



LEXMARK[™]
Passion for printing ideas.[™]





A letter from the chairman We appreciate your interest in Lexmark International. During 2001, Lexmark observes its 10th anniversary as a company. From its exciting beginning as a spin-off from IBM, Lexmark has grown to become a global leader in printers, associated supplies and services.

Lexmark is unique because the company's attention is totally focused on providing printing solutions. Competitors can't say that. We develop and own the technology inside our printers. They can't say that, either. It makes us much more able to rapidly respond to customer desires, shifts in the marketplace and new technologies. This makes Lexmark a highly dynamic company. That's good for our customers. It's exciting for our employees. To date, it has been rewarding for our stockholders.

We may be a printer company, but ideas are our business. Our creative, energized Lexmark team has produced a continuous stream of industry-leading innovations: The first photographic-quality 1,200 x 1,200 dots per inch resolution. The first "family" of laser printers sharing common supplies. The creation of the sub-\$100 inkjet printer market. The list could go on and on, but Lexmark's most important accomplishment has been the consistent delivery of quality, economy and originality in hardware, software and services.

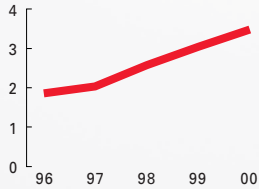
As a young company in a highly competitive market, Lexmark had to be nimble and innovative. We chose to target large industries with very specialized needs. Our tailored printing solutions have made us the leader in serving pharmacies,

Paul J. Curlander, chairman and chief executive officer (right)

Printers and associated supplies

(\$ in billions)

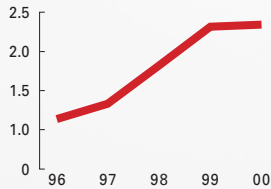
Revenue grew 15 percent to \$3.454 billion in 2000.



Diluted net earnings per share

(in dollars) Before non-recurring charges. Adjusted to reflect a two-for-one stock split effective June 10, 1999.

Increased three cents to a record \$2.35 in 2000.

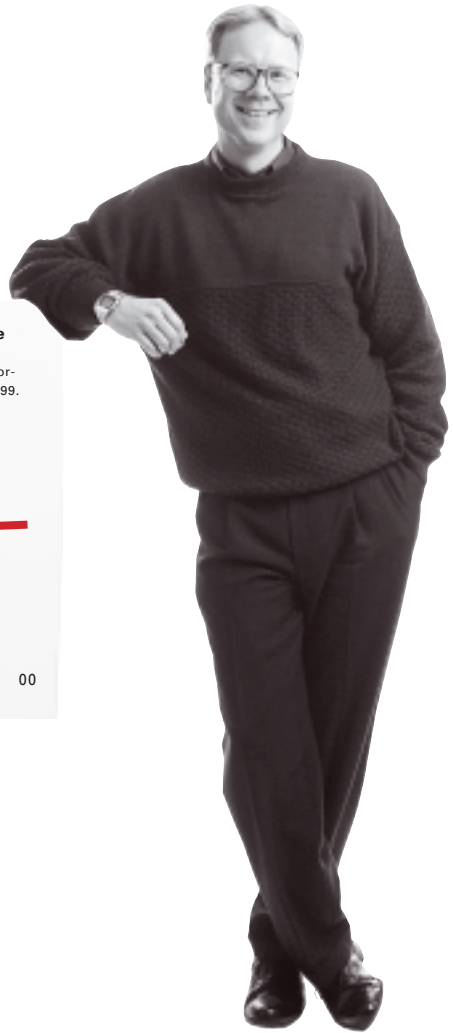
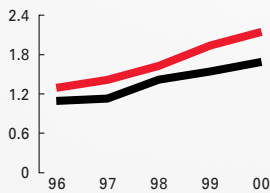


Revenue by geography

(\$ in billions)

- U.S.
- International

Rose to \$2.14 billion internationally and \$1.67 billion in the U.S. in 2000.




branch banks and the world's largest retail stores, to name a few. We have now expanded our customer base to include corporations of all sizes, and have developed a strong and growing consumer business.

Success in the laboratories and in the marketplace has translated into world-wide success as a business. Lexmark has steadily grown since its inception in 1991, recording sales of more than \$3.8 billion in 2000. Since 1996, more than half of our revenue has come from international operations, with our products now available in more than 150 countries around the world.

For 10 years, Lexmark's accomplishments have been fueled by a highly motivated team adhering to a common vision: Customers For Life. You can read our entire vision statement on page 17, but those three words sum up our goals. After earning our customers' trust and acceptance, we are determined to make it a lifelong partnership.

At Lexmark, we're proud of the printing solutions we've brought to market, because they've allowed people to easily and economically put their ideas into print. In the following pages you'll learn some of the ways this benefits our customers and business partners, while energizing our employees. Thank you for spending some time with us.

A handwritten signature in black ink that reads "Paul J. Curlander". The signature is written in a cursive style with a large initial "P" and "C".

Paul J. Curlander
Chairman and chief executive officer

We may be a printer company, but ideas are our business.

LEXMARKTM
Passion for printing ideas.SM

In less than five years, printing at home and in small offices has undergone a dramatic transition. Where monochrome printers once ponderously produced text with graphics in shades of gray, there now is speedy, lifelike color. What may be equally important is that it has become affordable to the mass market.

Lexmark sets the standard for color inkjet printing. Lexmark determined what customers desired – colorful, inexpensive and reliable printing – and delivered the Z-line, pushing inkjet printing into a new realm. With 1,200 x 1,200 dpi resolution as a standard feature, photo-quality printing has come to desktops around the world – even to the point of printing images without the aid of a PC.

Lexmark pioneered the sub-\$100 inkjet printer market, then the sub-\$50 market, while raising the bar for quality. In response to customer interest, Lexmark printers have become faster, quieter and – thanks to technology once found only on corporate-quality laser printers – now feature dependable, virtually jam-proof paper handling.

The convergence of imaging technologies into multifunction devices in the corporate office is moving to the consumer market, too. That's where the Lexmark Z-line scanner/printer/copier once again breaks the mold, retailing for less than \$200 in the U.S.





We cover the market from A to Z. From Atlanta to Brussels to Calgary, you'll find Lexmark's Z-line color inkjet printers and supplies on the shelves of the world's largest retailers – names including Wal-Mart, Dixon's, Target, Carrefour,



Harvey Norman and T-Zone. They're at office suppliers such as OfficeMax, Staples and Office Depot and distributed to computer super stores such as Tiny, Circuit City and Best Buy. At more than 15,000 stores around the globe, you can leave with a Lexmark product in your shopping bag. In fact, more than 150,000 people do so every single day.

Lexmark also has established partnerships with some of the best-known consumer electronics names in the business, among them being Compaq, Samsung, Fujitsu and Eastman Kodak. Through these relationships we have broadened our customer base and better positioned ourselves versus our competitors.

The result has been a growing worldwide share of the rapidly expanding color inkjet market. Industry observers say Lexmark has moved from fourth to second place – and captured the No. 1 position in the U.S. for the opening week of the crucial 2000 holiday sales season.

The growth in sales of Lexmark inkjet printers has been accompanied by growing recognition of the Lexmark brand. With a standardized look to our in-store materials, our print and broadcast advertising, and even our home page on the Internet, it's easy to recognize Lexmark products – from Buenos Aires to Beijing.





Leonardo da Vinci, *Portrait of Lisa Gherardini, known as Mona Lisa*, Paris, Musée du Louvre; Edvard Munch, *Dancer on the stage with bouquet*, Paris, Musée d'Orsay; Paul Gauguin, *Woman of Tahiti (or On the Beach)*, Paris, Musée d'Orsay; Vincent Van Gogh, *The Church at Auvvers-sur-Oise*, Paris, Musée d'Orsay. All © RMN.



We have a passion for printing ideas. As the only pure provider of printing solutions and services, Lexmark has a singular focus on one area of the information business. This is the passion of Lexmark people and it's what brings industry-leading new ideas to the market, time after time, year after year. In turn, those products enable our customers to translate their ideas from digital bits and bytes to hard copy reality.

People who join the Lexmark team find a fast-moving, challenging environment, rich in diversity, with quick recognition of success and no fear of failure. Lexmark has been repeatedly recognized by leading publications as one of the world's best-managed and best-performing high-tech companies.

Working at Lexmark encompasses more than producing top-flight products, however. Our passion extends to protection and preservation of our environment through initiatives including reductions in the amount of raw materials we use; innovative cartridge collection and recycling programs, incorporation of energy-saving features on our products and, most recently, support for the efforts of the Rainforest Foundation and The Tropical Rainforest Coalition.

What you read in this booklet tells only a bit of the Lexmark story. Call us – anyone on the Lexmark team will be happy to tell you more.



At Lexmark, we don't treat corporate printing and workflow management as one big market opportunity. We specifically focus on the fast-growing 11- to 50-page per minute monochrome and color workgroup laser printer segments in industries where our customized solutions drive cost savings and efficiencies for our customers. Lexmark teams become highly knowledgeable about our customers' specific business needs and routinely include their input as part of our development process. This strategy has made Lexmark a clear top-tier provider of business printing solutions.

Lexmark customers print pages the smart way ... strategically. Our sharp focus on delivering custom configurations and solutions enables our customers to enhance productivity. This has helped put Lexmark laser printers to work in 46 of the top 50 retailers, 83 of the top 100 healthcare companies and 49 of the top 50 pharmacy chains, not to mention thousands of other businesses of all shapes and sizes around the globe.

Business users are rapidly increasing their use of color and taking advantage of the convergence of printers, copiers, scanners and fax machines. Lexmark is one of the driving forces in this changing face of printing with our innovative imaging products, enabling business users to configure laser printers as fast, money-saving workgroup multifunction devices. Whether distributing digital information to a decentralized workforce for eventual hard copy use, or introducing hard copy documents for use in digital form within an enterprise, Lexmark is defining print solutions and managed print services within the market.







If businesses did only one thing, we would make only one printer.

The fact is, each business has its own unique print management needs. Thanks to our uncompromising commitment to understanding customers' informa-



tion management goals, Lexmark is uniquely equipped to help them create efficiencies and lower costs. Our customers are prominent

globally and regionally – names such as DaimlerChrysler, Bayer,

New York City Board of Education, Banco Galicia and Bosch – and

we go beyond simply selling them printing products. We help determine the workflow and printing solutions they need. Then we deliver precise, customized products and services that make information management easy, ultimately moving the enterprise forward.

Businesses, whether they are global or local, must work with hard copy documents. However they can't afford to operate at the speed of paper. With printing devices that manage both input and output, Lexmark shows customers how to best convert paper-based information to digital form, move it where it needs to go at the speed of light, then convert it back to top-quality hard copy as required. With services wrapped around these hardware products, Lexmark truly offers complete solutions packages.

Owning our technology and having a singular focus on printing solutions gives Lexmark a clear edge – the flexibility to rapidly provide customers a customized means to move, manage and use its mission-critical information.



Fulfilling the needs of our global customer base is demanding, but exciting.

Worldwide, Lexmark people pride themselves in regularly meeting and exceeding



those customer expectations. The innovative work done by

our people reflects the passion they bring to work each day,

whether in sales, marketing, product development or hundreds

of other supporting roles.

We provide printing solutions molded by our customers' dreams and wishes. That requires a lot of talented

individuals, working as a team. We attract the best and brightest people and

make clear they're a valued part of our diverse workforce. Lexmark offers

training and education programs, tuition reimbursement plans and competitive

compensation and benefits. Because we believe employees should share in

the success of their labors, our stock option program includes grants to new

employees during their first year on the job.

We're proud of the Lexmark team. Since 1991, the products they've developed, manufactured and marketed have earned more than 800 awards from technology and business publications around the world. Who's on the team? Some of them are pictured in the pages of this book.



The Lexmark vision statement

We, the employees, are Lexmark – a dynamic, global information technology company. We have a vision: Customers For Life. To earn our customers' loyalty, we must listen to them, anticipate their needs, and act to create value in their eyes. We want to be known for reliability, flexibility, responsiveness, innovative products and services, and exemplary citizenship. Growth, longevity and financial success will naturally follow. We will make this happen in an enriching environment of trust, cooperation and mutual respect.



Lexmark by the numbers

(Dollars in millions, except share data)	2000	1999	1998	1997	1996
Revenue	\$3,807.0	\$3,452.3	\$3,020.6	\$2,493.5	\$2,377.6
Gross profit	1,256.1	1,229.5	1,086.2	870.0	747.4
%	33.0%	35.6%	36.0%	34.9%	31.4%
Operating income	457.0	476.6	382.8	274.6	235.5
%	12.0%	13.8%	12.7%	11.0%	9.9%
Diluted EPS	\$ 2.35	\$ 2.32	\$ 1.70	\$ 1.08	\$ 0.84
Debt-to-capital ratio	16%	20%	22%	13%	23%
Return on average equity	42%	53%	47%	30%	27%
Number of employees	13,035	10,933	8,835	7,985	6,573

All amounts are in millions of U.S. dollars, except per share amounts, and are calculated on a recurring basis, before amortization, restructuring or unusual items. All share amounts and per share data have been adjusted for a two-for-one stock split effective June 10, 1999.

The view at the top

Board of directors

Paul J. Curlander, chairman and chief executive officer of Lexmark International.

B. Charles Ames, principal of Clayton, Dubilier & Rice, Inc., New York, New York.

Teresa Beck, former president of American Stores Co., Salt Lake City, Utah.

Frank T. Cary, former chairman and chief executive officer of IBM, Armonk, New York.

William R. Fields, chairman and chief executive officer of APEC (China) Asset Management Ltd., Hong Kong.

Ralph E. Gomory, president of the Alfred P. Sloan Foundation, New York, New York.

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James F. Hardyman, former chairman and chief executive officer of Textron, Inc., Providence, Rhode Island.

Robert Holland Jr., chief executive officer of Workplace Integrators, Bingham Farms, Michigan.

Marvin L. Mann, chairman emeritus and former chairman and chief executive officer of Lexmark International.

Michael J. Maples, former executive vice president and member of the Office of the President of Microsoft Corp., Redmond, Washington.

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Vice president, general counsel and secretary

Timothy P. Craig
Vice president

David L. Goodnight
Vice president and corporate controller

Our Lexmark models: Herre Antoine, Sanae Asahara, Sharon Brindley, Maria Bueno, Casey Carnes, Dianne Carroll, Luo Cheng, Stacy Elias, Eugenia Elmo, Clarence Henry, Metty Jiju, Jeff Kees, Betsy Larson, John Liebermann, Baylee McKenzie, Charles Mealing, Shirish Mulay, Holly Nicolay, London Roberts, Samantha Saenz, Matt Shareef, Michael Soluri, Peggy Stamps, Leigh Ann Stevens and Michael Stitz.



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