

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

| | Three Months Ended September 30 | |
|---------------------------------------|--|--------------------|
| | <u>2004</u> | <u>2003</u> |
| Revenue | \$1,266.2 | \$1,157.1 |
| Cost of revenue | <u>819.9</u> | <u>785.7</u> |
| Gross profit | <u>446.3</u> | <u>371.4</u> |
| Research and development | 78.3 | 66.5 |
| Selling, general and administrative | <u>183.7</u> | <u>164.4</u> |
| Operating expense | <u>262.0</u> | <u>230.9</u> |
| Operating income | 184.3 | 140.5 |
| Interest (income)/expense, net | (4.1) | (0.3) |
| Other | <u>0.6</u> | <u>-</u> |
| Earnings before income taxes | 187.8 | 140.8 |
| Provision for income taxes | <u>31.7</u> | <u>36.7</u> |
| Net earnings | <u>\$ 156.1</u> | <u>\$ 104.1</u> |
| Net earnings per share: | | |
| Basic | <u>\$ 1.20</u> | <u>\$ 0.81</u> |
| Diluted | <u>\$ 1.17</u> | <u>\$ 0.79</u> |
| Shares used in per share calculation: | | |
| Basic | <u>129.8</u> | <u>128.5</u> |
| Diluted | <u>133.0</u> | <u>131.5</u> |

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

| | Nine Months Ended September 30 | |
|---------------------------------------|---|--------------------|
| | <u>2004</u> | <u>2003</u> |
| Revenue | \$3,769.9 | \$3,385.2 |
| Cost of revenue | <u>2,472.5</u> | <u>2,276.8</u> |
| Gross profit | <u>1,297.4</u> | <u>1,108.4</u> |
| Research and development | 227.0 | 195.3 |
| Selling, general and administrative | <u>535.1</u> | <u>507.0</u> |
| Operating expense | <u>762.1</u> | <u>702.3</u> |
| Operating income | 535.3 | 406.1 |
| Interest (income)/expense, net | (8.7) | 0.3 |
| Other | <u>0.9</u> | <u>(0.2)</u> |
| Earnings before income taxes | 543.1 | 406.0 |
| Provision for income taxes | <u>129.4</u> | <u>105.6</u> |
| Net earnings | <u>\$ 413.7</u> | <u>\$ 300.4</u> |
| Net earnings per share: | | |
| Basic | <u>\$ 3.18</u> | <u>\$ 2.35</u> |
| Diluted | <u>\$ 3.10</u> | <u>\$ 2.29</u> |
| Shares used in per share calculation: | | |
| Basic | <u>129.9</u> | <u>127.8</u> |
| Diluted | <u>133.4</u> | <u>131.1</u> |

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

| | <u>September 30</u> <u>2004</u> | <u>December 31</u> <u>2003</u> |
|---|------------------------------------|-----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 534.3 | \$ 744.6 |
| Marketable securities | 956.8 | 451.5 |
| Trade receivables, net | 652.9 | 615.4 |
| Inventories | 540.5 | 437.0 |
| Prepaid expenses and other current assets | <u>240.0</u> | <u>195.3</u> |
| Total current assets | 2,924.5 | 2,443.8 |
| Property, plant and equipment, net | 738.5 | 715.9 |
| Other assets | <u>301.5</u> | <u>290.7</u> |
| Total assets | <u>\$ 3,964.5</u> | <u>\$ 3,450.4</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt | \$ - | \$ 1.1 |
| Accounts payable | 607.3 | 465.7 |
| Accrued liabilities | <u>739.3</u> | <u>716.5</u> |
| Total current liabilities | 1,346.6 | 1,183.3 |
| Long-term debt | 149.5 | 149.3 |
| Other liabilities | <u>426.1</u> | <u>474.8</u> |
| Total liabilities | <u>1,922.2</u> | <u>1,807.4</u> |
| Stockholders' equity: | | |
| Preferred stock | - | - |
| Common stock and capital in excess of par | 1,061.9 | 958.0 |
| Retained earnings | 2,508.7 | 2,095.0 |
| Treasury stock | (1,354.4) | (1,213.5) |
| Accumulated other comprehensive loss | <u>(173.9)</u> | <u>(196.5)</u> |
| Total stockholders' equity | <u>2,042.3</u> | <u>1,643.0</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,964.5</u> | <u>\$ 3,450.4</u> |