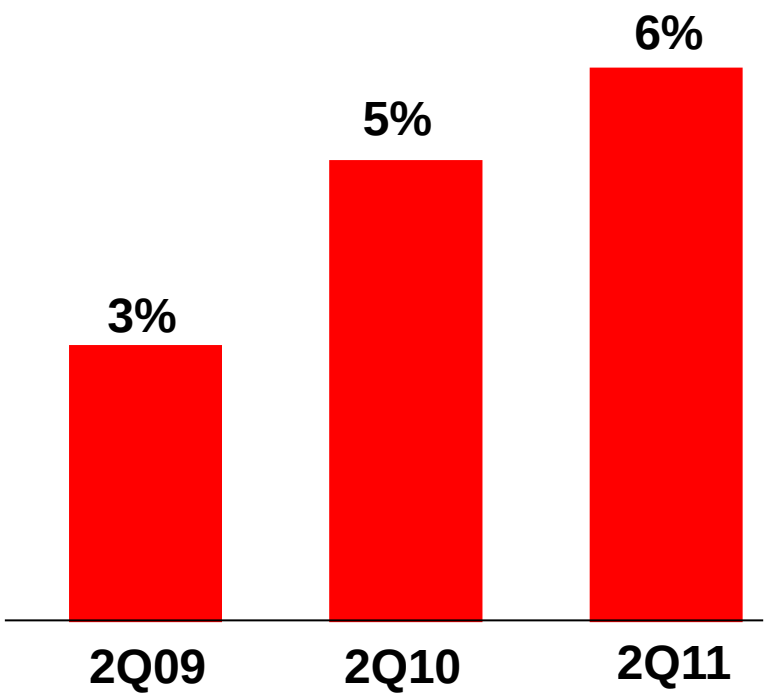
Share Position in High-Usage Segments[1]

Workgroup Laser[(2)]



4 quarters ending

> $200 Inkjet[(3)]



4 quarters ending

(1) Rolling four quarters
(2) Lexmark Custom Category using IDC WW HCP Tracker, Q2 2011 Branded A4 Laser Printer/MFP Shipments, Worldwide Excluding Japan
(3) IDC WW HCP Tracker, Q2 2011 Branded >$200 IJ Printer/MFP Shipments, Worldwide Excluding Japan

Outlook*

4Q11

Revenue Growth	Down mid-single digits
EPS	$1.15 - $1.25

FY11

Revenue Growth	Down low single digits
Op. Inc. Margin	~12.3% Achieved in FY10

Long Term

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

* Non-GAAP

Product Revenue[1]

3Q Year on Year

Hardware[2]	+2%
Supplies[3]	0%
Software & Other[4]	+5%
Total	+1%

Core Hardware – Revenue up 5%
- High End[5] – Rev. Up 17% / Units Up 27%
- Low End[6] – Rev. Down 16% / Units Down 14%

Legacy Hardware – Revenue below $1M
- Retiring of Older Inkjet Platforms
- Reduction in Mass Channel Distribution

Core Supplies – Revenue Up 12%
- 84% of Total Supplies

Legacy Supplies – Revenue Down 35%
- 16% of Total Supplies

Perceptive Software – Revenue Up 15%

(1) Non-GAAP
(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 and personal lasers and newer platform business inkjet based products

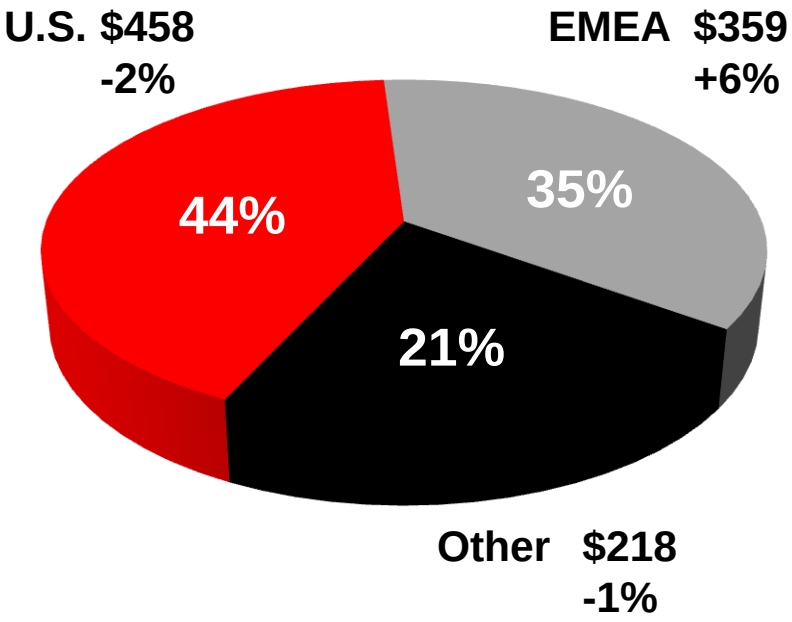
Hardware Product Revenue Details*

	3Q YTY		
	Units	AUR	Rev
Laser	+6%	+4%	+9%
Inkjet	-34%	+10%	-27%

* Non-GAAP

Geographic Revenue Details*

3Q11 ($M)



* Non-GAAP

Financial Summary*

	3Q11	YTD
• Revenue	$1,035	$3,117
• Gross Profit Margin	37.3%	38.5%
• Operating Expense	$279	$821
– R&D	$95	$276
– SG&A	$184	$545
• Operating Income	$108	$379
– ISS	$181	$588
– Perceptive	($3)	($3)
– Other	($71)	($206)
• Operating Income Margin	10.4%	12.2%
• Tax Rate	27%	23%
• EPS	$0.95	$3.46

* Non-GAAP

Cash Generation / Conversion

3Q11

Cash[1]	$1.2B
U.S. Cash[1]	$0.3B
Non-U.S. Cash[1]	$0.9B
Cash from Operations[2]	$48M
Depreciation & Amortization	$54M
Capital Expenditures	$41M
Since the end of 2Q:	
A/R	$23M
Inventory	($8M)
A/P	($20M)

(1) Includes current marketable securities
(2) Net cash provided by operating activities

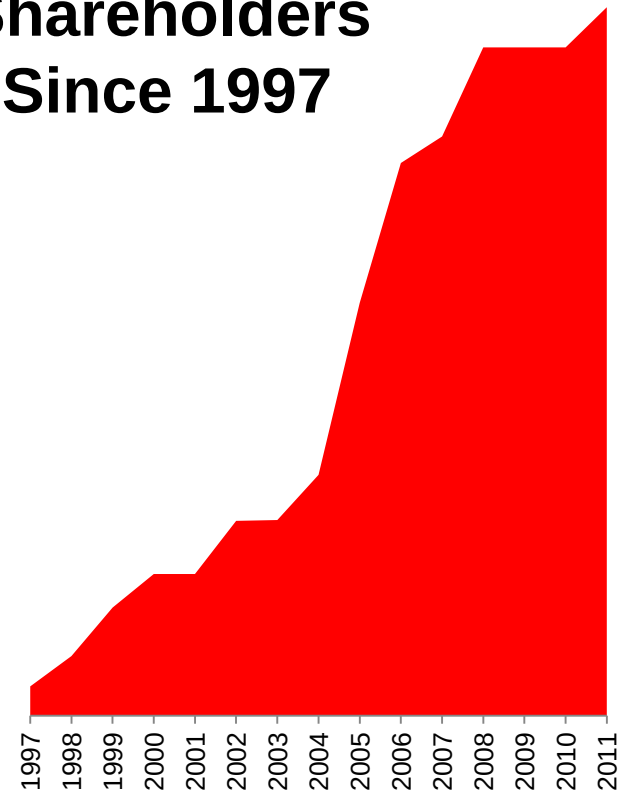
Cash Conversion Days

	3Q10	4Q10	1Q11	2Q11	3Q11
Receivables	41	39	42	38	41
Inventory	54	46	51	50	47
Payables	75	68	79	73	68
Cash Conversion*	20	18	14	16	20

* Totals may not foot due to rounding.

Resumed Share Repurchases

$4.3 Billion Returned to Shareholders Since 1997



Resumed Share Repurchase Program in 3Q11

Repurchased 4.1 Million Shares for $125 Million in 3Q11

Anticipate Repurchasing Additional $125 Million in 4Q11

4Q11 Outlook

Revenue[(1)(2)] to be down mid-single digit % YTY

Gross Profit Margin[(1)(2)] to be up versus 36.5% in 4Q10

Operating Expense[(1)(2)] to be flat to down slightly compared to $279 Million in 3Q11

Operating Income Margin[(1)(2)] to be up from 11.0% in 4Q10

GAAP EPS[(2)] of $1.02 - $1.12 Assuming a ~23% Effective Tax Rate, or $1.15 - $1.25 Excluding Approximately $0.13 Per Share for Non-GAAP Adjustments

Compares to 4Q10 GAAP EPS of $1.10 Which Included an 8% Effective Tax Rate, or $1.29 Excluding $0.19 Per Share for Non-GAAP Adjustments

Note: Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.

(1) Non-GAAP, excludes restructuring-related and acquisition-related adjustments.

(2) Based on foreign currency exchange rates as of 9/30/11.

FY11 and Longer-Term Assumptions

FY11 Assumptions

- Revenue[1][2] down low single digit % YTY
- Op. Inc. Margin[1][2] to Continue to be Strong, At ~12.3% Achieved in 2010
- Effective Tax Rate 23%
- Capital Spending ~$180M
- Depreciation ~$210M
- Pension Funding ~$30M (Cash)

Longer Term Assumptions

- Grow Revenue At or Above Market
- Op. Inc. Margin of 11% - 13%
- Cash Generation Primarily Driven by Net Income
- Modest Ongoing working Capital / Cash Cycle Improvements
- Capital Expenditures ~ Depreciation
- Cash prioritization –
  - #1: Strategic Initiatives
  - #2: Share Repurchases from Excess Available U.S. Cash

Note: Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.

(1) Non-GAAP, excludes restructuring-related and acquisition-related adjustments.

(2) Based on foreign currency exchange rates as of 9/30/11.

Appendix

- P&L Compared to Last Year; 1Q, 2Q, 3Q, 3Q YTD, 2010
- Geo & Segment Comparison; 1Q, 2Q, 3Q, 3Q YTD, 2010
- Other
  - Expected Non-GAAP Adjustments
  - Restructuring Summary
  - 2010 Foreign Currency Exposure

1Q P&L Compared to Last Year

	2011						2010					
	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS
GAAP	**$1,034**	**$389 37.6%**	**$276 26.7%**	**$113 10.9%**	**$83**	**$1.04**	**$1,043**	**$385 36.9%**	**$251 24.1%**	**$133 12.8%**	**$95**	**$1.20**
Deferred revenue	*$3*	*$3*	*--*	*$3*			*--*	*--*	*--*	*--*		
Amortization of purchased intangibles	*--*	*$4*	*($1)*	*$5*			*--*	*--*	*--*	*--*		
Acquisition costs	*--*	*--*	*($1)*	*$1*			*--*	*--*	*--*	*--*		
Acquisition-Related(1)	**$3**	**$6**	**($2)**	**$8**	**$6**	**$0.08**	**--**	**--**	**--**	**--**	**--**	**--**
Restructuring-Related(2)	**--**	**$0**	**($2)**	**$2**	**$2**	**$0.02**	**--**	**$8**	**($7)**	**$15**	**$11**	**$0.15**
Non-GAAP(3)	**$1,037**	**$396 38.2%**	**$272 26.2%**	**$124 11.9%**	**$91**	**$1.14**	**$1,043**	**$392 37.6%**	**$244 23.4%**	**$148 14.2%**	**$107**	**$1.35**

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(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 and 2009 actions and related project costs.**

(3) **Totals may not foot due to rounding.**

2Q P&L Compared to Last Year

	2011						2010					
	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS
GAAP	**$1,044**	**$413** **39.6%**	**$276** **26.4%**	**$138** **13.2%**	**$101**	**$1.27**	**$1,033**	**$380** **36.8%**	**$261** **25.3%**	**$119** **11.5%**	**$85**	**$1.07**
Deferred revenue	*$1*	*$1*	*--*	*$1*			*$2*	*$2*	*--*	*$2*		
Amortization of purchased intangibles	*--*	*$4*	*($1)*	*$5*			*--*	*$1*	*($0)*	*$1*		
Acquisition costs	*--*	*--*	*$1*	*($1)*			*--*	*--*	*($5)*	*$5*		
Acquisition-Related[1]	**$1**	**$5**	**$0**	**$5**	**$4**	**$0.05**	**$2**	**$3**	**($5)**	**$8**	**$6**	**$0.08**
Restructuring-Related[2]	**--**	**$0**	**($5)**	**$5**	**$4**	**$0.05**	**--**	**$4**	**($4)**	**$9**	**$7**	**$0.08**
Non-GAAP[3]	**$1,045**	**$418** **40.0%**	**$270** **25.9%**	**$148** **14.2%**	**$109**	**$1.36**	**$1,035**	**$387** **37.4%**	**$251** **24.3%**	**$136** **13.1%**	**$98**	**$1.23**

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(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 and 2009 actions and related project costs.**

(3) **Totals may not foot due to rounding.**

3Q P&L Compared to Last Year

	2011						2010					
	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS
GAAP	**$1,035**	**$382 36.9%**	**$283 27.3%**	**$99 9.6%**	**$67**	**$0.86**	**$1,020**	**$361 35.4%**	**$268 26.3%**	**$93 9.1%**	**$72**	**$0.90**
Deferred revenue	*--*	*--*	*--*	*--*			*$5*	*$5*	*--*	*$5*		
Amortization of purchased intangibles	*--*	*$4*	*($1)*	*$5*			*--*	*$4*	*($1)*	*$5*		
Acquisition costs	*--*	*--*	*--*	*--*			*--*	*--*	*($1)*	*$1*		
Acquisition-Related[1]	**--**	**$4**	**($2)**	**$6**	**$5**	**$0.06**	**$5**	**$9**	**($2)**	**$11**	**$9**	**$0.11**
Restructuring-Related[2]	**--**	**--**	**($2)**	**$3**	**$2**	**$0.03**	**--**	**$4**	**($4)**	**$8**	**$6**	**$0.08**
Non-GAAP[3]	**$1,035**	**$386 37.3%**	**$279 26.9%**	**$108 10.4%**	**$74**	**$0.95**	**$1,025**	**$374 36.5%**	**$262 25.6%**	**$112 10.9%**	**$87**	**$1.09**

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(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 and 2009 actions and related project costs.**

(3) **Totals may not foot due to rounding.**

3Q YTD P&L Compared to Last Year

	2011						2010					
	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS
GAAP	**$3,113**	**$1,185** **38.0%**	**$834** **26.8%**	**$350** **11.2%**	**$252**	**$3.17**	**$3,096**	**$1,126** **36.4%**	**$781** **25.2%**	**$345** **11.2%**	**$252**	**$3.18**
Deferred revenue	*$4*	*$4*	*--*	*$4*			*$7*	*$7*	*--*	*$7*		
Amortization of purchased intangibles	*--*	*$11*	*($4)*	*$15*			*--*	*$5*	*($2)*	*$6*		
Acquisition costs	*--*	*--*	*--*	*--*			*--*	*--*	*($6)*	*$6*		
Acquisition-Related[1]	**$4**	**$15**	**($4)**	**$19**	**$15**	**$0.19**	**$7**	**$12**	**($8)**	**$20**	**$15**	**$0.19**
Restructuring-Related[2]	**--**	**$1**	**($9)**	**$10**	**$8**	**$0.10**	**--**	**$16**	**($15)**	**$31**	**$24**	**$0.30**
Non-GAAP[3]	**$3,117**	**$1,200** **38.5%**	**$821** **26.3%**	**$379** **12.2%**	**$274**	**$3.46**	**$3,103**	**$1,154** **37.2%**	**$758** **24.4%**	**$396** **12.8%**	**$291**	**$3.67**

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(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 and 2009 actions and related project costs.**

(3) **Totals may not foot due to rounding.**

2010 P&L Compared to Last Year

	2010						2009					
	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS	Revenue	Gross Profit	Op Ex	Op Inc	Net Earnings	EPS
GAAP	**$4,200**	**$1,519 36.2%**	**$1,073 25.5%**	**$447 10.6%**	**$340**	**$4.28**	**$3,880**	**$1,310 33.8%**	**$1,094 28.2%**	**$216 5.6%**	**$146**	**$1.86**
Deferred revenue	*$13*	*$13*	*--*	*$13*			--	--	--	--		
Amortization of purchased intangibles	*--*	*$9*	*($3)*	*$12*			--	--	--	--		
Acquisition costs	*--*	*--*	*($7)*	*$7*			--	--	--	--		
Acquisition-Related(1)	**$13**	**$22**	**($10)**	**$32**	**$25**	**$0.31**	**--**	**--**	**--**	**--**	**--**	**--**
Restructuring-Related(2)	**--**	**$17**	**($21)**	**$39**	**$30**	**$0.37**	**--**	**$51**	**($90)**	**$141**	**$111**	**$1.40**
Non-GAAP(3)	**$4,213**	**$1,559 37.0%**	**$1,041 24.7%**	**$518 12.3%**	**$395**	**$4.96**	**$3,880**	**$1,361 35.1%**	**$1,004 25.9%**	**$357 9.2%**	**$256**	**$3.26**

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(1) **Acquisition-related amounts include amortization of purchased intangibles, adjustments to deferred revenue and acquisition and integration costs.**

(2) **Restructuring-related amounts include 2006, 2007, 2008 and 2009 actions and related project costs.**

(3) **Totals may not foot due to rounding.**

1Q Geo & Segment Comparison

Geographic Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
United States	$ 432	$ 3	$ 434	$ 427	$ --	$ 427	1%	2%
EMEA	390	--	390	405	--	405	(4%)	(4%)
Other International	213	--	213	212	--	212	1%	1%
Total Revenue[2]	$ 1,034	$ 3	$ 1,037	$ 1,043	$ --	$ 1,043	(1%)	(1%)

Segment Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 1,016	$ --	$ 1,016	$ 1,043	$ --	$ 1,043	(3%)	(3%)
Perceptive Software	19	3	21	--	--	--	nm	nm
Total Revenue[2]	$ 1,034	$ 3	$ 1,037	$ 1,043	$ --	$ 1,043	(1%)	(1%)

Segment Operating Income

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 188	$ 1	$ 190	$ 192	$ 12	$ 204	(2%)	(7%)
Perceptive Software	(7)	7	0	--	--	--	nm	nm
All other	(68)	2	(66)	(59)	3	(56)	(16%)	(18%)
Total Operating Income[2]	$ 113	$ 10	$ 124	$ 133	$ 15	$ 148	(15%)	(16%)

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(1) **Adjustments comprised of restructuring-related amounts from 2007, 2008 and 2009 actions and related project costs, and acquisition-related adjustments.**

(2) **Totals may not foot due to rounding.**

2Q Geo & Segment Comparison

Geographic Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
United States	$ 439	$ 1	$ 440	$ 435	$ 2	$ 437	1%	1%
EMEA	380	--	380	369	--	369	3%	3%
Other International	225	--	225	229	--	229	(1%)	(1%)
Total Revenue[2]	$ 1,044	$ 1	$ 1,045	$ 1,033	$ 2	$ 1,035	1%	1%

Segment Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 1,020	$ --	$ 1,020	$ 1,027	$ --	$ 1,027	(1%)	(1%)
Perceptive Software	24	1	25	6	2	8	275%	195%
Total Revenue[2]	$ 1,044	$ 1	$ 1,045	$ 1,033	$ 2	$ 1,035	1%	1%

Segment Operating Income

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 215	$ 2	$ 217	$ 194	$ 8	$ 201	11%	8%
Perceptive Software	(6)	6	0	0	3	3	nm	(102%)
All other	(71)	2	(69)	(75)	6	(69)	5%	(1%)
Total Operating Income[2]	$ 138	$ 10	$ 148	$ 119	$ 17	$ 136	16%	9%

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(1) **Adjustments comprised of restructuring-related amounts from 2007, 2008 and 2009 actions and related project costs, and acquisition-related adjustments.**

(2) **Totals may not foot due to rounding.**

3Q Geo & Segment Comparison

Geographic Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
United States	$ 458	$ --	$ 458	$ 462	$ 5	$ 468	(1%)	(2%)
EMEA	359	--	359	338	--	338	6%	6%
Other International	218	--	218	219	--	219	(1%)	(1%)
Total Revenue[2]	$ 1,035	$ --	$ 1,035	$ 1,020	$ 5	$ 1,025	1%	1%

Segment Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 1,012	$ --	$ 1,012	$ 1,005	$ --	$ 1,005	1%	1%
Perceptive Software	23	--	23	14	5	20	57%	15%
Total Revenue[2]	$ 1,035	$ --	$ 1,035	$ 1,020	$ 5	$ 1,025	1%	1%

Segment Operating Income

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 180	$ 1	$ 181	$ 171	$ 5	$ 176	6%	3%
Perceptive Software	(8)	5	(3)	(9)	10	1	16%	(333%)
All other	(73)	3	(71)	(68)	3	(65)	(8%)	(8%)
Total Operating Income[2]	$ 99	$ 9	$ 108	$ 93	$ 19	$ 112	6%	(4%)

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(1) **Adjustments comprised of restructuring-related amounts from 2007, 2008 and 2009 actions and related project costs, and acquisition-related adjustments.**

(2) **Totals may not foot due to rounding.**

3Q YTD Geo & Segment Comparison

Geographic Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
United States	$ 1,329	$ 4	$ 1,332	$ 1,324	$ 7	$ 1,331	0%	0%
EMEA	1,128	--	1,128	1,112	--	1,112	1%	1%
Other International	657	--	657	659	--	659	(0%)	(0%)
Total Revenue[2]	$ 3,113	$ 4	$ 3,117	$ 3,096	$ 7	$ 3,103	1%	0%

Segment Revenue

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 3,048	$ --	$ 3,048	$ 3,075	$ --	$ 3,075	(1%)	(1%)
Perceptive Software	65	4	69	21	7	28	213%	144%
Total Revenue[2]	$ 3,113	$ 4	$ 3,117	$ 3,096	$ 7	$ 3,103	1%	0%

Segment Operating Income

(Dollars in millions)

	2011			2010			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 584	$ 4	$ 588	$ 557	$ 25	$ 582	5%	1%
Perceptive Software	(21)	18	(3)	(10)	14	4	(122%)	(163%)
All other	(213)	7	(206)	(202)	12	(190)	(5%)	(9%)
Total Operating Income[2]	$ 350	$ 29	$ 379	$ 345	$ 51	$ 396	1%	(4%)

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(1) **Adjustments comprised of restructuring-related amounts from 2007, 2008 and 2009 actions and related project costs, and acquisition-related adjustments.**

(2) **Totals may not foot due to rounding.**

2010 Geo & Segment Comparison

Geographic Revenue

(Dollars in millions)

	2010			2009			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
United States	$ 1,791	$ 13	$ 1,804	$ 1,672	$ --	$ 1,672	7%	8%
EMEA	1,510	--	1,510	1,454	--	1,454	4%	4%
Other International	899	--	899	754	--	754	19%	19%
Total Revenue[2]	$ 4,200	$ 13	$ 4,213	$ 3,880	$ --	$ $3,880	8%	9%

Segment Revenue

(Dollars in millions)

	2010			2009			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 4,162	$ --	$ 4,162	$ 3,880	$ --	$ 3,880	7%	7%
Perceptive Software	37	13	50	--	--	--	nm	nm
Total Revenue[2]	$ 4,200	$ 13	$ 4,213	$ 3,880	$ --	$ 3,880	8%	9%

Segment Operating Income

(Dollars in millions)

	2010			2009			YTY Comparison	
	GAAP	Adjustments[1]	Non-GAAP	GAAP	Adjustments[1]	Non-GAAP	GAAP	Non-GAAP
Imaging Solutions and Services	$ 745	$ 30	$ 774	$ 487	$ 109	$ 596	53%	30%
Perceptive Software	(16)	25	9	--	--	--	nm	nm
All other	(282)	16	(265)	(271)	32	(239)	(4%)	(11%)
Total Operating Income[2]	$ 447	$ 71	$ 518	$ 216	$ 141	$ 357	107%	45%

Note: **Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.**

(1) **Adjustments comprised of restructuring-related amounts from 2006, 2007, 2008 and 2009 actions and related project costs, and acquisition-related adjustments.**

(2) **Totals may not foot due to rounding.**

Expected Non-GAAP Adjustments[1]

4Q11

	Revenue	Gross Profit	Op Ex	Op Inc	EPS
Deferred revenue	--	--	--	--	
Amortization of purchased intangibles	--	*$4*	*($1)*	*$5*	
Acquisition costs	--	--	*($2)*	*$2*	
Acquisition-Related[(2)]	**--**	**$4**	**($3)**	**$7**	**$0.08**
Restructuring-Related[(3)]			**($5)**	**$5**	**$0.05**
Total Non-GAAP Adjustments					**$0.13**

2011

	Revenue	Gross Profit	Op Ex	Op Inc	EPS
Deferred revenue	*$4*	*$4*	--	*$4*	
Amortization of purchased intangibles	--	*$15*	*($5)*	*$20*	
Acquisition costs	--	--	*($2)*	*$2*	
Acquisition-Related[(2)]	**$4**	**$19**	**($7)**	**$26**	**$0.26**
Restructuring-Related[(3)]		**$1**	**($14)**	**$15**	**$0.15**
Total Non-GAAP Adjustments					**$0.41**

Notes: Refer to appendix for discussion of Management's use of GAAP and Non-GAAP measures.
Totals may not foot due to rounding.

(1) Excludes potential Pallas Athena deferred revenue and amortization of purchased intangibles acquisition-related adjustments.
(2) Acquisition-related amounts include amortization of purchased intangibles, adjustments to deferred revenue and acquisition and integration costs.
(3) Restructuring-related amounts include 2009 actions and related project costs.

Restructuring Summary

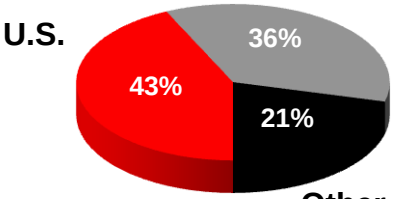
- **Pretax charges[1]**
  - **FY 2009 $141M**
  - **FY 2010 $39M**
  - **YTD 3Q 2011 $10M**

- **Savings[2]**
  - **FY 2009 $132M**
  - **FY 2010 $242M**
  - **YTD 3Q 2011 $204M**

Note:
(1) Restructuring-related charges include 2006, 2007, 2008 and 2009 actions and related project costs.
(2) Restructuring savings include savings from 2007, 2008, and 2009 actions.

2010 Foreign Currency Exposure

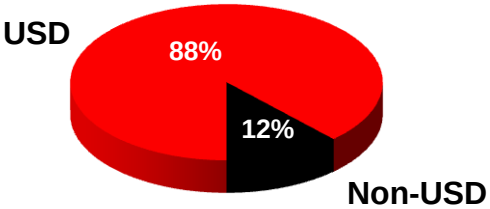
Revenue by Geography



Europe: Mostly Euro (65%-70%) and British Pound (10%-15%)

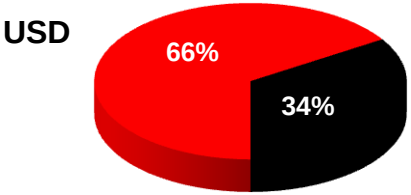
Other International: Primarily Canadian Dollar, Brazilian Real and Australian Dollar

Cost by Currency



Non-USD: Primarily Euro (45%-50%), Mexican Peso (10%-15%), Philippine Peso (5%-10%), and a number of other currencies representing less than 6% including Canadian Dollar, Australian Dollar, and Japanese Yen.

Operating Expense by Currency



Non-USD: Euro (40%- 45%), and a number of other currencies each representing less than 9% including the Swiss Franc, British Pound, Brazilian Real, Canadian Dollar, Australian Dollar and Philippine Peso.

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

Footnote for Lexmark's Industry Presence Slide

Top 10 rankings are based upon the following: Global Retailers are based upon food and drug store, general merchandiser, and specialty retailer revenue according to the Fortune Magazine's 2010 Global 500. US Retailers are based upon revenue according to the National Retail Federation "Top 100 Retailers", 2010. Global Banks refer to Commercial and Savings Institutions and rankings are based upon revenue according to 2010 Global 500. US Banks refer to Retail Banks and rankings are derived from American Banker's "Bank and Thrift Holding Companies by Assets", November 18, 2010. Healthcare Systems are based upon number of full time employees and beds according to the Health Information Management Systems Society's "HIMSS Analytics", 2010. Federal Agencies are based upon full time civilian employment according to U.S. Bureau of Labor Statistics, Office of Management and Budgets, Career Guide to Industries 2010-2011. K-12 School Districts are based upon number of pupils, according to the National Center for Education Statistics, U.S. Department of Education, 2010.

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, employee termination benefits 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. 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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