
PENSION CHANGE FACT SHEET

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AT BOSTON COLLEGE

JANUARY 2006

COMPANY NAME: Lexmark International, Inc.

U.S. EMPLOYEES: 13,000

TYPE OF PLAN: Traditional Defined Benefit

DATE ANNOUNCED: January 24, 2006

DATE EFFECTIVE: April 2, 2006

DESCRIPTION OF FREEZE: *Total Freeze*. As of April 2, 2006, all members in the defined benefit plan will stop accruing benefits.

PLAN SOLVENCY: At year end 2005, defined benefit plan obligations were \$773.5 million and pension assets were \$678.4 million.

REPORTED FINANCIAL IMPLICATION: Lexmark expects to save \$10 million in 2006 as a result of its pension curtailment. Long-term savings estimates have not been announced.

NEW ARRANGEMENTS FOR EMPLOYEES: When the pension freeze becomes effective in April 2006, Lexmark will enhance its existing defined contribution plan. Currently, Lexmark matches employee contributions dollar for dollar up to 3 percent of salary. Under the new plan, the company will automatically contribute 1 percent to each employee's 401(k) account and will match employee contributions dollar for dollar up to 5 percent, for a maximum company contribution of 6 percent. (The company also plans to make a maximum matching contribution of six percent to a nonqualified deferred compensation plan on compensation amounts in excess of IRS qualified plan limits.)

BACKGROUND: Since its inception in 1991 as a spin-off of IBM, Lexmark International, Inc. has become a leading developer, manufacturer and supplier of printing and imaging solutions for offices and homes in more than 150 countries with revenues over \$5 billion. Lexmark's products include inkjet printers, laser printers, multifunction devices and associated supplies, as well as services and solutions.

REFERENCES

Ioma.com. 2006. "Freezing Your Defined Benefit Plan-Is It Right for Your Company?" (June 28)
Lexmark. 2006. *2005 Annual Report*. (March 10)
Lexmark. 2006 *Proxy*. (March 10)
SEC Form 10-K filed March 8, 2006.