Earnings Presentation

Third Quarter 2013

October 22, 2013

Lexmark™

Safe Harbor Statement

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 reconciliations of GAAP to non-GAAP financial measures and a discussion of management's use of non-GAAP financial measures in the GAAP to Non-GAAP section of its earnings slide deck.

CEO Presentation

Paul Rooke

Chairman and Chief Executive Officer

LEXMARK™

Business Dynamics

Delivering Solid Financial Results

- Revenue exceeded guidance range and grew 5% excluding Inkjet Exit
- EPS at top of guidance range despite higher than expected provision for income taxes
- Strong free cash flow generation for quarter
- FY13 guidance for solid free cash flow and YTY growth in EPS

Transforming to a Higher Value Portfolio

- Double-digit growth in high-value Managed Print Services and Perceptive Software revenue
- Perceptive Software positioned as a leader in Gartner's Magic Quadrant for ECM
- Acquired German ECM provider Saperion expanding Perceptive Software's European footprint
- Acquired Pacsgear uniquely positioning Perceptive Software to offer a clinical content platform for capturing, managing, accessing and sharing patient imaging information and related documents

Working to Increase Profitability

- Remain committed to long term operating margin of 11% - 13%
- Strong YTY improvement in Perceptive Software profitability
- Expect to deliver $85 million in savings in 2013 from previously announced restructuring
  - Expect to deliver $105 million in ongoing savings beginning in 2015

Creating Shareholder Value

- Building and growing solutions business through expansion and acquisitions
  - Significantly expanded strategic software capabilities since 2010
- Returning >50% of free cash flow to shareholders on average
  - Returned more than $650 million since July 2011

3Q13 Financial Summary*

Total revenue exceeded guidance range — $896

- Total revenue declined 3%, grew 5% excluding Inkjet Exit
  - Record Managed Print Services grew 18%
  - Perceptive Software grew 38%
- Headwinds included continued weak/uncertain economic environment and decline from Inkjet Exit

Operating income margin in line with expectation and prior year — 10.6%

- Reflects strong growth in high-value, focus segments and prudent cost and expense management
- Record 40.8% gross profit margin
- Operating expense in line with guidance and prior year despite additional acquisitions
- Perceptive operating income increased $9 million YTY

EPS at top of guidance range and grew slightly YTY despite higher income tax — $0.95

Free cash flow generation — $98

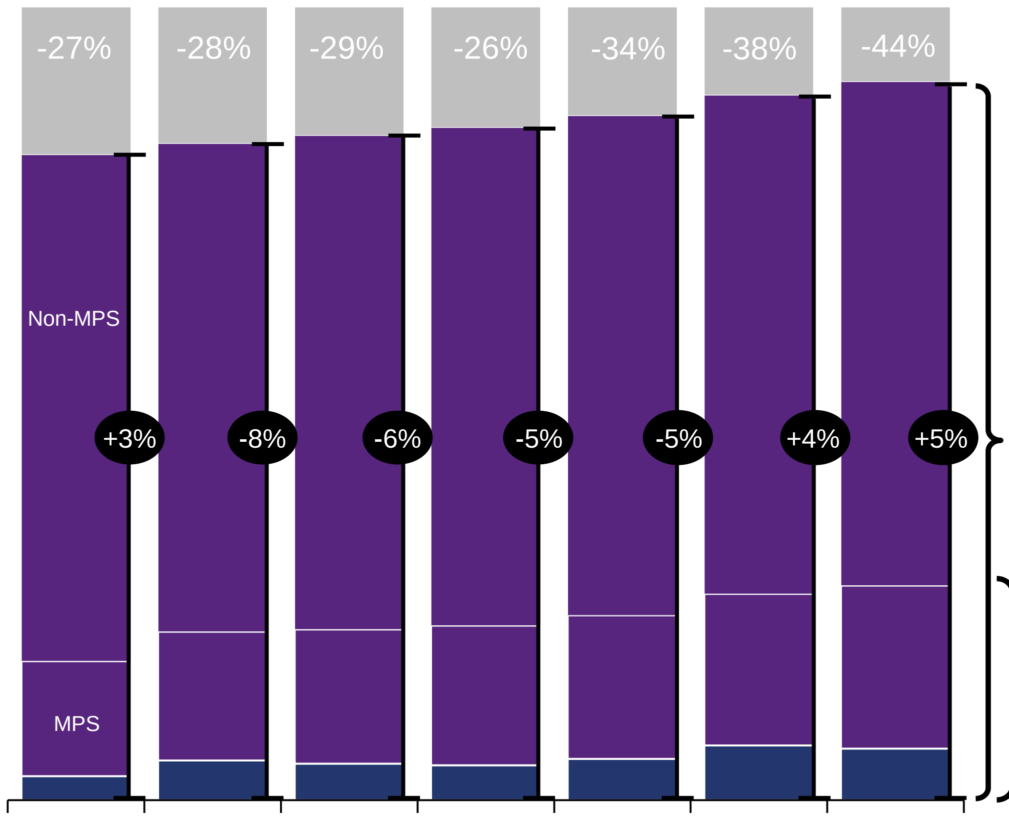
* Non-GAAP, revenue and free cash flow in millions

Total Revenue Composition[1]

Inkjet Exit
Lexmark Consumer & Business Inkjet Hardware & Supplies

Imaging Solutions[2]
Hardware, Supplies, Software, Services

Perceptive Software Solutions



Inkjet Exit
Diminishing Impact on Total Revenue

Imaging Solutions + Perceptive Software
Double Digit Growth in Both MPS and Perceptive Software

MPS + Perceptive Software
Grew 22%

	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13
Total Revenue YTY	-4%	-12%	-11%	-9%	-11%	-3%	-3%
Imaging & Software Solutions % of Total Revenue	81%	83%	84%	85%	86%	89%	91%
YTY Currency Impact [3]	-2%	-4%	-4%	-1%	-1%	0%	0%

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

Lexmark's Transformation

Continuing Solutions & Services Investments

- Smart MFP Solutions
- Managed Print Solutions & Services

Software Acquisitions

Perceptive Software	Nolij	Saperion
Pallas Athena	Acuo	Pacsgear
Brainware	AccessVia	
Isys	Twistage	

2007 — 2010 — 2014

Exited Consumer Inkjet

Exited Business Inkjet
Sold to Funai – 2Q13

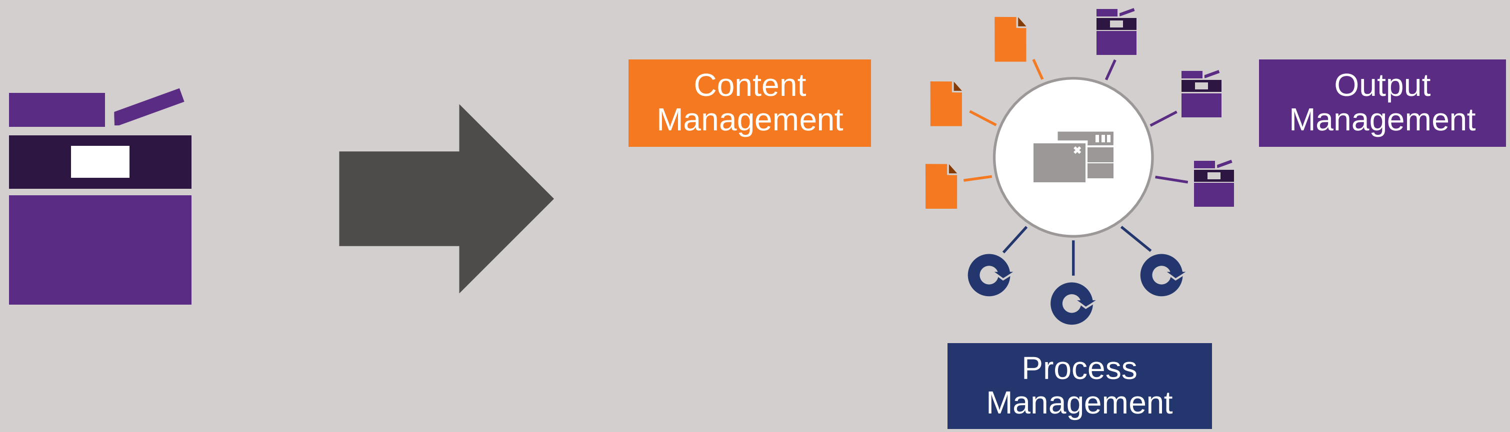
Goal	End-to-End Solutions Provider

Lexmark’s Strategy

Solving the “Unstructured Information” Challenge

Provider of “Printing” Solutions

Provider of “Unstructured Information” Solutions



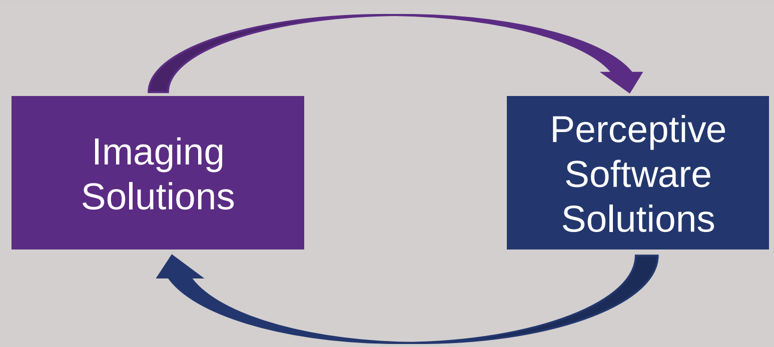
Lexmark’s Unique Value Proposition

Key Technology Ownership

Deeper Industry Experience

Superior Customer Intimacy

Creating Synergies for Growth



Recognized as a Leader*

Output Management

Managed Print Services Leader

Gartner | IDC | Forrester | quocirca

Smart MFP Leader

Gartner

Content & Process Management

Enterprise Content Management Leader

Gartner

New

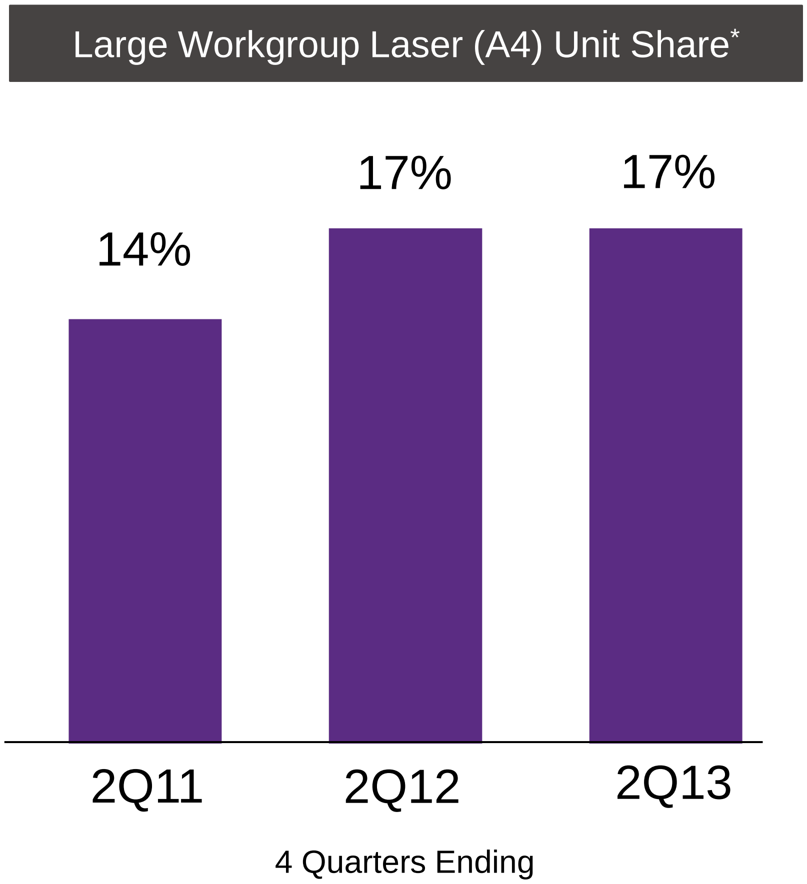
Healthcare Content Software Leader

KLAS | Frost & Sullivan | IHS

New

* See footnote slide

Share in High-Usage Large Workgroup Segment



* Rolling four quarters. Lexmark Custom Category using IDC WW HCP Tracker, Q2 2013 Branded A4 Laser Printer/MFP Shipments, Worldwide Excluding Japan

Acquisitions Strengthen Software Presence, Capabilities

SAPERION

- Acquired leading provider of enterprise content management software in Europe for $72 million
- Expands Perceptive Software's European footprint
- Further strengthens Lexmark's strategy to help companies manage their unstructured information

pacsgear

- Acquired leading provider of medical imaging connectivity solutions for $54 million
- Enables healthcare providers to capture, manage, access and share medical images and documents
- Uniquely positions Perceptive Software to offer a vendor-neutral, standards-based clinical content platform

Capital Allocation Framework[1]

Invested > $650M Since 2010

Acquisitions Since 2010

Perceptive
Pallas Athena
Brainware
ISYS
Nolij
Acuo
Twistage
AccessVia
Saperion
Pacsgear[(3)]

Free Cash Flow

	2010	2011	2012	2013
FCF	$365	$239	$251	
%NI[2]	92%	65%	102%	80%-90%

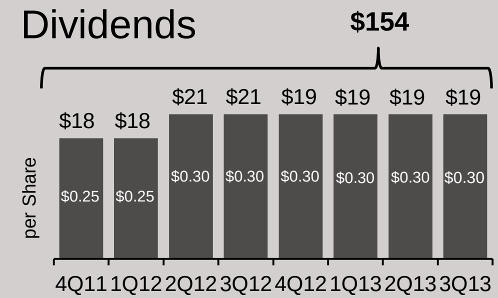
<50% → Cash for Investment

>50% → Return to Shareholders

Returned > $650M Since 2011

Recent Track Record

Dividends



Stock Repurchases

2011	$250	$502
2012	$190	
1Q13	$21	
2Q13	$20	
3Q13	$21	

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

(1) Totals may not foot due to rounding, in millions unless otherwise noted
(2) Non-GAAP
(3) PACSGEAR acquired on October 3, 2013

Longer Term Revenue Growth Assumptions[1,2]

Revenue Drivers

Imaging Solutions[3]

- Grow ≥ Imaging Market
- Driven by MPS Growth

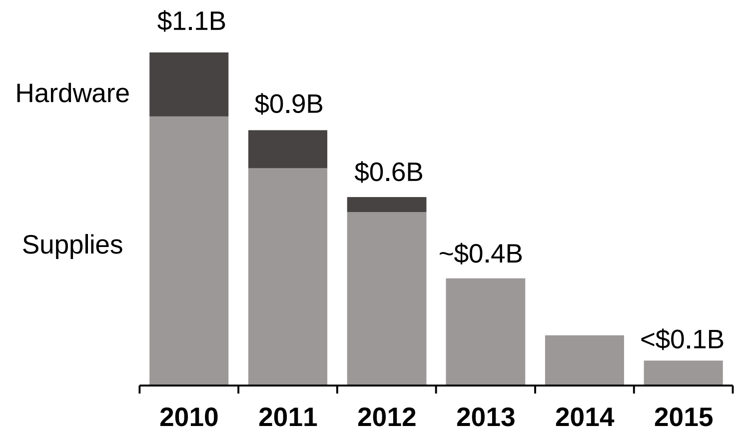
Perceptive Software Solutions

- Grow > Market

Revenue Headwind

Inkjet Exit Revenue*

Rapidly Diminishing Influence On Overall Revenue Performance Going Forward



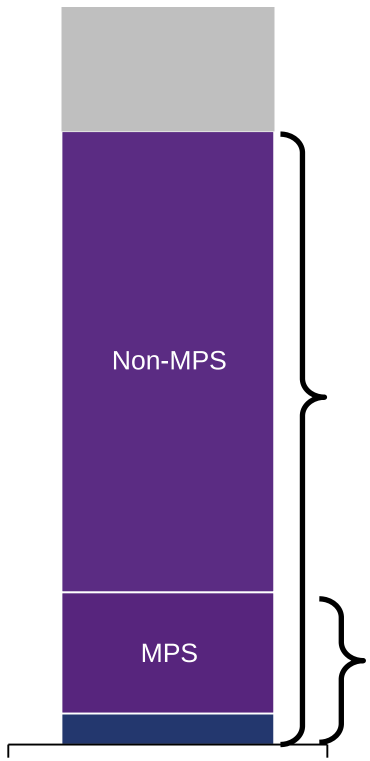
*2013 – 2015 Bars Are Illustrative

(1) Non-GAAP
(2) Based on foreign currency exchange rates as of 9/30/13
(3) Imaging Solutions excludes Inkjet Exit revenue

2013 Revenue Assumption*

Year to Year

Overall Revenue	2012	2012	2013
	$3.8B	-9%	-5 to -6%



	2012	2013
Inkjet Exit Lexmark Consumer + Business Inkjet Hardware & Supplies	Inkjet Exit -27% 17% of Revenue	Inkjet Exit Down < 40% ~11% of Revenue
Imaging Solutions Hardware, Supplies, Software, Services	Imaging Solutions + Perceptive Software -4%	Imaging Solutions + Perceptive Software Up ~ 1%
Perceptive Software Solutions	MPS + Perceptive Software +15%	MPS + Perceptive Software Up > 15%

* Non-GAAP, bar chart depicts percentage of total revenue

Outlook*

4Q13	
Revenue	Down 3% to 5% YTY
EPS	$1.07 - $1.17

FY13	
Revenue	Down 5% to 6% YTY
EPS	$3.85 - $3.95

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

* Non-GAAP

CFO Presentation

John Gamble

Executive Vice President & Chief Financial Officer

LEXMARK™

3Q13 Financial Highlights

Solid Quarter, Revenue Exceeded Guidance Range, EPS at Top of Range

- Strong indications of synergies we are creating
  - Record Managed Print Services revenue
  - Good growth in laser supplies revenue
  - Perceptive Software revenue growing faster than market
- EPS at top of guidance range despite higher income tax provision
  - Record gross profit margin percentage
  - ISS outperformance driven by strong MPS and laser supplies growth
  - Perceptive Software delivered positive operating income, a substantial YTY improvement
- Strong free cash flow generation

FY13 Guidance

- Revenue guidance increased
- Free cash flow expected be at high end of range
- EPS adjusted for unfavorable tax impact from geographic earnings mix

Revenue[1]

	3Q13	Guidance	YTY	SEQ	3QYTD	YTY
Total	$896	Exceeded	-3%	+1%	$2,672	-6%
ISS	$837		-5%	+1%	$2,505	-8%
Perceptive[2]	$59		+38%	-5%	$167	+40%
Laser + Perceptive	$811		+5%	+3%	$2,367	+1%
Inkjet Exit	$84		-44%	-15%	$305	-38%

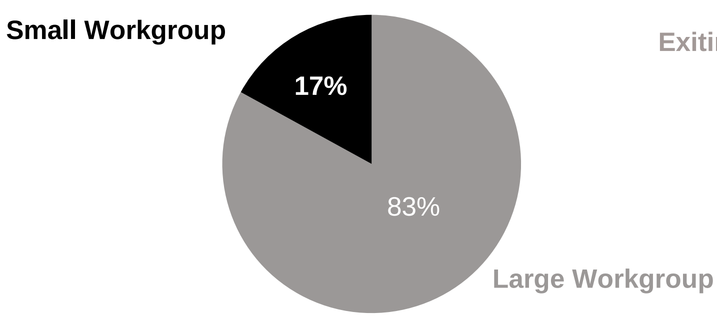
- Total revenue increased 1% sequentially, declined 3% YTY
  - Laser + Perceptive Software revenue growth of 5% YTY offset by the 7 percentage points YTY impact from Inkjet Exit
- Total revenue, excluding Inkjet Exit, grew 5% YTY, 3% sequentially, 1% YTD
  - Record MPS revenue grew 18% YTY and 8% sequentially
  - Perceptive revenue grew 38% YTY reflecting accelerating growth in healthcare

(1) Non-GAAP, totals may not foot due to rounding, in millions unless otherwise noted
(2) Perceptive Software organic revenue growth was 7% in 3Q13. Organic growth excludes acquisitions completed in the past four quarters.

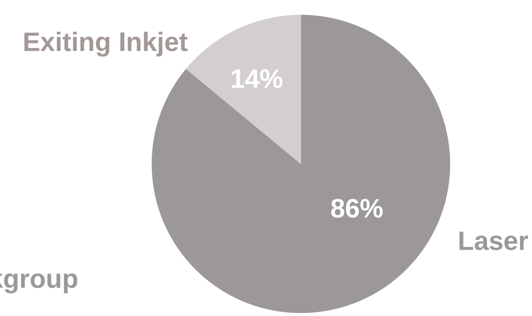
Product and Geographic Revenue[1]

	3Q13	YTY	SEQ	Year to Year Changes	Rev	Units	AUR
Hardware(2)	$182	-11%	+6%	Laser Hardware	-3%	-20%	+21%
				Large Workgroup(5)	+1%	-14%	+17%
				Small Workgroup(6)	-19%	-27%	+11%
				Exiting Inkjet	-99%		
Supplies(3)	$606	-4%	0%	Laser	+5%		
				Exiting Inkjet	-37%		
Software & Other(4)	$107	+24%	-4%	Perceptive Software	+38%	(Organic[7] +7%)	
Total	$896	-3%	+1%				

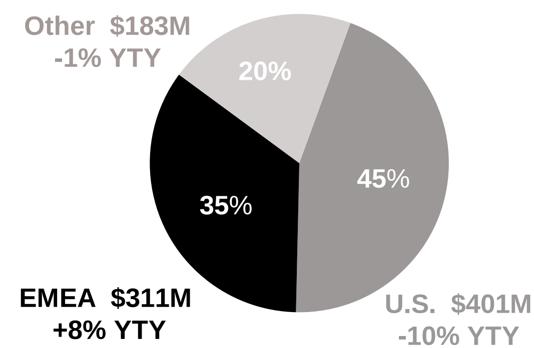
Hardware Revenue



Supplies Revenue



Geographic Revenue



(1) Non-GAAP, totals may not foot due to rounding, in millions unless otherwise noted
(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 in the past four quarters

Gross Profit Margin*

	3Q13	YTY	SEQ	3QYTD	YTY
Total	40.8%	+90 bps	+50 bps	40.3%	+40 bps
ISS	39.9%	+20 bps	+70 bps	39.5%	-20 bps
Perceptive	71.3%	+380 bps	-300 bps	71.7%	+180 bps

- Record 3Q13 gross profit margin increased 90 bps YTY, 50 bps sequentially, 40 bps YTD
- 3Q13 YTY performance driven by 310 bps of positive mix (principally less inkjet hardware and more laser supplies and software license revenue in the mix), offset by 220 bps lower product margins (principally hardware)
- 3Q13 sequential improvement driven 160 bps of positive product margins (principally laser hardware), partially offset by 110 bps unfavorable product mix

* Non-GAAP, totals may not foot due to rounding

Operating Expense*

	3Q13	YTY	SEQ	3QYTD	YTY
Total	**$270**	**+ $1**	**+$1**	**$811**	**-$21**
ISS	$168	-$8	+$4	$501	-$54
Perceptive	$41	+$4	-$3	$124	+$23
All Other	$61	+$5	-$1	$186	+$11
R&D	**$83**	**-$10**	**+$3**	**$245**	**-$39**
ISS	$61	-$11	+$3	$181	-$46
Perceptive	$15	+$1	$0	$43	+$7
All Other	$7	$0	$0	$22	$0
SG&A	**$187**	**+$11**	**-$2**	**$566**	**+$18**
ISS	$107	+$4	+$2	$320	-$8
Perceptive	$27	+$3	-$3	$81	+$16
All Other	$54	+$5	-$1	$164	+$11

- About flat YTY and sequentially, decreased $21M YTD
- Reflects favorable impact of previously announced restructuring and recent actions to slow Perceptive Software's cost/expense growth

* Non-GAAP, totals may not foot due to rounding, in millions unless otherwise noted

Operating Income*

	3Q13	YTY	SEQ	3QYTD	YTY
%	10.6%	-10 bps	+60 bps	9.9%	-70 bps
$	$95	-$3	+$6	$266	-$35
ISS	$166	-$7	+$5	$489	-$36
Perceptive	$1	+$9	-$1	-$4	+$14
All Other	-$71	-$5	+$2	-$220	-$13

- Operating Income % increased 60 bps sequentially, decreased 10 bps YTY
- Operating Income $ increased $6 million sequentially, decreased 3 million YTY
  - Sequential improvement driven by ISS
  - YTY improvement in Perceptive Software offset by lower ISS and All Other operating income

* Non-GAAP, totals may not foot due to rounding, in millions unless otherwise noted.

Earnings*

	3Q13	Guidance	YTY	SEQ	3QYTD	YTY
Net Earnings	$61		-$4	Flat	$179	-$26
EPS	$0.95	Top of Range	+$0.01	Flat	$2.78	-$0.10

- EPS at top of guidance range, up slightly YTY
  - EPS growth YTY reflects lower outstanding shares partially offset by a decline in operating income and higher tax provision (driven by a change in the geographic earnings mix)
- 3Q13 rate of 29.6% compares to:
  - Guidance of 26.5%
  - 3Q12 of 28.8%
  - 2Q13 of 24.2%
  - 4Q13 and ongoing rate of 30%
- Shares Outstanding
  - Average diluted shares of 64.0 in 3Q13 compared to 68.9 in 3Q12
  - Represents a 7% reduction in shares year to year
  - Shares outstanding of 62.6 at September 30, 2013

* Non-GAAP, totals may not foot due to rounding, net earnings in millions.

Balance Sheet and Cash Flow[1]

Highlights

- Cash Conversion Cycle Improved 4 days YTY
- Strong Liquidity Position with $974M Cash[2], $350M Revolver, $125M A/R Program
- Maintaining an Investment Grade Debt Rating

Balance Sheet & Cash Flow

	3Q13	
Cash[2]	$974	
U.S. Cash	$88	
Non-U.S. Cash	$885	

	3Q13	YTD
Cash from Operations[3]	$143	$270
Free Cash Flow[4]	$98	$144
Depreciation & Amortization[5]	$61	$183
Capital Expenditures	$45	$127
Cash Provided By or (Used For)		
A/R	$43	$40
Inventory	($23)	($21)
A/P	$3	($29)

Cash Conversion Days

	3Q12	4Q12	1Q13	2Q13	3Q13
Receivables	51	49	50	54	49
Inventory	44	39	45	45	49
Payables	73	72	77	79	80
Cash Conversion[1]	22	16	18	19	18

Long Term Debt

Long Term Debt	$700
5.125%, Due 2020	$400
6.650%, Due 2018	$300

(1) GAAP, totals may not foot due to rounding, in millions unless otherwise noted
(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 $16 million for Non-GAAP adjustments, excluding these adjustments, depreciation and amortization would have been $45 million

August 2012 Restructuring Summary[1]

Restructuring	Charges	Cash Flow[2]
FY12	$96	$24
1Q13	$9	$16
2Q13	$13	$12
3Q13	$17	$10
4Q13 Expected	$17	$18
FY13 Expected	$56	$55
Total Program	$170	$105

Restructuring Savings	
FY12	$1
3Q13 YTD	$63
FY13 Expected	$85
Ongoing	$105 (Cash $95)[3]

(1) Restructuring-related charges for August 2012 actions and related project costs only, in millions unless otherwise noted
(2) Cash restructuring charges are estimates based on timing of related activities
(3) Beginning in FY15, estimated allocation of 65% operating expense / 35% cost of goods sold

Outlook / Assumptions

4Q13 Outlook	
Revenue(1)(2)	Decrease 3% to 5% YTY, represents roughly normal sequential trends for laser with larger declines for Inkjet Exit
Gross Profit Margin(1)(2)	Increase YTY
Operating Expense(1)(2)	Increase slightly sequentially reflecting recent acquisitions
Op. Inc. Margin(1)(2)	Increase sequentially and YTY
GAAP EPS(2)(3)	$0.57 - $0.67
Non-GAAP EPS(1)(2)(3)	$1.07 - $1.17 excluding $0.50/share for non-GAAP adjustments

Non-GAAP EPS expected to increase YTY (assuming mid-point of guidance range)

- ISS operating income expected to be substantially better YTY
  - Improvement in laser is expected to more than offset decline in Inkjet Exit
- Perceptive Software operating income expected to be substantially better YTY
- Helped by lower shares outstanding and decreased tax rate

(1) Non-GAAP, excludes restructuring-related, acquisition-related and loss on debt extinguishment adjustments
(2) Based on foreign currency exchange rates as of 9/30/13
(3) Effective tax rate for 4Q13 is expected to be ~30%

Outlook / Assumptions

FY13 Assumptions

Revenue[1][2]	Decline 5% to 6% YTY
FY13 Tax Rate	26%
EPS[1][2]	$3.85 - $3.95
Free Cash Flow	~80% - 90% of Net Income[1]
Capital Spending	~$165 Million
Depreciation	~$250 Million[3]
Pension Funding	~$25 Million (Cash)

Longer Term Assumptions

Revenue	Grow At or Above Market
Op. Inc. Margin[1]	11% - 13%

Cash Generation

Primarily Driven by Net Income + Modest Ongoing Working Capital / Cash Cycle Improvements

Free Cash Flow

~90% - 100% of Net Income[1]

Capital Expenditures ~ Depreciation

- FY13 revenue decline of 5% - 6% YTY unfavorably impacted 6% by Inkjet Exit
  - Total ISS revenue, excluding Inkjet Exit, down slightly YTY
  - MPS + Perceptive Software expected to grow slightly more than 15% YTY
- FY13 operating income expected to be slightly below the 11% - 13% longer term target range
  - Continue to expect Perceptive Software to deliver positive operating income for FY13
- FY13 guidance
  - Revenue guidance increased
  - FCF expected to be at high end of range
  - EPS guidance reflects higher tax rate

(1) Non-GAAP
(2) Based on foreign currency exchange rates as of 9/30/13
(3) Includes approximately $65 million of restructuring and acquisition-related adjustments

Supplemental Materials

- Revenue trends
- Lexmark financial summary
- Segment financial summaries
- 3QYTD product and geographic revenue
- Free cash flow returned to shareholders
- Outstanding shares / dividends
- Currency

Revenue Trends

Revenue Trends (1)

($M)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	FY 2011	FY 2012
Geography	**1,037**	**1,045**	**1,035**	**1,061**	**993**	**921**	**921**	**968**	**886**	**890**	**896**	**4,178**	**3,803**
US	434	440	458	427	423	394	447	437	377	386	401	1,759	1,701
EMEA	389	380	359	404	368	332	289	332	335	325	311	1,533	1,320
All Other	213	225	218	230	201	195	186	200	174	179	183	886	782
Segment	**1,037**	**1,045**	**1,035**	**1,061**	**993**	**921**	**921**	**968**	**886**	**890**	**896**	**4,178**	**3,803**
ISS	**1,016**	**1,020**	**1,012**	**1,030**	**963**	**875**	**879**	**925**	**840**	**828**	**837**	**4,078**	**3,642**
MPS	124	141	153	166	146	152	156	170	160	170	184	584	624
Non MPS	639	660	648	666	632	564	573	608	558	559	569	2,613	2,377
Inkjet Exit	252	219	212	198	185	159	150	147	122	99	84	882	640
Perceptive Software	**21**	**25**	**23**	**31**	**30**	**46**	**43**	**43**	**46**	**62**	**59**	**100**	**162**
Licenses	6	9	7	9	7	17	13	12	13	24	17	31	49
Subscriptions	1	1	1	1	2	2	2	3	5	5	7	4	8
Maintenance	8	8	9	11	13	15	15	16	17	19	19	36	59
Professional Services / Other	7	7	6	9	9	13	12	12	11	14	15	28	45
Product	**1,037**	**1,045**	**1,035**	**1,061**	**993**	**921**	**921**	**968**	**886**	**890**	**896**	**4,178**	**3,803**
Hardware (2)	**219**	**241**	**268**	**262**	**199**	**200**	**205**	**222**	**181**	**171**	**182**	**990**	**826**
Large Workgroup (6)	142	165	190	195	152	150	151	175	149	137	152	692	627
Small Workgroup (7)	40	43	42	42	37	38	37	37	30	34	30	168	149
Inkjet Exit	37	33	37	24	11	12	17	10	2	1	0	131	50
Supplies (3)	**751**	**733**	**699**	**728**	**723**	**631**	**630**	**656**	**609**	**608**	**606**	**2,911**	**2,640**
Laser	536	547	524	554	549	485	496	520	490	510	522	2,161	2,050
Inkjet Exit	215	186	175	174	174	147	133	136	120	98	84	750	590
Software & Other	**67**	**71**	**68**	**71**	**71**	**90**	**87**	**89**	**97**	**111**	**107**	**277**	**337**
Software (4)	20	24	22	31	31	49	46	46	54	67	64	97	172
Other (5)	47	47	45	41	40	41	40	43	43	44	43	180	164

(1) Non-GAAP, totals may not foot due to rounding, in millions unless otherw ise noted
(2) Includes laser, inkjet, and dot matrix hardw are 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 softw are licenses and the associated softw are maintenance services sold on a unit basis or as a subscription service.
(5) Includes parts and service related to hardw are maintenance.
(6) Includes departmental, large w orkgroup, and medium w orkgroup lasers, dot matrix printers and options
(7) Includes small w orkgroup lasers and personal lasers

Lexmark Financial Summary*

	3Q13	YTY	3QYTD	YTY
Revenue	$896	-3%	$2,672	-6%
Gross Profit Margin	40.8%	+0.9 pts	40.3%	+0.4 pts
Operating Expense	$270	+$1	$811	-$21
R&D	$83	-$10	$245	-$39
SG&A	$187	+$11	$566	+$18
Operating Income	$95	-$3	$266	-$35
ISS	$166	-$7	$489	-$36
Perceptive	$1	+$9	-$4	+$14
Other	-$71	-$5	-$220	-$13
Operating Income Margin	10.6%	-0.1 pts	9.9%	-0.7 pts
Net Earnings	$61	-$4	$179	-$26
Tax Rate	29.6%	+0.8 pts	24.6%	-1.9 pts
EPS	$0.95	+$0.01	$2.78	-$0.10

* Non-GAAP, totals may not foot due to rounding, in millions unless otherwise noted

Segment Financial Summaries*

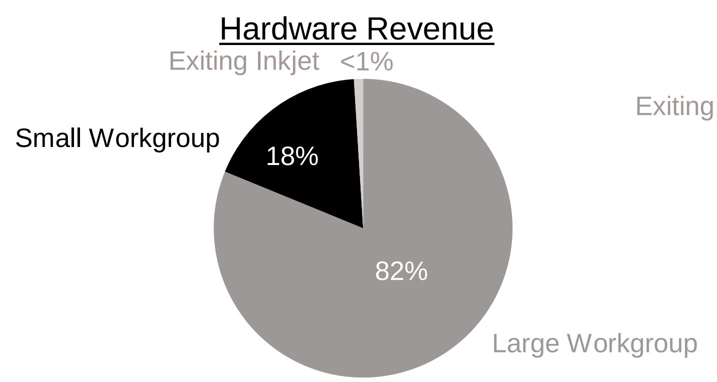
ISS	3Q13	YTY	3QYTD	YTY
Revenue	$837	-5%	$2,505	-8%
MPS	$184	+18%	$514	+13%
Non-MPS	$569	-1%	$1,686	-5%
Inkjet Exit	$84	-44%	$305	-38%
Gross Profit Margin	39.9%	+0.2 pts	39.5%	-0.2 pts
Operating Expense	$168	-$8	$501	-$54
R&D	$61	-16%	$181	-20%
SG&A	$107	+4%	$320	-2%
Operating Income	$166	-$7	$489	-$36
Operating Income Margin	19.8%	+0.1 pts	19.5%	+0.2 pts

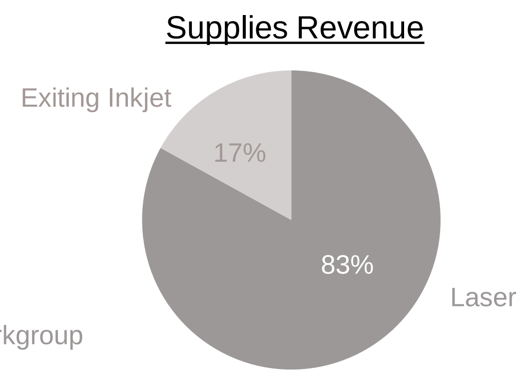
Perceptive Software	3Q13	YTY	3QYTD	YTY
Revenue	$59	+38%	$167	+40%
Licenses	$17	+33%	$54	+47%
Subscriptions	$7	+235%	$17	+223%
Maintenance	$19	+25%	$55	+28%
Professional Services / Other	$15	+24%	$41	+20%
Gross Profit Margin	71.3%	+3.8 pts	71.7%	+1.8 pts
Operating Expense	$41	+$4	$124	+$23
R&D	$15	+9%	$43	+21%
SG&A	$27	+11%	$81	+24%
Operating Income	$1	+$9	-$4	+$14
Operating Income Margin	1.6%	+21.0 pts	-2.5%	+12.6 pts

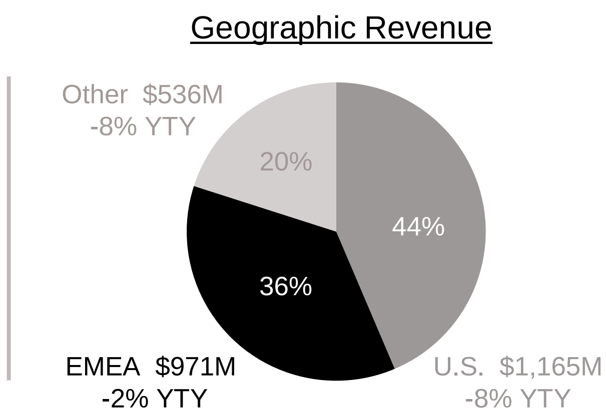
* Non-GAAP, totals may not foot due to rounding, in millions unless otherwise noted

Product and Geographic Revenue[1]

	3QYTD	YTY	Year to Year Changes	Rev	Units	AUR
Hardware[(2)]	$534	-12%	Laser Hardware	-6%	-11%	+5%
			Large Workgroup[(5)]	-3%	-1%	-2%
			Small Workgroup[(6)]	-16%	-20%	+5%
			Exiting Inkjet	-91%	-87%	-35%
Supplies[(3)]	$1,823	-8%	Laser	-1%		
			Exiting Inkjet	-34%		
Software & Other[(4)]	$315	+27%	Perceptive Software	+40%	(Organic[7] +12%)	
Total	$2,672	-6%				



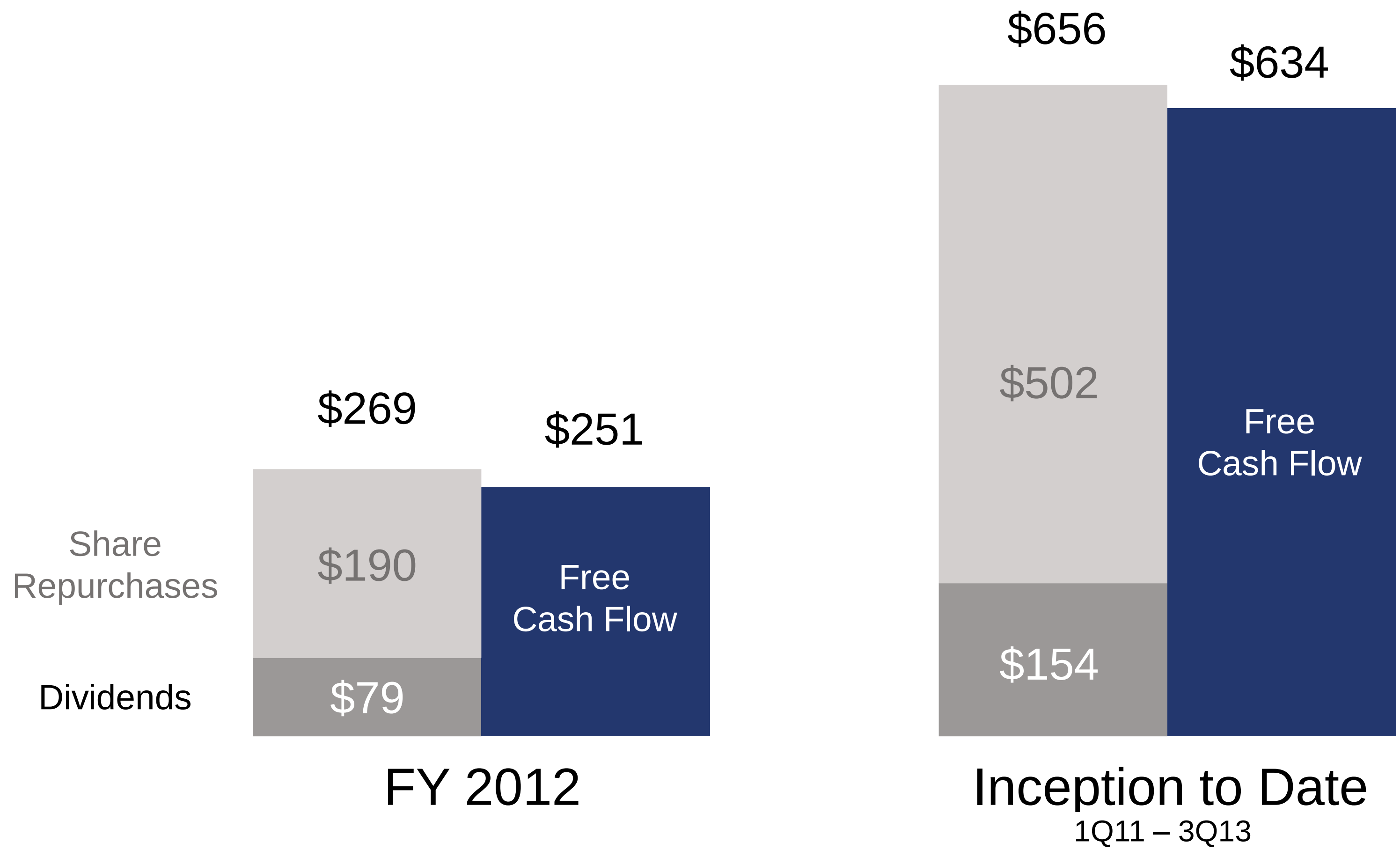




(1) Non-GAAP, totals may not foot due to rounding, in millions unless otherwise noted
(2) Includes laser, inkjet, and dot matrix hardware and the associated features sold on a unit basis or through a managed service agreement.
(3) Includes laser, inkjet, and dot matrix supplies and associated supplies 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 in the past four quarters

Free Cash Flow Returned to Shareholders*

Returned 104% of Free Cash Flow
to Shareholders Since 2011



* Millions

Outstanding Shares / Dividends

Outstanding Share Counts[1]			Anticipated Dividend Schedule[2]		
Period	Actual Ending	Diluted Average	Declaration Date	Record Date	Payment Date
3Q13	62.6	64.0	10/24/13	11/29/13	12/13/13
2Q13	63.0	64.1	2/20/14	3/3/14	3/14/14
1Q13	63.6	64.7	4/24/14	5/30/14	6/13/14
4Q12	63.9	65.4	7/24/14	8/29/14	9/12/14
3Q12	64.6	68.9	10/23/14	11/28/14	12/12/14
2Q12	70.3	71.5	2/19/15	3/2/15	3/13/15
1Q12	71.1	72.3	4/23/15	5/29/15	6/12/15
FY12	63.9	69.5	7/23/15	8/28/15	9/11/15
FY11	71.4	77.9	10/22/15	11/27/15	12/11/15
FY10	78.6	79.5			

(1) Millions

(2) Future quarterly dividend payments subject to Board of Directors' approval

Currency

3Q13 Impact

3Q13 vs. 2Q13	0%
3Q13 vs. 3Q12	0%
3Q13 vs. Guidance	1%

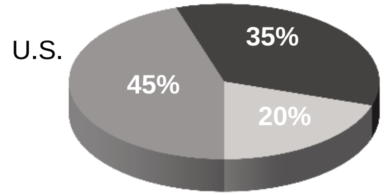
4Q13 & FY13 Impact*

4Q13 vs. 3Q13	1%
4Q13 vs. 4Q12	0%
FY13 vs. FY12	0%

* Based on foreign currency exchange rates as of 9/30/13

2012 Exposure

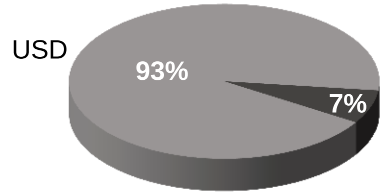
Revenue by Geography



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

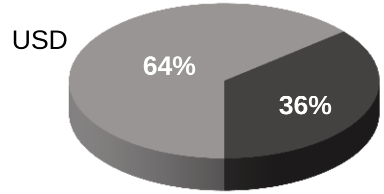
Other International: Primarily Canadian Dollar, Brazilian Real and Australian Dollar

Cost by Currency



Non-USD: Primarily Euro (20%-25%), Australian Dollar (20%-25%), Brazilian Real (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

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.

Gartner Magic Quadrant for Enterprise Content Management, Mark R. Gilbert, Karen M. Shegda, Kenneth Chin, Gavin Tay, Hanns Koehler-Kruener, September 23, 2013.

Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings. Garner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose © 2013 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner is a registered trademark of Gartner, Inc. For more information, email info@gartner.com or visit gartner.com. Used with permission.

IDC MarketScape: Worldwide Managed Print and Document Services 2013 Hardcopy Vendor Analysis, doc # 242217, July 2013.

Forrester Wave™: Managed Print Services, Q2 2012.

Quocirca Managed Print Services Landscape, 2013.

GAAP to Non-GAAP Reconciliations

- GAAP Product and Services P&L
- 3Q Geographic & Segment Comparison
- 3Q YTD Geographic & Segment Comparison
- 3Q P&L Compared to Last Year
- 3Q YTD P&L Compared to Last Year
- Expected Non-GAAP Adjustments
- GAAP to Non-GAAP Bridge
- Non-GAAP Measures

GAAP Product and Services P&L

	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13
Revenue:	$992	$919	$919	$967	$884	$887	$890
Product	$915	$831	$829	$872	$787	$784	$782
Services	$78	$87	$90	$95	$97	$103	$108
Cost of Revenue:	$611	$558	$591	$638	$550	$547	$544
Product	$537	$487	$492	$549	$465	$463	$461
Services	$70	$68	$70	$78	$77	$78	$78
Other	$4	$3	$29	$11	$7	$6	$5
Gross Profit	$381	$361	$328	$330	$335	$340	$346

*Totals may not foot due to rounding, in millions

Product – Includes all hardware, parts, supplies and license revenue. In addition, the amortization of developed technology is included as cost of product revenue. Services - Includes extended warranties and professional services performed under managed print service ("MPS") arrangements, as well as software subscriptions, maintenance and support, and other software-related services.

3Q Segment Comparison[1,2]

Geographic Revenue

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
United States	$ 397	$ 4	$ 401	$ 445	$ 2	$ 447	(11%)	(10%)
EMEA	310	1	311	289	--	289	7%	8%
Other International	183	--	183	186	--	186	(1%)	(1%)
Total Revenue	$ 890	$ 5	$ 896	$ 919	$ 2	$ 921	(3%)	(3%)

Segment Revenue

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 837	$ --	$ 837	$ 879	$ --	$ 879	(5%)	(5%)
Perceptive Software	54	5	59	41	2	43	32%	38%
Total Revenue	$ 890	$ 5	$ 896	$ 919	$ 2	$ 921	(3%)	(3%)

Gross Profit

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 329	$ 5	$ 334	$ 320	$ 29	$ 349	3%	(4%)
Perceptive Software	28	14	42	18	10	29	53%	46%
All other	(11)	$ --	(11)	(10)	--	(10)	(7%)	(7%)
Total Gross Profit Margin	$ 346	$ 19	$ 365	$ 328	$ 39	$ 368	5%	(1%)

Operating Expense

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 177	$ (9)	$ 168	$ 204	$ (28)	$ 176	(13%)	(4%)
Perceptive Software	46	(5)	41	40	(3)	37	16%	11%
All other	71	(10)	61	72	(16)	56	(2%)	9%
Total Operating Expense	$ 294	$ (24)	$ 270	$ 316	$ (47)	$ 269	(7%)	0%

Operating Income

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 152	$ 14	$ 166	$ 116	$ 57	$ 173	31%	(4%)
Perceptive Software	(18)	19	1	(21)	13	(8)	14%	111%
All other	(81)	10	(71)	(82)	16	(66)	1%	(8%)
Total Operating Income	$ 52	$ 43	$ 95	$ 12	$ 86	$ 99	327%	(3%)

(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, acquisition-related adjustments, and gain on divestiture, net of related expenses.

3Q YTD Segment Comparison[1,2]

Geographic Revenue

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
United States	$ 1,155	$ 10	$ 1,165	$ 1,259	$ 5	$ 1,264	(8%)	(8%)
EMEA	970	--	971	989	--	989	(2%)	(2%)
Other International	536	--	536	582	--	582	(8%)	(8%)
Total Revenue	$ 2,661	$ 10	$ 2,672	$ 2,830	$ 5	$ 2,835	(6%)	(6%)

Segment Revenue

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 2,505	$ --	$ 2,505	$ 2,716	$ --	$ 2,716	(8%)	(8%)
Perceptive Software	157	11	167	114	5	119	37%	40%
Total Revenue	$ 2,661	$ 11	$ 2,672	$ 2,830	$ 5	$ 2,835	(6%)	(6%)

Gross Profit

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 972	$ 19	$ 990	$ 1,043	$ 37	$ 1,080	(7%)	(8%)
Perceptive Software	83	37	120	59	24	83	42%	44%
All other	(34)	$ --	(34)	(32)	--	(32)	(7%)	(7%)
Total Gross Profit Margin	$ 1,021	$ 55	$ 1,076	$ 1,070	$ 61	$ 1,132	(5%)	(5%)

Operating Expense

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 406	$ 95	$ 501	$ 590	$ (35)	$ 555	(31%)	(10%)
Perceptive Software	142	(18)	124	111	(10)	101	28%	23%
All other	239	(53)	186	207	(33)	175	15%	6%
Total Operating Expense	$ 787	$ 23	$ 811	$ 909	$ (77)	$ 831	(13%)	(2%)

Operating Income

(Dollars in millions)	2013 GAAP	2013 Adjustments	2013 Non-GAAP	2012 GAAP	2012 Adjustments	2012 Non-GAAP	YTY Comparison GAAP	YTY Comparison Non-GAAP
Imaging Solutions and Services	$ 565	$ (76)	$ 489	$ 454	$ 72	$ 525	25%	(7%)
Perceptive Software	(59)	55	(4)	(53)	35	(18)	(12%)	77%
All other	(273)	53	(220)	(239)	33	(207)	(14%)	(6%)
Total Operating Income	$ 234	$ 32	$ 266	$ 162	$ 139	$ 301	44%	(12%)

(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, acquisition-related adjustments, and gain on divestiture, net of related expenses.

3Q P&L Compared to Last Year

	3Q13						3Q12					
	Revenue	Gross Profit	Op Ex (Exp)/ Inc	Op Inc	Non-Op Exp	EPS	Revenue	Gross Profit	Op Ex (Exp)/ Inc	Op Inc	Non-Op Exp	EPS
GAAP	**$890**	**$346 38.9%**	**$294 33.0%**	**$52 5.9%**	**$9**	**$0.45**	**$919**	**$328 35.7%**	**$316 34.4%**	**$12 1.3%**	**$7**	**$0.00**
Deferred Revenue	$5	$5	--	$5	--		$2	$2	--	$2	--	
Amortization of purchased intangibles	--	$9	($5)	$14	--		--	$8	($3)	$11	--	
Acquisition costs	--	--	($6)	$6	--		--	--	($4)	$4	--	
Divestiture, net of costs	--	--	--	--	--		--	--	--	--	--	
Acquisition & Divestiture-Related(1)	**$5**	**$14**	**($11)**	**$25**	**--**	**$0.29**	**$2**	**$11**	**($7)**	**$17**	**--**	**$0.19**
Restructuring-Related(2)	**--**	**$5**	**($13)**	**$18**	**--**	**$0.21**	**--**	**$29**	**($40)**	**$69**	**--**	**$0.75**
Non-GAAP(3)(4)	**$896**	**$365 40.8%**	**$270 30.1%**	**$95 10.6%**	**$9**	**$0.95**	**$921**	**$368 39.9%**	**$269 29.2%**	**$99 10.7%**	**$7**	**$0.94**

(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) 3Q13 GAAP effective tax rate of 34.5%, 3Q13 non-GAAP effective tax rate of 29.6%, 3Q12 GAAP effective tax rate of 99.7%, 3Q12 non-GAAP effective tax rate of 28.8%.
(4) Totals may not foot due to rounding, $ millions except EPS.

3Q YTD P&L Compared to Last Year

	2013 YTD						2012 YTD					
	Revenue	Gross Profit	Op Ex (Exp)/ Inc	Op Inc	Non-Op Exp	EPS	Revenue	Gross Profit	Op Ex (Exp)/ Inc	Op Inc	Non-Op Exp	EPS
GAAP	**$2,661**	**$1021 38.4%**	**$787 29.6%**	**$234 8.8%**	**$32**	**$2.37**	**$2,830**	**$1,070 37.8%**	**$909 32.1%**	**$162 5.7%**	**$23**	**$1.41**
Deferred Revenue	$11	$11	--	$11	--		$5	$5	--	$5	--	
Amortization of purchased intangibles	--	$26	($14)	$40	--		--	$20	($10)	$30	--	
Acquisition costs	--	--	($14)	$14	--		--	--	($15)	$15	--	
Divestiture, net of costs	--	--	$74	($74)	--		--	--	--	--	--	
Acquisition & Divestiture-Related[1]	**$11**	**$37**	**$45**	**($8)**	**--**	**($0.09)**	**$5**	**$25**	**($25)**	**$50**	**--**	**$0.53**
Restructuring-Related[2]	**--**	**$18**	**($22)**	**$40**	**--**	**$0.47**	**--**	**$37**	**($52)**	**$89**	**--**	**$0.94**
Loss on Debt Extinguishment	**--**	**--**	**--**	**--**	**($3)**	**$0.04**	**--**	**--**	**--**	**--**	**--**	**--**
Non-GAAP[3][4]	**$2,672**	**$1,076 40.3%**	**$811 30.3%**	**$266 9.9%**	**$29**	**$2.78**	**$2,835**	**$1,132 39.9%**	**$831 29.3%**	**$301 10.6%**	**$23**	**$2.88**

(1) Acquisition-related amounts include amortization of purchased intangibles, adjustments to deferred revenue, acquisition and integration costs, and divestiture gain on sale (net of related costs and on-going transition costs).
(2) Restructuring-related amounts include 2007, 2008, 2009 and 2012 actions and related project costs.
(3) Loss on debt extinguishment charges consists of premium, redemption fees, discount amortization and deferred financing costs.
(4) Totals may not foot due to rounding, $ millions except EPS.

Expected Non-GAAP Adjustments

	4Q13						FY 2013					
	Revenue	Gross Profit	Op Ex (Exp)/ Inc	Op Inc	Non-Op Exp	EPS	Revenue	Gross Profit	Op Ex (Exp)/ Inc	Op Inc	Non-Op Exp	EPS
Deferred Revenue	$5	$5	--	$5	--		$15	$15	--	$15	--	
Amortization of purchased intangibles	--	$10	($6)	$16	--		--	$36	($20)	$57	--	
Acquisition costs	--	--	($7)	$7	--		--	--	($21)	$21	--	
Divestiture, net of costs	--	--	--	--	--		--	--	$74	($74)	--	
Acquisition & Divestiture-Related(1)	**$5**	**$15**	**($13)**	**$28**	**--**	**$0.31**	**$15**	**$52**	**$32**	**$20**	**--**	**$0.21**
Restructuring-Related(2)	**--**	**$5**	**($13)**	**$17**	**--**	**$0.19**	**--**	**$23**	**($34)**	**$57**	**--**	**$0.66**
Loss on Debt Extinguishment	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**($3)**	**$0.04**
Total Non-GAAP Adjustments(3)(4)	**$5**	**$20**	**($26)**	**$45**	**--**	**$0.50**	**$15**	**$75**	**($3)**	**$77**	**$3**	**$0.91**

(1) Acquisition and divestiture-related amounts include amortization of purchased intangibles, adjustments to deferred revenue, acquisition and integration costs, and divestiture gain on sale (net of related costs and on-going transition costs).
(2) Restructuring-related amounts include 2009 and 2012 actions and related project costs.
(3) Loss on debt extinguishment charges consists of premium, redemption fees, discount amortization and deferred financing costs.
(4) Totals may not foot due to rounding, $ millions except EPS.

GAAP to Non-GAAP Bridge

Software and Other Revenue *(In Millions)*	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 FY	2013 Q1	2013 Q2	2013 Q3
GAAP	$ 70	$ 87	$ 85	$ 89	$ 331	$ 94	$ 108	$ 102
Acquisition-related adjustments	0	2	2	1	5	2	3	5
Non-GAAP	$ 71	$ 90	$ 87	$ 89	$ 337	$ 97	$ 111	$ 107

Selling, General & Administrative	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 FY	2013 Q1	2013 Q2	2013 Q3
GAAP	$ 195	$ 206	$ 223	$ 216	$ 840	$ 199	$ 132	$ 210
Restructuring-related charges & project costs	(6)	(6)	(40)	(22)	(74)	(2)	(7)	(13)
Acquisition and Divestiture-related adjustments	(4)	(14)	(6)	(8)	(32)	(7)	64	(11)
Non-GAAP	$ 186	$ 186	$ 176	$ 187	$ 734	$ 190	$ 189	$ 187

Research & Development	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 FY	2013 Q1	2013 Q2	2013 Q3
GAAP	$ 97	$ 94	$ 94	$ 88	$ 373	$ 82	$ 81	$ 83
Acquisition-related adjustments	-	-	(0)	-	-	(0)	(0)	(1)
Non-GAAP	$ 97	$ 94	$ 93	$ 88	$ 372	$ 81	$ 80	$ 83

Net Earnings	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 FY	2013 Q1	2013 Q2	2013 Q3
GAAP	$ 61	$ 39	$ 0	$ 6	$ 106	$ 35	$ 89	$ 29
Debt extinguishment	-	-	-	-	-	2	-	-
Restructuring-related charges & project costs	7	7	52	23	90	7	10	13
Acquisition and Divestiture-related adjustments	7	17	13	11	48	13	(38)	19
Non-GAAP	$ 76	$ 64	$ 65	$ 40	$ 244	$ 57	$ 61	$ 61

*Totals may not foot due to rounding.

GAAP to Non-GAAP Bridge

GEOGRAPHY REVENUE	2011					2012					2013		
WORLDWIDE	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
GAAP	$ 1,037	$ 1,045	$ 1,035	$ 1,060	$ 4,177	$ 992	$ 919	$ 919	$ 967	$ 3,798	$ 884	$ 887	$ 890
Acquisition-related Adjustments	-	-	-	1	1	0	2	2	1	5	2	3	5
Non-GAAP	$ 1,037	$ 1,045	$ 1,035	$ 1,061	$ 4,178	$ 993	$ 921	$ 921	$ 968	$ 3,803	$ 886	$ 890	$ 896
UNITED STATES													
GAAP	$ 434	$ 440	$ 458	$ 427	$ 1,759	$ 423	$ 391	$ 445	$ 436	$ 1,696	$ 375	$ 383	$ 397
Acquisition-related Adjustments	-	-	-	0	0	0	2	2	0	5	2	3	4
Non-GAAP	$ 434	$ 440	$ 458	$ 427	$ 1,759	$ 423	$ 394	$ 447	$ 437	$ 1,701	$ 377	$ 386	$ 401
EMEA													
GAAP	$ 389	$ 380	$ 359	$ 404	$ 1,532	$ 368	$ 332	$ 289	$ 332	$ 1,320	$ 335	$ 325	$ 310
Acquisition-related Adjustments	-	-	-	1	1	-	0	0	0	0	0	0	1
Non-GAAP	$ 389	$ 380	$ 359	$ 404	$ 1,533	$ 368	$ 332	$ 289	$ 332	$ 1,320	$ 335	$ 325	$ 311
ALL OTHER													
GAAP	$ 213	$ 225	$ 218	$ 230	$ 886	$ 201	$ 195	$ 186	$ 200	$ 782	$ 174	$ 179	$ 183
Acquisition-related Adjustments	-	-	-	(0)	(0)	-	0	0	0	0	0	0	-
Non-GAAP	$ 213	$ 225	$ 218	$ 230	$ 886	$ 201	$ 195	$ 186	$ 200	$ 782	$ 174	$ 179	$ 183

PERCEPTIVE REVENUE	2011					2012					2013		
Total Revenue	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
GAAP	$ 21	$ 25	$ 23	$ 30	$ 99	$ 30	$ 44	$ 41	$ 42	$ 156	$ 44	$ 59	$ 54
Acquisition-related adjustments	-	-	-	1	1	0	2	2	1	5	2	3	5
Non-GAAP	$ 21	$ 25	$ 23	$ 31	$ 100	$ 30	$ 46	$ 43	$ 43	$ 162	$ 46	$ 62	$ 59
Licenses Revenue													
GAAP	$ 6	$ 9	$ 7	$ 9	$ 31	$ 7	$ 16	$ 13	$ 12	$ 48	$ 13	$ 23	$ 15
Acquisition-related adjustments	-	-	-	-	-	-	1	0	0	1	0	1	3
Non-GAAP	$ 6	$ 9	$ 7	$ 9	$ 31	$ 7	$ 17	$ 13	$ 12	$ 49	$ 13	$ 24	$ 17
Subscriptions Revenue													
GAAP	$ 1	$ 1	$ 1	$ 1	$ 4	$ 2	$ 2	$ 2	$ 3	$ 8	$ 5	$ 4	$ 6
Acquisition-related adjustments	-	-	-	-	-	-	-	-	-	-	-	1	1
Non-GAAP	$ 1	$ 1	$ 1	$ 1	$ 4	$ 2	$ 2	$ 2	$ 3	$ 8	$ 5	$ 5	$ 7
Maintenance Revenue													
GAAP	$ 8	$ 8	$ 9	$ 10	$ 35	$ 12	$ 13	$ 14	$ 16	$ 55	$ 15	$ 18	$ 18
Acquisition-related adjustments	-	-	-	1	1	0	2	2	0	4	2	1	1
Non-GAAP	$ 8	$ 8	$ 9	$ 11	$ 36	$ 13	$ 15	$ 15	$ 16	$ 59	$ 17	$ 19	$ 19
Professional Services / Other Revenue													
GAAP	$ 7	$ 7	$ 6	$ 9	$ 28	$ 9	$ 13	$ 12	$ 12	$ 45	$ 11	$ 14	$ 15
Acquisition-related adjustments	-	-	-	-	-	-	-	-	-	-	0	0	0
Non-GAAP	$ 7	$ 7	$ 6	$ 9	$ 28	$ 9	$ 13	$ 12	$ 12	$ 45	$ 11	$ 14	$ 15

PERCEPTIVE ONLY	2011					2012					2013		
Software Revenue(2)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
GAAP	$ 20	$ 24	$ 22	$ 30	$ 96	$ 29	$ 43	$ 40	$ 42	$ 154	$ 44	$ 58	$ 53
Acquisition-related adjustments	-	-	-	1	1	0	2	2	1	5	2	3	5
Non-GAAP	$ 20	$ 24	$ 22	$ 31	$ 97	$ 29	$ 46	$ 42	$ 42	$ 159	$ 46	$ 61	$ 58

(1)Totals may not foot due to rounding, in millions unless otherwise noted.

(2) Includes software licenses and the associated software maintenance services sold on a unit basis or as a subscription service.

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 three 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 & Divestiture -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 including software and systems to be implemented in acquired companies, 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.

D. Divestiture- related adjustments

In connection with divestitures, management provides supplementary non-GAAP financial measures of expenses to normalize for the impact of certain earnings and expenses which would not have been incurred otherwise. The Company recognized a net gain on the sale of inkjet-related technology and assets, which consisted of a subsidiary, intellectual property and other assets, and transition services. In addition, the Company has incurred costs related to the divestiture, such as employee travel expenses and compensation, consulting costs, training costs, and transition services. These costs are incremental to normal operating charges and are expensed as incurred. Management excluded the income and expenses from non-GAAP earnings in order to evaluate the Company's performance on a continuing and comparable basis.

Non-GAAP Measures, Continued

•Loss on Early Extinguishment of Debt

The Company has extinguished debt prior to its scheduled maturity which has resulted in non-operating expenses which otherwise would not have been incurred. The size of these items can vary significantly depending on timing of the debt maturity versus execution of the redemption, and the Company does not consider these items to be part of typical non-operating expenses of the business. Debt extinguishment related charges that are excluded from GAAP earnings to determine non-GAAP earnings consist of premium and redemption fees paid, as well as the write-off of unamortized debt issuance costs and original issue discount.

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.

LEXMARK™