

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited; in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenue:				
Equipment sales	\$ 163,857	\$ 177,458	\$ 495,328	\$ 558,032
Supplies	71,174	72,548	215,178	228,349
Software	97,700	112,271	283,241	312,891
Rentals	108,420	119,047	333,729	365,069
Financing	99,925	107,835	306,992	325,529
Support services	136,820	154,321	415,615	470,763
Business services	191,645	198,164	591,030	576,958
Total revenue	<u>869,541</u>	<u>941,644</u>	<u>2,641,113</u>	<u>2,837,591</u>
Costs and expenses:				
Cost of equipment sales	78,650	90,984	232,706	262,336
Cost of supplies	21,629	22,470	65,912	70,129
Cost of software	27,219	29,775	85,584	93,423
Cost of rentals	21,423	23,636	63,127	74,273
Financing interest expense	17,533	19,667	54,171	59,733
Cost of support services	79,747	92,500	244,853	288,203
Cost of business services	130,004	142,512	405,559	406,472
Selling, general and administrative	309,211	341,738	939,318	1,031,497
Research and development	29,153	26,060	83,693	80,901
Restructuring charges and asset impairments, net	36	4,526	14,305	22,666
Interest expense, net	20,165	22,158	65,200	67,704
Other (income) expense, net	(1,781)	(15,919)	(94,916)	45,738
Total costs and expenses	<u>732,989</u>	<u>800,107</u>	<u>2,159,512</u>	<u>2,503,075</u>
Income from continuing operations before income taxes	136,552	141,537	481,601	334,516
Provision for income taxes	42,676	25,310	145,574	79,681
Income from continuing operations	93,876	116,227	336,027	254,835
Income (loss) from discontinued operations, net of tax	-	20,655	(582)	30,173
Net income before attribution of noncontrolling interests	93,876	136,882	335,445	285,008
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,593	13,781	13,781
Net income - Pitney Bowes Inc.	<u>\$ 89,282</u>	<u>\$ 132,289</u>	<u>\$ 321,664</u>	<u>\$ 271,227</u>
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 89,282	\$ 111,634	\$ 322,246	\$ 241,054
Income (loss) from discontinued operations, net of tax	-	20,655	(582)	30,173
Net income - Pitney Bowes Inc.	<u>\$ 89,282</u>	<u>\$ 132,289</u>	<u>\$ 321,664</u>	<u>\$ 271,227</u>
Basic earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	\$ 0.45	\$ 0.55	\$ 1.60	\$ 1.19
Discontinued operations	-	0.10	-	0.15
Net income - Pitney Bowes Inc.	<u>\$ 0.45</u>	<u>\$ 0.65</u>	<u>\$ 1.60</u>	<u>\$ 1.34</u>
Diluted earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	\$ 0.44	\$ 0.55	\$ 1.60	\$ 1.18
Discontinued operations	-	0.10	-	0.15
Net income - Pitney Bowes Inc.	<u>\$ 0.44</u>	<u>\$ 0.65</u>	<u>\$ 1.59</u>	<u>\$ 1.33</u>
Weighted-average shares used in diluted EPS	<u>201,016,809</u>	<u>203,968,557</u>	<u>201,884,967</u>	<u>203,959,978</u>

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

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

Assets	September 30, 2015	December 31, 2014 ⁽¹⁾
Current assets:		
Cash and cash equivalents	\$ 715,976	\$ 1,079,145
Short-term investments	34,318	32,121
Accounts receivable, gross	411,804	448,017
Allowance for doubtful accounts	(12,680)	(10,742)
Accounts receivable, net	399,124	437,275
Short-term finance receivables	956,767	1,019,412
Allowance for credit losses	(16,143)	(19,108)
Short-term finance receivables, net	940,624	1,000,304
Inventories	103,195	84,827
Current income taxes	33,057	40,542
Other current assets and prepayments	71,454	57,173
Assets held for sale	-	52,271
Total current assets	2,297,748	2,783,658
Property, plant and equipment, net	317,005	285,091
Rental property and equipment, net	188,485	200,380
Long-term finance receivables	774,690	828,723
Allowance for credit losses	(6,551)	(9,002)
Long-term finance receivables, net	768,139	819,721
Goodwill	1,753,888	1,672,721
Intangible assets, net	192,318	82,173
Non-current income taxes	70,731	96,377
Other assets	553,467	569,110
Total assets	\$ 6,141,781	\$ 6,509,231
Liabilities, noncontrolling interests and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,379,337	\$ 1,572,971
Current income taxes	79,689	90,167
Current portion of long-term debt and notes payable	521,091	324,879
Advance billings	353,467	386,846
Total current liabilities	2,333,584	2,374,863
Deferred taxes on income	131,416	64,839
Tax uncertainties and other income tax liabilities	94,822	86,127
Long-term debt	2,471,055	2,927,127
Other non-current liabilities	672,507	682,646
Total liabilities	5,703,384	6,135,602
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	1	1
Cumulative preference stock, no par value, \$2.12 convertible	519	548
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	156,195	178,852
Retained earnings	5,106,214	4,897,708
Accumulated other comprehensive loss	(900,852)	(846,156)
Treasury stock, at cost	(4,543,388)	(4,477,032)
Total Pitney Bowes Inc. stockholders' equity	142,027	77,259
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,141,781	\$ 6,509,231

⁽¹⁾ Certain prior year amounts have been revised.

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
(Unaudited; in thousands)

	Three Months Ended September 30,		
	2015	2014	% Change
Revenue			
North America Mailing	\$ 353,159	\$ 363,285	(3%)
International Mailing	104,615	132,291	(21%)
Small & Medium Business Solutions	457,774	495,576	(8%)
Production Mail	101,646	113,497	(10%)
Presort Services	115,912	111,434	4%
Enterprise Business Solutions	217,558	224,931	(3%)
Software Solutions	97,638	112,006	(13%)
Global Ecommerce	96,571	71,870	34%
Digital Commerce Solutions	194,209	183,876	6%
Other	-	37,261	(100%)
Total revenue	\$ 869,541	\$ 941,644	(8%)
EBIT ⁽¹⁾			
North America Mailing	\$ 159,319	\$ 159,638	(0%)
International Mailing	10,739	16,079	(33%)
Small & Medium Business Solutions	170,058	175,717	(3%)
Production Mail	12,401	9,570	30%
Presort Services	25,908	21,927	18%
Enterprise Business Solutions	38,309	31,497	22%
Software Solutions	14,613	18,921	(23%)
Global Ecommerce	(1,240)	(676)	(83%)
Digital Commerce Solutions	13,373	18,245	(27%)
Other	-	7,980	(100%)
Total EBIT	221,740	233,439	(5%)
Unallocated amounts:			
Interest, net (2)	(37,698)	(41,825)	
Corporate and other expenses	(49,235)	(61,470)	
Restructuring charges and asset impairments, net	(36)	(4,526)	
Other income, net	1,781	15,919	
Income from continuing operations before income taxes	\$ 136,552	\$ 141,537	

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges and other items, which are not allocated to a particular business segment.

(2) Includes financing interest expense and interest expense, net.

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
(Unaudited; in thousands)

	Nine Months Ended September 30,		
	2015	2014	% Change
Revenue			
North America Mailing	\$ 1,071,824	\$ 1,115,506	(4%)
International Mailing	331,398	438,819	(24%)
Small & Medium Business Solutions	1,403,222	1,554,325	(10%)
Production Mail	298,880	330,469	(10%)
Presort Services	351,365	339,206	4%
Enterprise Business Solutions	650,245	669,675	(3%)
Software Solutions	282,916	312,200	(9%)
Global Ecommerce	249,923	204,399	22%
Digital Commerce Solutions	532,839	516,599	3%
Other	54,807	96,992	(43%)
Total revenue	\$ 2,641,113	\$ 2,837,591	(7%)
EBIT ⁽¹⁾			
North America Mailing	\$ 482,376	\$ 476,757	1%
International Mailing	36,585	67,347	(46%)
Small & Medium Business Solutions	518,961	544,104	(5%)
Production Mail	31,461	27,865	13%
Presort Services	76,946	68,235	13%
Enterprise Business Solutions	108,407	96,100	13%
Software Solutions	34,904	30,620	14%
Global Ecommerce	9,962	9,100	9%
Digital Commerce Solutions	44,866	39,720	13%
Other	10,569	13,965	(24%)
Total EBIT	682,803	693,889	(2%)
Unallocated amounts:			
Interest, net (2)	(119,371)	(127,437)	
Corporate and other expenses	(151,959)	(163,532)	
Restructuring charges and asset impairments, net	(14,305)	(22,666)	
Other income (expense), net	94,916	(45,738)	
Acquisition related compensation expense	(10,483)	-	
Income from continuing operations before income taxes	\$ 481,601	\$ 334,516	

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges and other items, which are not allocated to a particular business segment.

(2) Includes financing interest expense and interest expense, net.

Pitney Bowes Inc.
Reconciliation of Reported Consolidated Results to Adjusted Results
(Unaudited; in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Income from continuing operations				
after income taxes, as reported:	\$ 89,282	\$ 111,634	\$ 322,246	\$ 241,054
Restructuring charges and asset impairments, net	47	2,903	8,607	15,161
Gain on sale of Imagitas	30	-	(88,399)	-
Acquisition and disposition transaction costs	5,323	-	11,428	-
Legal settlement	(370)	-	4,250	-
Acquisition related compensation expense	-	-	7,246	-
Investment divestiture	(7,756)	(9,774)	(7,756)	(9,774)
Extinguishment of debt	-	-	-	37,833
Income from continuing operations after income taxes, as adjusted:	\$ 86,556	\$ 104,763	\$ 257,622	\$ 284,274
Diluted earnings per share from continuing operations, as reported:	\$ 0.44	\$ 0.55	\$ 1.60	\$ 1.18
Restructuring charges and asset impairments, net	-	0.01	0.04	0.07
Gain on sale of Imagitas	-	-	(0.44)	-
Acquisition and disposition transaction costs	0.03	-	0.06	-
Legal settlement	-	-	0.02	-
Acquisition related compensation expense	-	-	0.04	-
Investment divestiture	(0.04)	(0.05)	(0.04)	(0.05)
Extinguishment of debt	-	-	-	0.19
Diluted earnings per share from continuing operations, as adjusted:	\$ 0.43	\$ 0.51	\$ 1.28	\$ 1.39
Net cash provided by operating activities, as reported:	\$ 150,384	\$ 116,985	\$ 350,715	\$ 397,432
Capital expenditures	(40,708)	(48,920)	(129,643)	(121,270)
Restructuring payments	15,281	8,621	46,056	42,151
(Receipts) payments related to investment divestiture	(5,773)	53,738	20,602	53,738
Reserve account deposits	(4,166)	(12,563)	(25,630)	(15,919)
Acquisition related compensation payment	-	-	10,483	-
Tax payment related to sale of Imagitas	15,918	-	15,918	-
Cash transaction fees related to acquisitions and dispositions	-	-	11,116	-
Extinguishment of debt	-	-	-	61,657
Free cash flow, as adjusted:	\$ 130,936	\$ 117,861	\$ 299,617	\$ 417,789

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

Pitney Bowes Inc.
Reconciliation of Reported Consolidated Results to Adjusted Results
(Unaudited; in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
GAAP income from continuing operations				
after income taxes, as reported	\$ 89,282	\$ 111,634	\$ 322,246	\$ 241,054
Restructuring charges and asset impairments, net	47	2,903	8,607	15,161
Gain on sale of Imagitas	30	-	(88,399)	-
Acquisition and disposition transaction costs	5,323	-	11,428	-
Legal settlement	(370)	-	4,250	-
Acquisition related compensation expense	-	-	7,246	-
Investment divestiture	(7,756)	(9,774)	(7,756)	(9,774)
Extinguishment of debt	-	-	-	37,833
Income from continuing operations				
after income taxes, as adjusted	86,556	104,763	257,622	284,274
Provision for income taxes, as adjusted	43,657	20,788	140,070	104,865
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,594	4,593	13,781	13,781
Income from continuing operations				
before income taxes, as adjusted	134,807	130,144	411,473	402,920
Interest, net	37,698	41,825	119,371	127,437
Adjusted EBIT	172,505	171,969	530,844	530,357
Depreciation and amortization	42,333	49,643	127,486	142,506
Adjusted EBITDA	\$ 214,838	\$ 221,612	\$ 658,330	\$ 672,863