

**Pitney Bowes Inc.**  
**Consolidated Statements of Income**  
(Unaudited)

(Dollars in thousands, except per share data)

	Three months ended March 31,	
	2014	2013
Revenue:		
Equipment sales	\$ 189,056	\$ 196,767
Supplies	79,517	73,218
Software	91,555	87,012
Rentals	123,579	129,114
Financing	110,050	113,887
Support services	158,252	162,589
Business services	185,488	146,776
Total revenue	937,497	909,363
Costs and expenses:		
Cost of equipment sales	82,534	94,543
Cost of supplies	24,154	22,846
Cost of software	30,164	24,791
Cost of rentals	25,444	26,398
Financing interest expense	19,653	19,019
Cost of support services	98,981	102,529
Cost of business services	128,936	102,355
Selling, general and administrative	351,375	351,654
Research and development	26,192	29,251
Restructuring charges	9,841	-
Other interest expense	24,917	30,739
Interest income	(853)	(1,748)
Other expense, net	61,657	25,121
Total costs and expenses	882,995	827,498
Income from continuing operations before income taxes	54,502	81,865
Provision for income taxes	8,036	17,795
Income from continuing operations	46,466	64,070
Income from discontinued operations, net of tax	2,801	8,030
Net income before attribution of noncontrolling interests	49,267	72,100
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594
Net income - Pitney Bowes Inc.	\$ 44,673	\$ 67,506
Amounts attributable to common stockholders:		
Income from continuing operations	\$ 41,872	\$ 59,476
Income from discontinued operations	2,801	8,030
Net income - Pitney Bowes Inc.	\$ 44,673	\$ 67,506
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :		
Continuing operations	0.21	0.30
Discontinued operations	0.01	0.04
Net income - Pitney Bowes Inc.	\$ 0.22	\$ 0.34
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :		
Continuing operations	0.21	0.29
Discontinued operations	0.01	0.04
Net income - Pitney Bowes Inc.	\$ 0.22	\$ 0.33

(1) The sum of the earnings per share amounts may not equal the totals above due to rounding.

(2) Certain prior year amounts have been reclassified to conform to the current year presentation.

**Pitney Bowes Inc.**  
**Consolidated Balance Sheets**  
(Unaudited in thousands, except per share data)

<b>Assets</b>	March 31, 2014	December 31, 2013
<b>Current assets:</b>		
Cash and cash equivalents	\$ 903,342	\$ 907,806
Short-term investments	27,060	31,128
Accounts receivable, gross	444,149	482,949
Allowance for doubtful accounts receivable	(13,900)	(13,149)
Accounts receivable, net	430,249	469,800
Finance receivables	1,095,183	1,127,261
Allowance for credit losses	(23,607)	(24,340)
Finance receivables, net	1,071,576	1,102,921
Inventories	100,956	103,580
Current income taxes	30,006	28,934
Other current assets and prepayments	125,065	147,067
Assets held for sale	127,038	46,976
Total current assets	2,815,292	2,838,212
Property, plant and equipment, net	237,901	245,171
Rental property and equipment, net	219,512	226,146
Finance receivables	886,853	974,972
Allowance for credit losses	(12,014)	(12,609)
Finance receivables, net	874,839	962,363
Investment in leveraged leases	33,690	34,410
Goodwill	1,726,596	1,734,871
Intangible assets, net	110,878	120,387
Non-current income taxes	69,008	73,751
Other assets	543,620	537,397
Total assets	\$ 6,631,336	\$ 6,772,708
<b>Liabilities, noncontrolling interests and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,484,250	\$ 1,644,582
Current income taxes	163,080	157,340
Notes payable and current portion of long-term obligations	274,879	-
Advance billings	466,410	425,833
Liabilities related to assets held for sale	1,116	-
Total current liabilities	2,389,735	2,227,755
Deferred taxes on income	58,975	60,667
Tax uncertainties and other income tax liabilities	187,423	186,452
Long-term debt	3,066,690	3,346,295
Other non-current liabilities	442,365	466,766
Total liabilities	6,145,188	6,287,935
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
<b>Stockholders' equity:</b>		
Cumulative preferred stock, \$50 par value, 4% convertible	1	4
Cumulative preference stock, no par value, \$2.12 convertible	563	591
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	170,038	196,977
Retained Earnings	4,705,475	4,698,791
Accumulated other comprehensive loss	(573,333)	(574,556)
Treasury Stock, at cost	(4,436,304)	(4,456,742)
Total Pitney Bowes Inc. stockholders' equity	189,778	188,403
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,631,336	\$ 6,772,708

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**March 31, 2014**  
(Unaudited)

(Dollars in thousands)

	<b>Three Months Ended March 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>% Change</b>
<b><u>Revenue</u></b>			
North America Mailing	\$ 381,027	388,836	-2%
International Mailing	153,268	152,976	0%
Small & Medium Business Solutions	<u>534,295</u>	<u>541,812</u>	<u>-1%</u>
Production Mail	105,216	109,453	-4%
Presort Services	116,491	110,900	5%
Enterprise Business Solutions	<u>221,707</u>	<u>220,353</u>	<u>1%</u>
Digital Commerce Solutions	181,495	147,198	23%
<b>Total revenue</b>	<b><u>\$ 937,497</u></b>	<b><u>\$ 909,363</u></b>	<b><u>3%</u></b>
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 160,338	\$ 148,458	8%
International Mailing	24,819	17,390	43%
Small & Medium Business Solutions	<u>185,157</u>	<u>165,848</u>	<u>12%</u>
Production Mail	7,737	7,832	-1%
Presort Services	23,896	23,488	2%
Enterprise Business Solutions	<u>31,633</u>	<u>31,320</u>	<u>1%</u>
Digital Commerce Solutions	9,531	(279)	N/M
<b>Total EBIT</b>	<b><u>\$ 226,321</u></b>	<b><u>\$ 196,889</u></b>	<b><u>15%</u></b>
Unallocated amounts:			
Interest, net (2)	(43,717)	(48,010)	
Corporate and other expenses	(56,604)	(41,893)	
Restructuring charges	(9,841)	-	
Other expense, net	<u>(61,657)</u>	<u>(25,121)</u>	
<b>Income from continuing operations before income taxes</b>	<b><u>\$ 54,502</u></b>	<b><u>\$ 81,865</u></b>	

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses and restructuring charges.

(2) Interest, net includes financing interest expense, other interest expense and interest income.

**Pitney Bowes Inc.**  
**Reconciliation of Reported Consolidated Results to Adjusted Results**  
(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2014	2013
GAAP income from continuing operations		
after income taxes, as reported	\$ 41,872	\$ 59,476
Restructuring charges	6,681	-
Extinguishment of debt	37,833	15,325
Income from continuing operations		
after income taxes, as adjusted	<u>\$ 86,386</u>	<u>\$ 74,801</u>
GAAP diluted earnings per share from		
continuing operations, as reported	\$ 0.21	\$ 0.29
Restructuring charges	0.03	-
Extinguishment of debt	0.19	0.08
Diluted earnings per share from continuing		
operations, as adjusted	<u>\$ 0.42</u>	<u>\$ 0.37</u>
GAAP net cash provided by operating activities,		
as reported	\$ 105,616	\$ 132,160
Capital expenditures	(30,143)	(38,839)
Restructuring payments	18,937	16,275
Reserve account deposits	(15,159)	(27,327)
Extinguishment of debt	58,357	25,121
Free cash flow, as adjusted	<u>\$ 137,608</u>	<u>\$ 107,390</u>

Note: The sum of the earnings per share amounts may not equal the totals above due to rounding.

**Pitney Bowes Inc.**  
**Reconciliation of Reported Consolidated Results to Adjusted Results**  
(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2014	2013
GAAP income from continuing operations after income taxes, as reported	\$ 41,872	\$ 59,476
Restructuring charges	6,681	-
Extinguishment of debt	37,833	15,325
Income from continuing operations after income taxes, as adjusted	86,386	74,801
Provision for income taxes, as adjusted	35,020	27,592
Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594
Income from continuing operations before income taxes, as adjusted	126,000	106,987
Interest, net	43,717	48,010
<b>Adjusted EBIT</b>	<b>169,717</b>	<b>154,997</b>
Depreciation and amortization	43,741	50,532
<b>Adjusted EBITDA</b>	<b>\$ 213,458</b>	<b>\$ 205,529</b>