

Lexmark Analyst Teleconference

May 21, 2010



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.

Perceptive Software

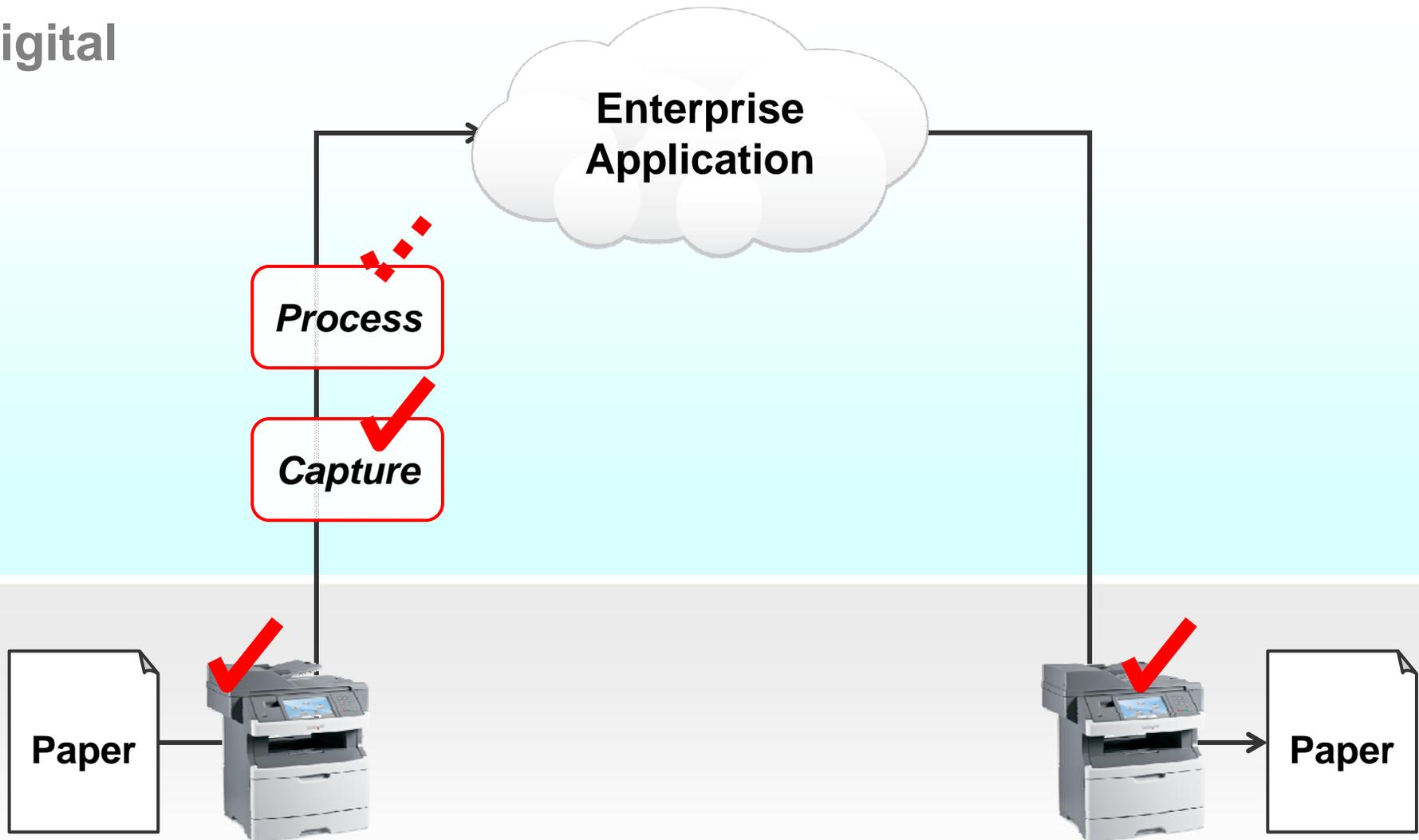
- **Privately Held Enterprise Content Management (ECM) Software Company**
 - FY 2009 Revenue of about \$84M, Over 90% in the US
 - One of the Fastest Growing ECM Companies Over the Last 8 Years
- **Broad Range of Strong Industry Solutions, Including:**
 - Higher Education
 - Healthcare
 - Government
 - Cross Industry Applications
- **Primary Product: ImageNow ECM Platform**
 - Easily Integrates with Top ERP, CRM, and Other Line of Business Applications
 - Strengths:
 - Industry Focused Workflow Applications
 - Easy, Fast, Low Cost Configuration and Integration
 - Easily Scalable Within the Enterprise
- **Company**
 - Headquartered in Shawnee, Kansas
 - About 530 Employees
 - President + CEO: Scott Coons
 - Website: www.perceptivesoftware.com

Why Acquire Perceptive Software?

- **Builds Upon and Strengthens Our Current Strategy to Deliver Industry Focused Document Workflow Solutions and MPS**
- **Expands L XK's Market Opportunity and Adds an ECM Software Business with Strong Industry Specific Solutions**
- **L XK Can Accelerate Perceptive's Growth Using Our Global Infrastructure and Sales Channels**
- **It Provides a Core Strategic Component for Lexmark's Future**

Current Lexmark Solutions

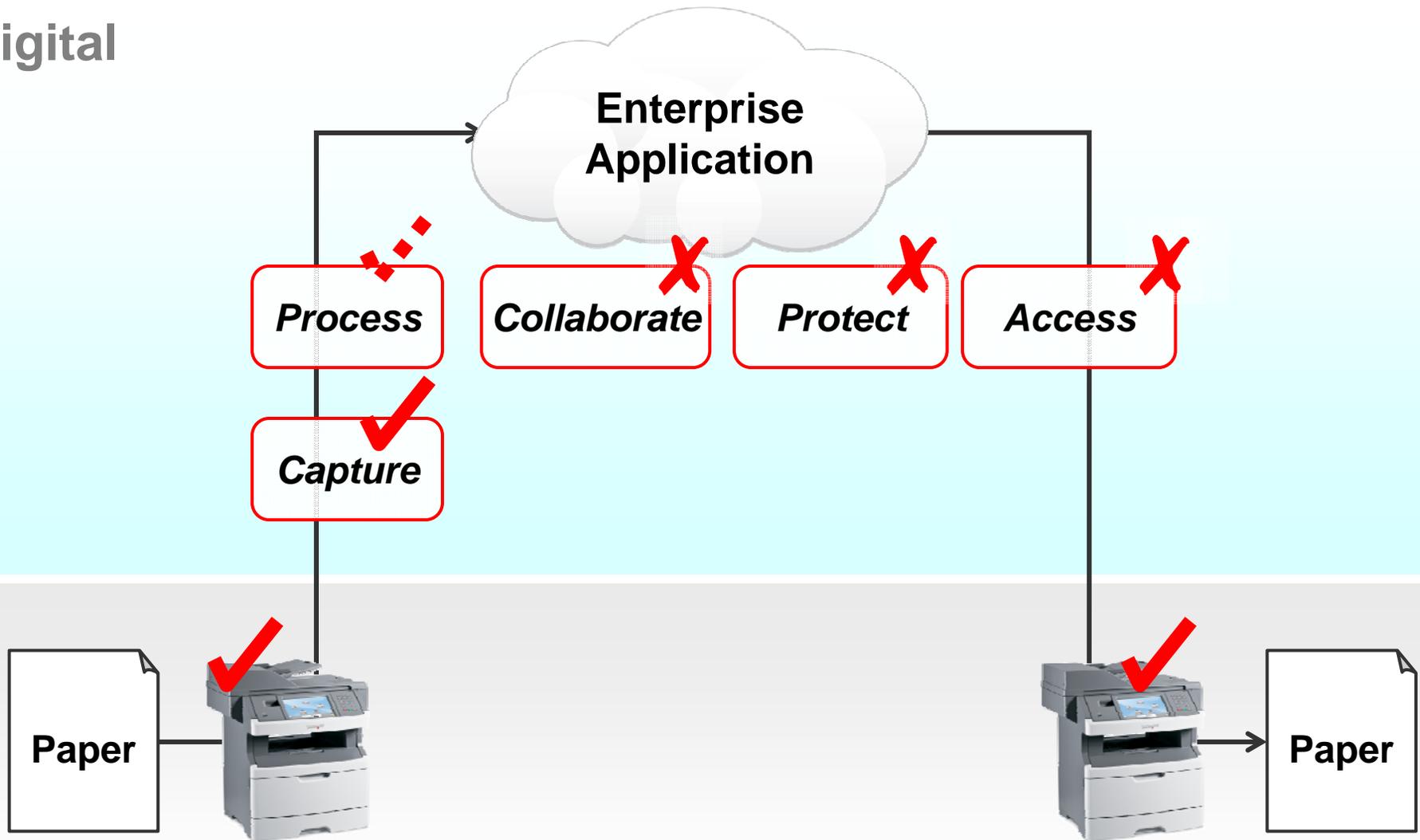
Digital



Paper

Requirements for Complete Solutions

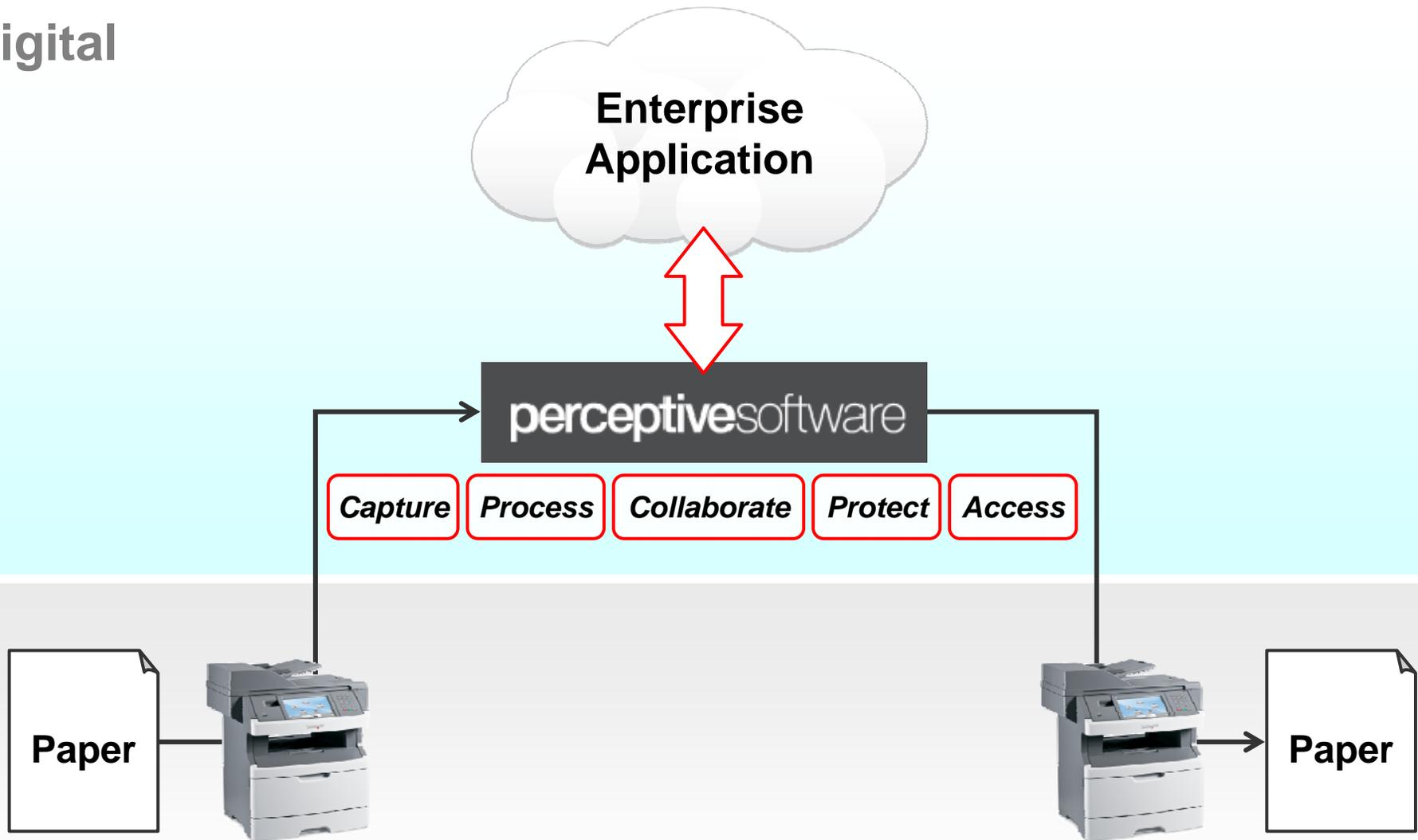
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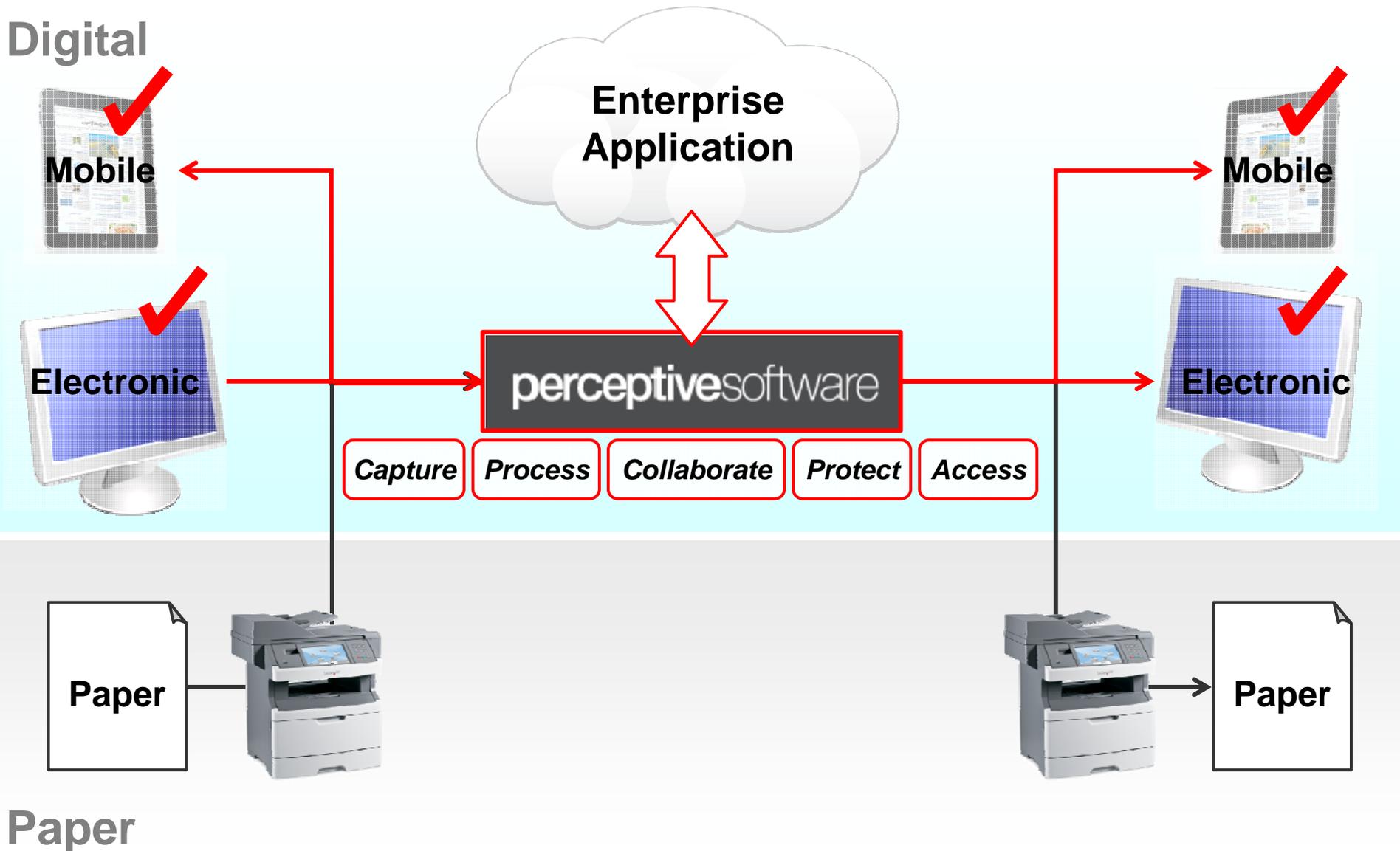
What Perceptive Software Offers

Digital



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Perceptive's Extended Capabilities



Perceptive Solutions

(click images to play videos in browser)

Healthcare



- ★ Capture and organize
- ★ Instant access
- ★ Improve patient experience
- ★ Eliminate delays

ImageNow
enterprise document management, imaging and workflow

Contract Creation



- ▶ Create contracts
- ▶ Electronically route
- ▶ Make amendments
- ▶ Generate audits
- ▶ Archive contracts

Perceptive Software for Contract Creation

Higher Education Admissions



Amy Richards
an applicant

Government Constituent Services



- ★ Streamlined processes
- ★ Increased productivity
- ★ Enhanced constituent services

ImageNow
for Constituent Services

Transaction Overview

Transaction

- Lexmark to Acquire All Outstanding Shares of Perceptive Software

Consideration

- \$280M Cash

Financing

- Lexmark's Available Cash (No Debt or Equity)

Accretion

- Expected to be Accretive to 2011 Non-GAAP Earnings

Timing

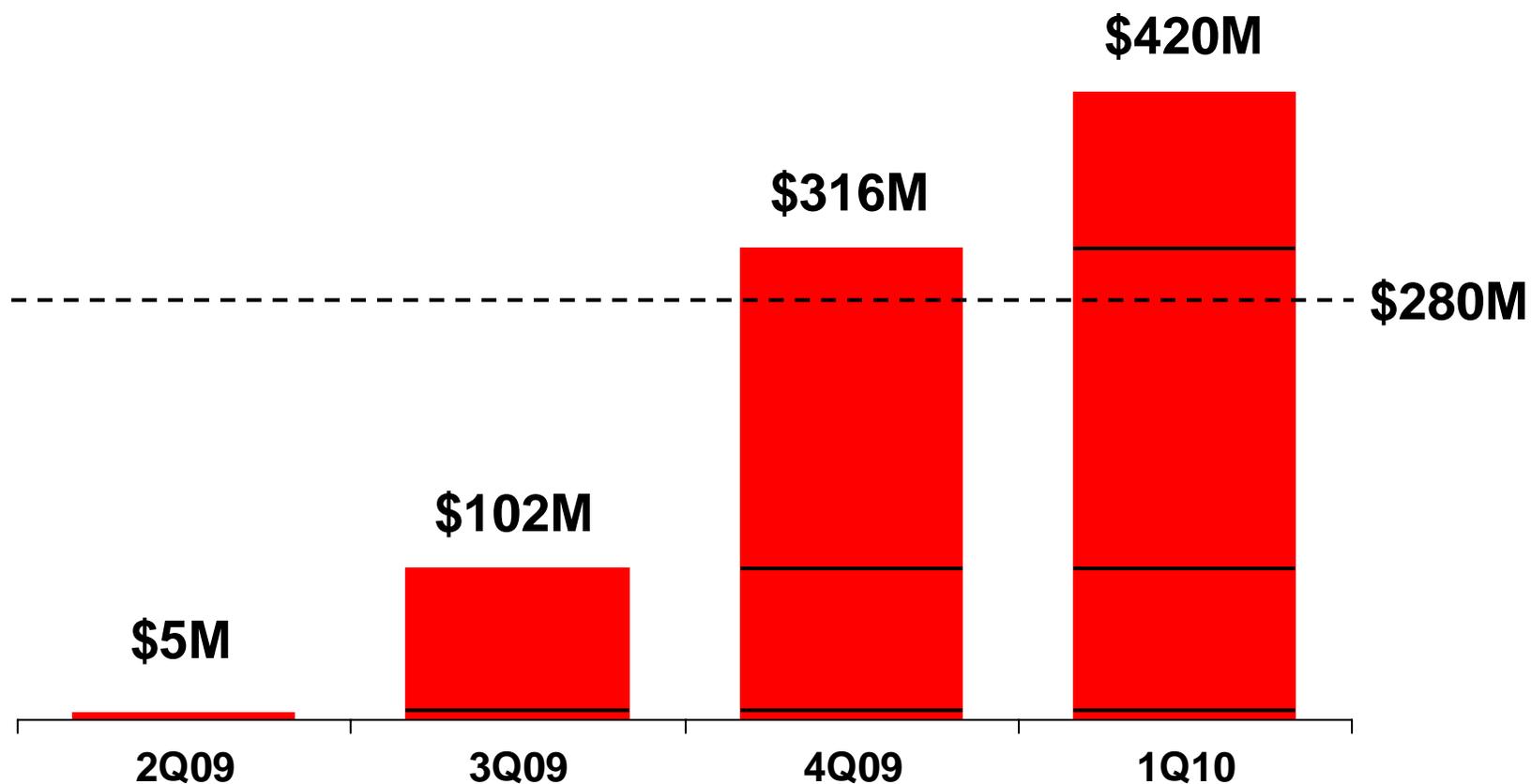
- Expected to Close in 2Q of 2010

Closing

- Transaction Subject to Customary Closing Conditions and HSR Clearance

LXK Cash Generation vs. Purchase Price

Trailing Four Quarters Cumulative LXK Cash Generation*



Moving Forward

- **Perceptive Will be a Stand-alone Software Business Within Lexmark**
 - Will Retain “Perceptive Software” Name
 - Will be Managed Separately from LXX’s Hardware Business
- **Scott Coons Will Continue to Lead Perceptive as its President / CEO**
 - Will Report to LXX’s Chairman / CEO
- **Perceptive Will Continue to Focus on Revenue Growth**
- **Primary Integration Initiatives:**
 - Leverage LXX Infrastructure / Capabilities to Accelerate Perceptive’s Software Growth
 - Leverage Perceptive Software to Strengthen LXX’s Core Industry Based Workflow Solutions
- **Perceptive Software Will Remain Headquartered in Shawnee, Kansas**

Q & A

GAAP to Non-GAAP Discussion

Non-GAAP Adjustments⁽¹⁾

- After the transaction closes, Lexmark's financial results will be presented on both a GAAP and non-GAAP basis.
- Non-GAAP results will include restructuring-related charges and acquisition-related adjustments.
- Restructuring-related charges – consist of restructuring and related charges that include accelerated depreciation, employee termination benefits, and contract termination and lease charges. Also includes 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, and include such items as compensation costs for overlap staffing, travel expenses, consulting costs and training costs.
- Acquisition-related adjustments – consist principally of the following items:
 - Amortization of purchased intangibles that consist primarily of purchased technology, customer contracts and lists, in-process research and development and non-compete agreements.
 - Acquisition costs incurred to acquire Perceptive Software that are expensed as incurred.
 - Adjustment to the deferred revenue balance of Perceptive Software due to purchase accounting rules. Deferred revenue balance is adjusted down to the cost of servicing the deferred revenue contract terms plus a reasonable profit margin. The deferred revenue adjustment reflects the effect of the deferred revenue balance write-down for the respective period.

(1) Refer to next slide for discussion of Management's use of GAAP and non-GAAP measures.

Non-GAAP Measures

Management believes that presenting non-GAAP measures is useful because they enhance shareholders' 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, and allocating resources. Management uses GAAP and non-GAAP financial performance metrics for employee incentive compensation. Additionally, management reviews the performance of the Company's operating segments based on GAAP and non-GAAP measures which reflect income and expense items which are recurring in nature, and do not include the impact of actions that management believes are not reflective of the ongoing operation of the Company. Management believes the specific identification of and the exclusion of the impacts of the Company's restructuring-related actions and acquisition-related adjustments improve the shareholders' ability to assess the performance of the Company since the nature, size and amount of the actions taken by the Company can vary from period to period. Additionally, management provides both GAAP and non-GAAP measures to provide shareholders with additional information that shareholders 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 projects involved with acquisition-related adjustments and restructuring-related actions approved by management, along with their associated budgeted costs. Subsequently, actual costs associated with these acquisition-related adjustments and approved restructuring-related programs are monitored and compared to budgeted costs to assure 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.