

LEXMARK INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(In Millions, Except Per Share Amounts)
(Unaudited)

| | Three Months Ended March 31 | |
|---------------------------------------|--|--------------------|
| | <u>2004</u> | <u>2003</u> |
| Revenue | \$1,256.0 | \$1,107.9 |
| Cost of revenue | <u>845.2</u> | <u>751.7</u> |
| Gross profit | <u>410.8</u> | <u>356.2</u> |
| Research and development | 72.2 | 62.1 |
| Selling, general and administrative | <u>173.4</u> | <u>165.5</u> |
| Operating expense | <u>245.6</u> | <u>227.6</u> |
| Operating income | 165.2 | 128.6 |
| Interest (income)/expense, net | (2.3) | 0.7 |
| Other | <u>0.6</u> | <u>-</u> |
| Earnings before income taxes | 166.9 | 127.9 |
| Provision for income taxes | <u>45.9</u> | <u>33.3</u> |
| Net earnings | <u>\$ 121.0</u> | <u>\$ 94.6</u> |
| Net earnings per share: | | |
| Basic | <u>\$ 0.93</u> | <u>\$ 0.74</u> |
| Diluted | <u>\$ 0.91</u> | <u>\$ 0.73</u> |
| Shares used in per share calculation: | | |
| Basic | <u>129.6</u> | <u>127.1</u> |
| Diluted | <u>133.1</u> | <u>130.2</u> |

LEXMARK INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION
(In Millions)
(Unaudited)

| | <u>March 31</u> <u>2004</u> | <u>December 31</u> <u>2003</u> |
|---|--------------------------------|-----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 749.8 | \$ 744.6 |
| Marketable securities | 612.9 | 451.5 |
| Trade receivables, net | 571.6 | 615.4 |
| Inventories | 443.0 | 437.0 |
| Prepaid expenses and other current assets | <u>196.8</u> | <u>195.3</u> |
| Total current assets | 2,574.1 | 2,443.8 |
| Property, plant and equipment, net | 705.8 | 715.9 |
| Other assets | <u>315.2</u> | <u>290.7</u> |
| Total assets | <u>\$ 3,595.1</u> | <u>\$ 3,450.4</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt | \$ 3.1 | \$ 1.1 |
| Accounts payable | 474.1 | 465.7 |
| Accrued liabilities | <u>647.3</u> | <u>716.5</u> |
| Total current liabilities | 1,124.5 | 1,183.3 |
| Long-term debt | 149.4 | 149.3 |
| Other liabilities | <u>480.4</u> | <u>474.8</u> |
| Total liabilities | <u>1,754.3</u> | <u>1,807.4</u> |
| Stockholders' equity: | | |
| Preferred stock | - | - |
| Common stock and capital in excess of par | 1,013.4 | 958.0 |
| Retained earnings | 2,216.0 | 2,095.0 |
| Treasury stock | (1,213.1) | (1,213.5) |
| Accumulated other comprehensive loss | <u>(175.5)</u> | <u>(196.5)</u> |
| Total stockholders' equity | <u>1,840.8</u> | <u>1,643.0</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,595.1</u> | <u>\$ 3,450.4</u> |