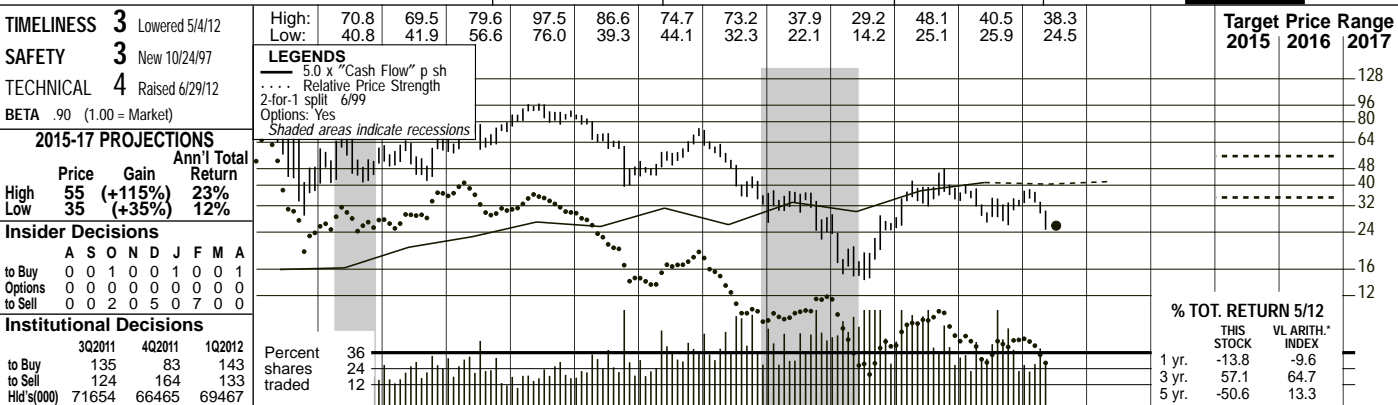


LEXMARK INT'L NYSE-LXK

RECENT PRICE **25.70** P/E RATIO **5.8** (Trailing: 5.6 Median: 14.0) RELATIVE P/E RATIO **0.41** DIV'D YLD **4.7%** VALUE LINE



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Price	16.36	18.35	23.06	26.95	29.96	31.77	34.52	36.97	41.64	46.66	52.66	52.52	58.28	49.68	53.60	58.45	57.95	57.70	Sales per sh	63.30
Gain	1.36	1.77	2.43	3.11	3.20	3.25	4.06	4.57	5.36	5.11	6.24	5.21	6.66	6.01	7.53	8.25	8.10	8.35	"Cash Flow" per sh	9.20
Return	.84	1.09	1.70	2.32	2.35	2.23	2.85	3.34	4.13	3.35	4.10	3.14	3.50	3.25	4.96	4.71	4.45	4.55	Earnings per sh ^A	5.35
Options	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	.25	1.15	1.30	Div'ds Decl'd per sh	1.50
to Buy	1.00	.51	.78	1.72	2.34	1.64	.89	.73	1.55	1.80	2.06	1.93	2.80	3.10	2.05	2.19	3.00	2.85	Cap'l Spending per sh ^C	3.20
to Sell	3.72	3.68	4.41	5.14	6.11	8.25	8.57	12.78	16.32	12.77	10.67	13.50	10.45	12.98	17.74	19.49	22.45	24.05	Book Value per sh	35.15
Hld's(000)	71654	66465	69467																Common Shs Outst'g ^B	64.00
to Buy	12.2	13.5	17.7	29.0	30.7	23.7	19.5	20.6	21.1	19.4	13.5	15.4	9.1	6.2	7.3	6.9	6.9	6.9	Avg Ann'l P/E Ratio	8.5
to Sell	.76	.78	.92	1.65	2.00	1.21	1.07	1.17	1.11	1.03	.73	.82	.55	.41	.46	.44	.44	.44	Relative P/E Ratio	.55
Hld's(000)	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	Avg Ann'l Div'd Yield	3.3%

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Total Debt	4356.4	4754.7	5313.8	5221.5	5108.1	4973.9	4528.4	3879.9	4212.7	4173.0	4000	3900	Sales (\$mill)	4050						
LT Debt	15.1%	15.6%	16.3%	13.3%	14.7%	10.8%	12.6%	14.7%	17.0%	17.3%	17.0%	17.2%	Operating Margin	17.5%						
Leases, Uncapitalized	138.2	148.9	134.9	158.5	181.0	192.3	204.9	213.7	197.9	221.8	245	250	Depreciation (\$mill)	240						
Pension Assets	374.7	439.2	548.7	413.4	424.6	300.8	312.2	255.8	394.3	366.9	315	315	Net Profit (\$mill)	350						
Common Stock	26.0%	26.0%	26.5%	26.6%	27.4%	13.9%	15.3%	22.4%	19.9%	22.2%	22.5%	23.0%	Income Tax Rate	23.0%						
MARKET CAP	8.6%	9.2%	10.3%	7.9%	8.3%	6.0%	6.9%	6.6%	9.4%	8.8%	7.9%	8.1%	Net Profit Margin	8.6%						
CURRENT POSITION	699.8	1260.5	1533.2	935.9	506.0	569.5	805.2	948.9	1023.3	1085.5	1115	1150	Working Cap'l (\$mill)	1300						
2010	149.2	149.3	149.5	149.6	149.8	--	648.7	648.9	649.1	649.3	650	650	Long-Term Debt (\$mill)	300						
2011	1081.6	1643.0	2082.9	1428.7	1035.2	1278.3	812.1	1013.6	1394.3	1391.7	1550	1625	Shr. Equity (\$mill)	2250						
2012	30.8%	24.7%	24.9%	26.5%	36.3%	23.5%	22.3%	16.2%	19.9%	19.0%	15.0%	14.5%	Return on Total Cap'l	14.0%						
2013	34.6%	26.7%	26.3%	28.9%	41.0%	23.5%	38.4%	25.2%	28.3%	26.4%	20.5%	19.5%	Return on Shr. Equity	15.5%						
2010	34.6%	26.7%	26.3%	28.9%	41.0%	23.5%	38.4%	25.2%	28.3%	25.1%	15.0%	14.0%	Retained to Com Eq	11.0%						
2011	--	--	--	--	--	--	--	--	--	5%	26%	29%	All Div'ds to Net Prof	28%						

Year	2010	2011	3/31/12
Cash Assets	1217.2	1149.4	949.4
Receivables	479.6	457.8	474.3
Inventory (Avg Cst)	366.1	335.5	328.6
Other	206.7	266.1	243.5
Current Assets	2269.6	2208.8	1995.8
Accts Payable	535.3	486.5	473.3
Debt Due	--	--	--
Other	711.0	636.8	603.3
Current Liab.	1246.3	1123.3	1076.6

Year	Past 10 Yrs	Past 5 Yrs	Est'd '09-'11	Est'd '15-'17
of change (per sh)	6.0%	3.0%	2.5%	2.5%
"Cash Flow"	8.5%	5.5%	4.0%	4.0%
Earnings	6.5%	2.0%	3.5%	3.5%
Dividends	--	--	NMF	NMF
Book Value	10.0%	5.0%	13.0%	13.0%

Year	2009	2010	2011	2012	2013	Full Year
Mar.31	944	905	958	1073	1117	3880
Jun.30	1043	1033	1020	1117	1117	4213
Sep.30	1034	1044	1035	1060	1060	4173
Dec.31	993	960	1000	1047	1047	4000
2013	970	950	960	1020	1020	3900

Year	2009	2010	2011	2012	2013	Full Year
Mar.31	.89	.55	.65	1.16	1.16	3.25
Jun.30	1.35	1.23	1.09	1.29	1.29	4.96
Sep.30	1.17	1.40	.95	1.19	1.19	4.71
Dec.31	1.02	1.00	1.13	1.30	1.30	4.45
2013	1.05	1.00	1.15	1.35	1.35	4.55

Year	2008	2009	2010	2011	2012	Full Year
Mar.31	--	--	--	--	--	--
Jun.30	--	--	--	--	--	--
Sep.30	--	--	--	--	--	--
Dec.31	--	--	--	.25	.25	.25
2012	--	--	--	.25	.30	.25

BUSINESS: Lexmark International manufactures and services a wide range of laser, inkjet, and multifunction printers and related consumable supplies for the office and home markets. The company introduced several wireless printers since '08, while decreasing its focus on low-end inkjet products. Printers, supplies, and services (includes software licenses) accounted for 23%, 70%, and 7%, resp., of '11 sales. Foreign sales accounted for 58% of '10 total. R&D was 9.0% of '11 sales. Has about 13,300 employees. Artisan Partners owns 11.2% of common stock; Off. & dir., 2.7% (3/12 Proxy). Chairman & CEO: Paul J. Curlander. Inc.: DE. Address: One Lexmark Centre Drive, 740 West New Circle Road, Lexington, Kentucky 40550. Tel.: 859-232-2000. Internet: www.lexmark.com.

In order to bolster its print services business, Lexmark acquired three software specialists in the March quarter. These purchases, which totaled \$205 million, followed its acquisition of Perceptive Software in 2010. The latest additions include providers of software that offer workflow solutions for the higher education, data capture, and document filtering markets. They are operating as part of Perceptive Software, whose annual revenue is now about \$150 million.

The company continues to face a number of challenges . . . With one high-end exception, it is in the process of exiting the inkjet market. This process, which is taking a toll on the top and bottom lines, should be completed during 2013. Also, due to the relatively high ratio of intangible amortization charges to Perceptive Software's sales, as well as elevated R&D and marketing expenses, the division lost about \$9 million, excluding acquisition-related costs, in the March quarter. Finally, despite technological advances in printers/copiers, the trend toward the digital transfer of text and data has limited annual increases of industrywide sales of

printing equipment and supplies to the 1%-3% range in recent years. . . . and modest declines in both sales and adjusted share earnings are likely this year. Moreover, we don't foresee improvement in these metrics until 2014. By then, the expected absence of the inkjet's segments drag on year-to-year comparisons, and the likely reduction of operating losses at Perceptive should enable profits to begin to increase. Too, we expect the stock-repurchase program to enhance share-net increases over the three years subsequent to 2013.

Lexmark's dividend payout was raised 20% in the June quarter. Management expects to use more than half of free cash flow for dividends and share repurchases. Net of the capital budget, this year's estimated cash flow is about \$350 million.

The main investment attraction of this neutrally ranked stock is its favorable dividend yield. Too, the dividend appears to be well covered, and we look for annual increases through 2015, at least.

David R. Cohen
July 6, 2012

(A) Based on diluted shares. Excludes non-recurring gain/(losses): '00, (22¢); '04, 15¢; '05, (44¢); '06, (83¢); '08, (81¢); '09, (\$1.39); '10, (\$0.68); '11, (\$0.59). Next earnings report due late July.
(B) In millions, adjusted for stock split.
(C) Dividends were initiated in Nov., 2011. Future divs. likely to be paid in mid-March, mid-June, mid-Sept., and mid-Dec.
Company's Financial Strength A
Stock's Price Stability 65
Price Growth Persistence 15
Earnings Predictability 75