# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 8-K

## **Current Report**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

> August 2, 2012 Date of Report (Date of earliest event reported)

# **Pitney Bowes Inc.**

(Exact name of registrant as specified in its charter)

## Delaware

(State or other jurisdiction of incorporation or organization)

1-3579 (Commission file number) 06-0495050 (I.R.S. Employer Identification No.)

World Headquarters 1 Elmcroft Road Stamford, Connecticut 06926-0700 (Address of principal executive offices)

(203) 356-5000

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

□ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

□ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following information is furnished pursuant to Item 2.02 Disclosure of "Results of Operations and Financial Condition."

On August 2, 2012, the Registrant issued a press release setting forth its financial results, including consolidated statements of income, supplemental information, and a reconciliation of reported results to adjusted results for the three and six months ended June 30, 2012 and 2011, and consolidated balance sheets at June 30, 2012 and March 31, 2012. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 Press release of Pitney Bowes Inc. dated August 2, 2012.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pitney Bowes Inc.

August 2, 2012

/s/ Steven J. Green

Steven J. Green Vice President – Finance and Chief Accounting Officer (Principal Accounting Officer)

### **Pitney Bowes Announces Second Quarter Results for 2012**

STAMFORD, Conn.--(BUSINESS WIRE)--August 2, 2012--Pitney Bowes Inc. (NYSE:PBI) today reported second quarter 2012 results.

Revenue for the quarter was \$1.2 billion, a decline of 5 percent when compared to the prior year. Excluding the impacts of currency, revenue declined 3 percent and benefited from growth in the International Mailing, Software and Mail Services segments. The Small and Medium Business Solutions (SMB) segment's revenue streams continued to decline. Though the Production Mail and Management Services segments also experienced revenue declines, both saw improving revenue comparisons against the prior quarter on a constant currency basis.

Earnings per diluted share for the quarter, on a Generally Accepted Accounting Principles (GAAP) basis, were \$0.50 versus \$0.49 per diluted share for the prior year. Earnings per diluted share for the quarter includes a reduction of \$0.03 per diluted share for costs associated with debt management, including the early redemption of \$400 million of bonds originally scheduled to mature later this year.

Free cash flow for the quarter was \$301 million, while on a GAAP basis, the company generated \$274 million in cash from operations. In comparison to prior year, free cash flow was favorably impacted primarily by the timing of working capital payments. During the quarter the company used \$84 million of cash for dividends and reduced debt by \$578 million. The company did not repurchase any of its shares this quarter.

Commenting on the quarter, Chairman, President and CEO Murray D. Martin said, "During the quarter, excluding the impact of changes in currency, Software and Mail Services revenue grew. Additionally within our SMB business, International Mailing revenue grew year-over-year.

"There are drivers, particularly in the Enterprise group, that we anticipate will moderate year-over-year revenue declines in the second half of the year, as compared with the first half of the year. These drivers include expansion of ecommerce and direct mail opportunities in Mail Services, new print outsourcing services provided by Management Services and increased backlog of equipment orders for Production Mail. During the quarter, we signed a strategic partnership with ORION Holdings to provide print management services that create sustainable cost savings and increased value for the global network of Interpublic Group's agencies and clients.

"We also continue to invest in our digital based communications services and we have now signed more than 50 large third-party mail service providers who will offer the Volly<sup>TM</sup> secure digital mail service to more than 6,000 companies and consumer brands.

"During the quarter we continued to enhance our operational efficiency and invest in growth opportunities. We also strengthened our balance sheet through the early redemption of \$400 million of debt."

#### **Business Segment Results**

The company reports its business segments in two groups based on the customers it primarily serves: Small and Medium Business (SMB) Solutions and Enterprise Business Solutions. The SMB Solutions group consists of the company's global Mailing operations. The company aligns its SMB business segments into North America Mailing and International Mailing to reflect how the business is managed. North America Mailing includes the operations of U.S. and Canada Mailing. International Mailing includes all other SMB operations around the world. The Enterprise Business Solutions group includes the company's global Production Mail, Software, Management Services, Mail Services and Marketing Services operations.

#### **SMB Solutions**

	2Q 2012	Y-O-Y Change	Change ex Currency
Revenue	\$619 million	(8%)	(5%)
EBIT	\$190 million	(6%)	

#### Within the SMB Solutions Group:

## North America Mailing

	2Q 2012	Y-O-Y Change	Change ex Currency
Revenue	\$453 million	(8%)	(8%)
EBIT	\$168 million	(5%)	

During the quarter, the North America Mailing segment continued to increase placements of the Connect<sup>+TM</sup> mailing system, as well as improved retention rates among existing customers. Revenue was adversely impacted by lower rentals and financing revenue as a result of lower equipment sales in prior periods; however, rentals revenue declined at a slower rate than it did the previous year. Supplies revenue declined in part because of lower sales of third-party supplies for copiers and printers. EBIT margin for the segment improved by 140 basis points versus the prior year, which was the eighth consecutive quarter of year-over-year improvement due to ongoing productivity initiatives.

International Mailing				
	2Q 2012	Y-O-Y Change	Change ex Currency	
Revenue	\$165 million	(6%)	1%	
EBIT	\$22 million	(19%)		

International Mailing revenue increased one percent, which is its third consecutive quarter of constant currency growth. Revenue benefited from increased equipment sales and supplies revenue. The company began selling its innovative Connect+ product line in Germany during the quarter and Connect+ was approved for placement in France beginning in the third quarter. Meter populations in Europe were flat year-over-year and are growing in the emerging markets. EBIT margin declined year-over-year due to impacts of currency and the mix of business.

Enterprise Business Solution	ons		
	2Q 2012	Y-O-Y Change	Change ex Currency
Revenue	\$627 million	(3%)	(1%)
EBIT	\$61 million	11%	

Within the Enterprise Business Solutions Group:

Worldwide Production Mail

	2Q 2012	Y-O-Y Change	Change ex Currency
Revenue	\$123 million	(8%)	(5%)
EBIT	\$6 million	(39%)	

Revenue during the quarter was adversely impacted by a low backlog heading into the quarter and some large enterprise customers continued to prolong their capital investment decisions. However, the business experienced an increase in the backlog of orders at the end of the quarter, which in part was a result of new products and the quadrennial Drupa industry trade show held in May. This is expected to improve performance in the second half of the year as compared to the first half of the year.

EBIT margin this quarter declined year-over-year due to lower revenue and increased investment in Volly. The company expects continued investment in Volly in the second half of the year as this solution approaches market launch in both Australia and the U.S. Excluding the investment in Volly, EBIT margin would have been approximately 460 basis points higher this quarter.

Software			
	2Q 2012	Y-O-Y Change	Change ex Currency
Revenue	\$100 million	0%	3%
EBIT	\$8 million	(11%)	

During the quarter, the Software segment continued to experience good demand across its portfolio of software solutions, especially in the Americas. However, the company experienced lower sales in Europe, particularly in the public sector. Overall, the Software EBIT margin declined versus the prior year because of product mix and channel investments to expand its global solutions sales capability.

Management Services				
	2Q 2012	Y-O-Y Change	Change ex Currency	_
Revenue	\$228 million	(5%)	(3%)	
EBIT	\$13 million	(37%)		

Management Services in North America experienced moderating revenue declines and had significant year-over-year improvement in net new written business for the second consecutive quarter. The improvement in net new written business and new strategic partnerships in print outsourcing are expected to drive revenue growth going forward. However, revenue for the quarter declined primarily due to account contractions and lower volumes in Europe as a result of the weak economic environment there. EBIT margin declined versus the prior year due to lower revenue and price compression.

	2Q 2012	Y-O-Y Change	Change ex Currency
Revenue	\$141 million	5%	5%
EBIT	\$27 million	176%	

Mail Services revenue grew versus the prior year as a result of increased standard mail volumes and recovery from the impact that the fire at the Dallas presort facility had on 2011 results. Continued penetration in all of the workshare discount categories also helped drive revenue growth for presort operations. International Mail Services experienced lower revenue versus the prior year due to fewer catalogue shipments. EBIT margin benefited from ongoing productivity initiatives and streamlined operations in the International Mail Services portion of the business. EBIT margin also benefited from a final insurance reimbursement of \$4 million that the company received related to the fire at its Dallas presort facility last year.

Marketing Services

	2Q 2012	Y-O-Y Change	Change ex Currency
Revenue	\$36 million	(1%)	(1%)
EBIT	\$8 million	10%	

Marketing Services EBIT benefited from reduced print production costs and ongoing productivity initiatives.

#### 2012 Guidance

This guidance discusses future results which are inherently subject to unforeseen risks and developments. As such, discussions about the business outlook should be read in the context of an uncertain future, as well as the risk factors identified in the safe harbor language at the end of this release.

The company is updating its 2012 annual guidance to reflect results year-to-date and weaker than originally anticipated business conditions in the second half of the year due, in part, to prolonged global economic uncertainty, especially in Europe. The company's original earnings per share guidance also did not anticipate the significant changes in currencies that have occurred this year.

Year-to-date the company's revenue, excluding currency, declined 4 percent and adjusted earnings per diluted share were \$1.02, which excludes the \$0.11 per share tax benefit in the first quarter. Based on results to date and expectations for the second half of the year, the company now anticipates 2012 revenue, excluding the impacts of currency, to be in a range of flat to a decline of 4 percent when compared to 2011. This guidance assumes moderating revenue declines for the second half of the year.

Additionally, the company expects adjusted earnings per diluted share from continuing operations for 2012 to be in the range of \$1.95 to \$2.15 and GAAP earnings per diluted share from continuing operations to be in the range of \$2.12 to \$2.32. The updated earnings per share guidance reflects an adverse impact of \$0.04 to \$0.06 per share based on current foreign exchange rates. GAAP earnings per diluted share include \$0.11 per share of net tax benefits and \$0.06 per share from the sale of leveraged lease assets in Canada, both of which occurred in the first quarter of the year.

Based on its strong cash flow performance year to date, the company is increasing its annual free cash flow range by \$50 million and now expects it to be in the range of \$750 million to \$850 million.

Management of Pitney Bowes will discuss the company's results in a broadcast over the Internet today at 5:00 p.m. EDT. Instructions for listening to the earnings results via the Web are available on the Investor Relations page of the company's web site at www.pb.com/investorrelations.

Pitney Bowes is a \$5.3 billion global leader whose products, services and solutions deliver value within the mailstream and beyond. For more information visit www.pitneybowes.com.

The company's financial results are reported in accordance with generally accepted accounting principles (GAAP). The company uses measures such as adjusted earnings per share, adjusted income from continuing operations and free cash flow to exclude the impact of special items like restructuring charges, tax adjustments, and asset write-downs, because, while these are actual company expenses, they can mask underlying trends associated with our business.

Such items are often inconsistent in amount and frequency and as such, the adjustments allow an investor greater insight into the current underlying operating trends of the business. The use of free cash flow provides investors insight into the amount of cash that management could have available for other discretionary uses. It adjusts GAAP cash from operations for capital expenditures, as well as special items like cash used for restructuring charges, unusual tax payments and contributions to its pension funds. Management uses segment EBIT to measure profitability and performance at the segment level. EBIT is determined by deducting the related costs and expenses attributable to the segment. Segment EBIT excludes interest, taxes, general corporate expenses not allocated to a particular business segment, restructuring charges, asset impairments, and goodwill charges which are recognized on a consolidated basis. In addition, financial results are presented on a constant currency basis to exclude the impact of changes in foreign currency exchange rates since the prior period under comparison. Constant currency measures are intended to help investors better understand the underlying operational performance of the business excluding the impacts of shifts in currency exchange rates over the intervening period.

Pitney Bowes has provided a quantitative reconciliation to GAAP in supplemental schedules. This information may also be found at the company's web site www.pb.com/investorrelations.

This document contains "forward-looking statements" about our expected or potential future business and financial performance. For us forward-looking statements include, but are not limited to, statements about our future revenue and earnings guidance and other statements about future events or conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to: mail volumes; the uncertain economic environment; timely development, market acceptance and regulatory approvals, if needed, of new products; fluctuations in customer demand; changes in postal regulations; interrupted use of key information systems; management of outsourcing arrangements; foreign currency exchange rates; changes in our credit ratings; management of national posts; and other factors beyond our control as more fully outlined in the company's 2011 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission. Pitney Bowes assumes no obligation to update any forward-looking statements contained in this document as a result of new information, events or developments.

Note: Consolidated statements of income; revenue and EBIT by business segment; and reconciliation of GAAP to non-GAAP measures for the three months and six months ended June 30, 2012 and 2011, and consolidated balance sheets at June 30, 2012 and March 31, 2012 are attached.

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

(Dollars in thousands, except per share data)

$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	(Donais in mousands, except per sinde data)	Three m	nonths ended June 30,	Six months	Six months ended June 30,			
Revenue:         Support         Status         Support           Equipment subte         5         224,235         8         244,241         8         444,441         8         444,447         5         444,444         8         45,857         104,551         106,516         228,846         310,452           Subtance         124,248         136,160         228,946         315,160         248,946         315,542           Basiness services         127,248         136,160         228,946         244,722         355,421           Basiness services         1245,818         1314,472         256,174         2,607,744         2,607,744           Cost of coupanies size         106,718         104,385         206,634         2,101,83         206,634         2,101,83           Cost of coupanies         20,640         24,408         44,414         2,113         45,485         21,113         45,485         21,113         45,485         20,612         21,842         13,14474         2,201,474         2,607,543         111,123         111,14,11         21,113         45,441         45,441         45,445         16,111         11,114         11,114         11,114         11,114         11,114         11,114         11,114         1		2012	2011 <sup>(2)</sup>	2012	2011 <sup>(2)</sup>			
Supplete         70,522         78,587         114,587         101,457           Software         104,551         105,516         228,916         228,916         228,918         228,918         228,918         228,918         228,918         228,918         228,918         228,918         228,918         228,918         231,234         111,234         177,0807         334,772         355,52,31         111,234         177,0807         344,772         355,423         111,218         228,918         411,22         249,918         411,22         249,918         411,213         249,918         411,213         249,918         421,918         411,21         249,918         241,918         20,603         25,55,50         417,214         2,057,543         20,913         24,5318         111,212         113,414         2,201,474         2,057,543         20,913         24,5318         20,603         25,55,50         41,721         11,313         210,913         20,913         21,913         45,485         21,913         45,485         21,913         45,485         21,913         45,485         21,913         45,485         21,913         21,913         45,485         21,913         45,485         21,913         45,485         21,913         21,913         45,485	Revenue:							
Safeware         101,551         102,511         102,516         200,001         200,001           Brends         122,048         136,369         249,066         27,058         312,844           Business services         20,041         148,112         820,018         444,220           Total revenue         1,245,818         1,114,474         2,501,474         2,637,548           Costs and expresses:         06,718         104,4385         203,634         21,0138           Cost of supports alack         06,718         104,4385         203,634         21,0138           Cost of supports alack         06,718         104,385         203,634         21,0138           Cost of supports alack         06,718         104,4385         203,634         210,138           Cost of supports alack         11,212         11,134,744         2,809,84         45,907         7,016           Financing interest expresse         11,212         11,513         35,250         463,271         83,99,226           Research and fole-lengenet         31,553         315,553         105,272         203,093         10,171         10,81,40         10,99,326           Research and fole-lengenet         31,013         0,776         7,744,41         67,89,129 <td>Equipment sales</td> <td>\$ 224,2</td> <td>\$ 242,921</td> <td>\$ 444,414</td> <td>\$ 484,552</td>	Equipment sales	\$ 224,2	\$ 242,921	\$ 444,414	\$ 484,552			
Heads       145,07       15,162       255,88       312,83         Financing       122,248       136,509       240,060       276,958         Burmos services       106,811       418,112       220,918       341,220         Total revenue       1,245,818       1,314,474       2,501,474       2,637,531         Costs and expenses:       006,718       104,385       205,634       217,134         Cost of optipatent stabs       206,635       25,562       44,774       51,784         Cost of software       24,644       24,898       45,497       501,784         Cost of software       11,212       113,147       22,209       230,093         Cost of software       11,212       113,147       22,209       230,093         Cost of software       11,212       11,314       222,109       44,781       45,485         Cost of software       11,212       11,314       72,106       11,314       72,109       230,093         Cost of software       11,151       332,520       632,59       638,817       31,153       332,530       638,817       31,165         Software       11,155       11,174       11,188       -       11,188       -       11,188 <td< td=""><td>Supplies</td><td>70,5</td><td>522 78,587</td><td>146,887</td><td>161,457</td></td<>	Supplies	70,5	522 78,587	146,887	161,457			
Francing         122,448         136,569         249,066         276,958           Support services	Software	104,	551 105,516	208,901	205,081			
Support services         177,254         176,807         345,772         355,421           Business services $406,811$ $418,112$ $20,918$ $441,220$ Total revenue $1,245,818$ $1,314,474$ $2,507,531$ $241,220$ Cost of experiment values $1,245,818$ $104,885$ $20,6134$ $219,178$ $219,178$ Cost of supplies $20,663$ $25,562$ $44,734$ $2,697,573$ $210,674$ $219,178$ Cost of supplies $20,663$ $25,562$ $44,734$ $51,767$ $210,674$ $219,178$ Cost of drands $31,850$ $36,109$ $62,075$ $72,0167$ $72,0167$ Cost of drands $31,570$ $37,764$ $67,840$ $72,109$ $89,326$ Cost of drands services $31,3570$ $357,7441$ $67,340$ $72,109$ $89,326$ Research and decolorheard $1.074$ $4,994$ $1.074$ $49,914$ $10313$ Stating generations locational asset impairnents $1.074$ $4,931018$ $1.072,109$ $23,130$	Rentals	145,4	197 156,162	285,886	312,854			
Basiness sorvices $406.811$ $418.112$ $20.918$ $841.220$ Total revenue $1.245.818$ $1.314.474$ $2.591.474$ $2.637.543$ Const and expenses: $00.718$ $004.383$ $201.654$ $2.191.38$ Const of supplies $20.632$ $25.662$ $41.714$ $2.597.543$ Const of supports expenses $20.643$ $25.562$ $41.714$ $51.744$ Const of supports expenses $20.642$ $22.192$ $41.714$ $51.784$ Const of supports expenses $20.642$ $22.192$ $41.784$ $52.396$ Const of support exprises $315.503$ $635.250$ $635.250$ $658.817$ Stilling, general and atministrative $391.606$ $412.212$ $41.648.490$ $72.106$ Reveneral and cole-openees $1.074$ $40.5275$ $90.750$ $557.076$ Matter expanse $20.633$ $21.56.295$ $2.344.191$ $10.648.199.176$ $315.179$ $233.350$ Provision for income time continuing operations, not of income taxe $1.66.88$ $199.176$ <td>Financing</td> <td>122,9</td> <td>948 136,369</td> <td>249,696</td> <td>276,958</td>	Financing	122,9	948 136,369	249,696	276,958			
Total revenue         1,245,818         1,314,474         2,501,474         2,637,543           Cests and express: Cost of expipinent sales         106,718         104,318         20,403         22,552         44,734         51,754           Cest of expipinent sales         20,613         22,403         44,734         51,754         20,403         22,102         44,734         51,754           Cest of expanse         24,044         24,803         45,997         72,016         72,720         20,063         72,016         72,720         20,063         72,016         74,743         45,483         Cest of supports avices         11,12,12         11,517         22,720         20,063         89,239         663,817         73,116         43,493         72,199         40,443         31,053         31,553         30,271         89,239         663,817         73,118         80,2791         89,236         663,239         663,239         663,817         73,118         92,199         89,236         104,217         104,349         72,199         42,149         104,349         72,199         42,149         104,319         104,317         105,323         22,150         37,707         104,527         23,359         663,51,917         20,33,39         66,351         104,217	Support services	171,2	254 176,807	344,772	355,421			
Costs and expenses:	Business services	406,	418,112	820,918	841,220			
Cort of equipment takes       106,718       104,315       220,644       221,138         Cort of equipmest       20,863       25,562       44,734       51,754         Cort of software       24,404       74,898       45,497       50,110         Cort of software       24,644       74,898       45,497       50,110         Cort of software       20,642       22,192       41,781       45,485         Cort of software       31,553       322,200       632,529       638,817         Cort of software services       31,053       322,200       638,817       201,064       23,176       302,791       889,326         Reservent and development       33,776       37,741       67,849       10,74       31,018       014,735       63,437       7,118       7,211       83,016       (3,437)       014       10,74       4,994       10,74       31,018       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,735       014,737       016,535       014,217       106,164       248,149       108,944       (1,689 </td <td>Total revenue</td> <td>1,245,8</td> <td>318 1,314,474</td> <td>2,501,474</td> <td>2,637,543</td>	Total revenue	1,245,8	318 1,314,474	2,501,474	2,637,543			
Cost of supplies       20,063       25,552       44,734       51,754         Cost of supplies       24,044       25,893       45,697       50,100         Cost of remails       31,850       36,109       62,075       72,016         Primating interset segmes       20,662       22,192       41,781       45,485         Cost of funditions services       313,553       322,259       632,8317         Selfing general and duministrative       39,1606       44,744       67,849       72,199         Restruction funditional duministrative       30,376       37,474       67,849       72,199         Restruction funditional duministrative       30,333       25,550       59,720       57,714         Unterest income       (2,033)       (1,155,298       2,186,295       2,344,193         Other income       10,83,30       1,155,298       2,186,295       2,344,193         Inceame from continuing operations       104,217       106,164       248,149       198,944         (Loss) income trace       52,271       53,012       67,030       9,4466         Inceame from continuing operations       104,217       105,159       267,481       196,427         Loss and expenses       1,042,17       105,529 <td< td=""><td>Costs and expenses:</td><td></td><td></td><td></td><td></td></td<>	Costs and expenses:							
Cott of rombar       24,04       24,898       44,977       50,110         Cott of romba       31,850       61,009       62,075       72,016         Financing interest expone       20,642       22,192       41,781       45,485         Cost of support services       31,553       322,250       653,539       658,817         Setting, general and administrative       391,606       432,715       807,791       889,326         Research and development       3,3776       37,741       67,849       72,194         Other interest expense       3,0,353       28,550       59,720       57,074         Other interest expense       1,074       4,994       1,074       31,018         Other interest expense       1,074       4,994       1,074       31,018         Other interest expense       1,089,330       1,155,298       2,186,295       2,344,191         Income from continuing operations before income taxes       156,488       159,176       315,179       293,350         Provision for income taxes       52,271       53,012       67,030       94,406         Income from continuing operations       104,217       106,164       248,149       198,944         (Loss) income from continuing operations, net of income tax	Cost of equipment sales	106,	718 104,385	203,634	219,138			
Cot of remails       31,850       36,009       62,075       72,010         Financeing interest sequese       20,642       22,192       41,781       45,485         Cost of support services       313,553       325,250       632,259       658,817         Cost of business services       313,553       325,250       632,259       658,817         Selfing, general and atministrative       33,776       37,7411       67,7849       72,199         Restructing barges and set impairments       1,074       4,994       1,074       31,018         Other interest expense       30,035       228,50       59,720       57,074         Interest income       (2,005)       (2,215)       (3,736)       (3,437)         Other interest expense       1,089,330       1,155,298       2,186,295       2,344,193         Income from continuing operations before income taxes       156,488       159,176       315,179       293,350         Provision for income taxes       22,271       53,012       67,030       94,406         Income form continuing operations, set of income tax       -       (635)       199,332       (2,517)         Net income orbing interests       104,217       106,164       248,149       198,044         (Loss) i	Cost of supplies	20,8	363 25,562	44,734	51,754			
Financing interest exprese         20,642         22,192         41,781         45,485           Cot of support services         112,122         115,417         227,209         230,093           Cot of support services         311,553         325,250         632,259         658,817           Seling, general and antimistrative         301,066         432,715         8002,701         839,250           Research and development         33,776         37,441         67,849         72,199           Restructuring charges and asset impairments         1,074         4,994         1,074         31,015           Other interest expense         1,074         4,372         1,138         -           Total costs and expenses         1,089,330         1,155,298         2,186,295         2,344,193           Income from continuing operations before income taxes         52,271         53,012         67,030         94,406           Income from continuing operations, net of income tax         -         (655)         19,332         (2,517)           Net income before attribution of nencontrolling interests         104,217         105,529         267,481         196,427           Less: Preferred stock dividends of subsidiaries attributible to common stockholders:         6353         103,332         (2,517)	Cost of software	24,4	404 24,898	45,497	50,110			
Cot of support services       112,122       114,171       227,209       230,693         Cot of business services       313,553       325,250       632,579       658,817         Scling, general and administrative       33,776       37,7411       67,7849       72,199         Research and development       33,776       37,7411       67,7849       72,199         Restaucting charges and asset impairments       10/4       4,994       10/4       431018         Other interest expense       30,353       28,850       59,720       57,774         Incore from continuing operations before income taxes       1,689,330       1,155,298       2,186,295       2,344,193         Income from continuing operations before income taxes       52,271       53,012       67,030       94,406         Income from continuing operations, net of income tax	Cost of rentals	31,8	350 36,109	62,075	72,016			
Cot of business services       313,553       322,250       632,529       632,529       638,817         Solling genul and administrative       391,606       432,715       802,791       889,326         Research and development       31,776       37,441       67,849       72,199         Research and development       1,074       4,994       1,074       31,016         Other interest spense       1,074       4,994       1,074       31,016         Other interest spense       (2,003)       (2,215)       (3,736)       (3,437)         Other interest spense       1,089,330       1,155,298       2,186,295       2,344,193         Income from continuing operations before income taxes       156,488       159,176       315,179       293,350         Provision for income taxes       52,271       53,012       67,030       94,406         Income from continuing operations       104,217       106,164       248,149       198,944         (Loss) income from discontinued operations, net of income tax	Financing interest expense	20,0	542 22,192	41,781	45,485			
Selling, general and administrative       391,606       432,715       802,791       859,226         Research and development       33,776       37,441       67,849       72,199         Restructuring charges and asset impairments       30,553       228,550       59,720       57,074         Other interest expense       30,533       228,550       59,720       57,074         Interest income       4,372       -       1,138       -         Total costs and expenses       1,089,330       1,155,298       2,186,295       2,344,193         Income from continuing operations before income taxes       156,488       159,176       315,179       293,350         Provision for income taxes       52,271       53,012       67,030       94,406         Income from continuing operations       104,217       106,164       248,149       198,944         (Loss) income from discontinued operations, net of income tax       -       (655)       19,332       (2,517)         Net income - Princy Bowes Inc.       \$       99,623       \$       100,935       \$       228,961       \$       189,756         Loss (income) from discontinued operations       \$       99,623       \$       100,935       \$       228,961       \$       189,756 <td>Cost of support services</td> <td>112,</td> <td>122 115,417</td> <td>227,209</td> <td>230,693</td>	Cost of support services	112,	122 115,417	227,209	230,693			
Reserve and aevelopment $33,776$ $37,441$ $67,849$ $72,199$ Restructuring charges and asset impairments $1,074$ $4,994$ $1,074$ $31,018$ Other interest appense $1,074$ $4,994$ $1,074$ $31,018$ Other interest appense $1,074$ $4,994$ $1,074$ $31,018$ Other interest appense $1,074$ $4,372$ $ 1,138$ $-$ Total costs and expenses $1,089,330$ $1,155,298$ $2,186,295$ $2,344,193$ Income from continuing operations before income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax $ (635)$ $19,332$ $(2,517)$ Net income before attribution of noncontrolling interests $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax $ (635)$ $19,332$ $(2,517)$ Net income of non discontinued operations $\frac{5}{99,623}$ $5$ $100,935$ $5$		313,5	325,250	632,529	658,817			
Restructuring charges and asset impairments $1.074$ $4.994$ $1.074$ $31.018$ Other interest expense $30.353$ $28.550$ $59.720$ $57.074$ Interest income $22.033$ $(2.215)$ $(3.736)$ $(3.437)$ Other income, net $4.372$ - $1.188$ -         Total costs and expenses $1.089,330$ $1.155.298$ $2.186,295$ $2.344,193$ Income from continuing operations before income taxes $156,488$ $159,176$ $315,179$ $293,350$ Provision for income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax	Selling, general and administrative	391,0	506 432,715	802,791	859,326			
Other interest expense         30,353         28,550         59,720         57,074           Interest income $(2,003)$ $(2,215)$ $(3,736)$ $(3,437)$ Other income, net $(2,003)$ $(1,155,298)$ $2,186,295$ $2,344,193$ Income from continuing operations before income taxes $156,488$ $159,176$ $315,179$ $293,350$ Provision for income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax $ (635)$ $19,332$ $(2,517)$ Net income before attribution of noncontrolling interests $104,217$ $105,529$ $267,481$ $196,427$ Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests $104,217$ $105,529$ $258,293$ $5$ $187,239$ Amounts attributable to common stockholders: $599,623$ $5$ $101,570$ $5$ $238,961$ $5$ $187,239$ Amounts attributable to common stockholders: $599,623$	Research and development	33,7	37,441	67,849	72,199			
Interest income $(2,003)$ $(2,215)$ $(3,736)$ $(3,437)$ Other income, net $4,372$ . $1,138$ .         Total costs and expenses $1,089,330$ $1,155,298$ $2,186,295$ $2,344,193$ Income from continuing operations before income taxes $156,488$ $159,176$ $315,179$ $293,350$ Provision for income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax       .	Restructuring charges and asset impairments	1,0	074 4,994	1,074	31,018			
Interest income $(2,003)$ $(2,215)$ $(3,736)$ $(3,437)$ Other income, net $4,372$ . $1,138$ .         Total costs and expenses $1,089,330$ $1,155,298$ $2,186,295$ $2,344,193$ Income from continuing operations before income taxes $156,488$ $159,176$ $315,179$ $293,350$ Provision for income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax       _       .	Other interest expense	30,3			57,074			
Other income, net $4,372$ . $1,138$ .           Total costs and expenses $1,089,330$ $1,155,298$ $2,186,295$ $2,344,193$ Income from continuing operations before income taxes $156,488$ $159,176$ $315,179$ $293,350$ Provision for income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax	Interest income	(2,	003) (2,215)	(3,736)	(3,437)			
Income from continuing operations before income taxes $156,488$ $159,176$ $315,179$ $293,350$ Provision for income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax $ (635)$ $19,332$ $(2,517)$ Net income before attribution of noncontrolling interests $104,217$ $105,529$ $267,481$ $196,427$ Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests $4,594$ $4,594$ $9,188$ $9,188$ Net income - Pitney Bowes Inc.\$ 99,623\$ $100,935$ \$ $258,293$ \$ $187,239$ Amounts attributable to common stockholders: Loss (income - Pitney Bowes Inc.\$ 99,623\$ $100,935$ \$ $258,293$ \$ $187,239$ Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations $0.50$ $0.50$ $1.19$ $0.93$ Discontinued operations $\frac{5}{2}$ $0.50$ \$ $0.50$ \$ $1.29$ \$ $0.92$ Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :	Other income, net	4,3						
Provision for income taxes $52,271$ $53,012$ $67,030$ $94,406$ Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax $ (635)$ $19,332$ $(2,517)$ Net income before attribution of noncontrolling interests $104,217$ $105,529$ $267,481$ $196,427$ Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests $4,594$ $4,594$ $9,188$ $9,188$ Net income - Pitney Bowes Inc.\$ 99,623\$ $100,935$ \$ $258,293$ \$ $187,239$ Amounts attributable to common stockholders: Loss (income - Pitney Bowes Inc.\$ $99,623$ \$ $100,935$ \$ $258,293$ \$ $187,239$ Basic earnings per share attributable to common stockholders $(0)$ : Continuing operations $0.50$ $0.50$ $1.19$ $0.93$ Discottinued operations $\frac{5}{2}$ $0.50$ \$ $0.50$ \$ $1.29$ \$ $0.92$ Diluted earnings per share attributable to common stockholders $(0)$ : Continuing operations $\frac{5}{2}$ $0.50$ \$ $1.29$ \$ $0.92$ Diluted earnings per share attributable to common stockholders $(0)$ : Continuing operations $\frac{5}{2}$ $0.50$ \$ $1.29$ \$ $0.92$	Total costs and expenses	1,089,3	330 1,155,298	2,186,295	2,344,193			
Income from continuing operations $104,217$ $106,164$ $248,149$ $198,944$ (Loss) income from discontinued operations, net of income tax-(635) $19,332$ (2,517)Net income before attribution of noncontrolling interests $104,217$ $105,529$ $267,481$ $196,427$ Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests $4,594$ $9,188$ $9,188$ Net income - Pitney Bowes Inc.\$ $99,623$ \$ $100,935$ \$ $238,961$ \$Amounts attributable to common stockholders: Income from continuing operations\$ $99,623$ \$ $101,570$ \$ $238,961$ \$ $189,756$ Loss (income) from discontinued operations\$ $99,623$ \$ $100,935$ \$ $258,293$ \$ $187,239$ Basic earnings per share attributable to common stockholders ( <sup>1</sup> ): Continuing operations $0.50$ $0.50$ $1.19$ $0.93$ Net income - Pitney Bowes Inc.\$ $0.50$ \$ $1.29$ \$ $0.92$ Diluted earnings per share attributable to common stockholders ( <sup>1</sup> ): Continuing operations\$ $0.50$ \$ $1.29$ \$ $0.92$ Diluted earnings per share attributable to common stockholders ( <sup>1</sup> ): Continued operations\$ $0.50$ \$ $1.29$ \$ $0.92$ Diluted earnings per share attributable to common stockholders ( <sup>1</sup> ): Continued operations\$ $0.50$ \$ $1.29$ \$ $0.92$	Income from continuing operations before income taxes	156,4	159,176	315,179	293,350			
(Loss) income from discontinued operations, net of income tax $(635)$ $19,332$ $(2,517)$ Net income before attribution of noncontrolling interests $104,217$ $105,529$ $267,481$ $196,427$ Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests $4,594$ $4,594$ $9,188$ $9,188$ Net income - Pitney Bowes Inc. $5$ $99,623$ $5$ $100,935$ $5$ $258,293$ $5$ $187,239$ Amounts attributable to common stockholders: Income from continuing operations Loss (income) from discontinued operations $5$ $99,623$ $5$ $101,570$ $5$ $238,961$ $5$ $189,756$ Net income - Pitney Bowes Inc. $5$ $99,623$ $5$ $100,935$ $5$ $258,293$ $5$ $187,239$ Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations Discontinued operations $0.50$ $0.50$ $1.19$ $0.93$ Net income - Pitney Bowes Inc. $5$ $0.50$ $5$ $0.50$ $5$ $1.29$ $5$ $0.92$ Diluted earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations $5$ $0.50$ $5$ $1.29$ $5$ $0.92$ Diluted earnings per share attributable to common stockholders <sup>(1)</sup> : $5$ $0.50$ $5$ $0.50$ $5$ $1.29$ $5$ $0.92$ Diluted earnings per share attributable to common stockholders <sup>(1)</sup> : $5$ $0.50$ $5$ $0.50$ $5$ $0.50$ $5$ $0.92$	Provision for income taxes	52,2	53,012	67,030	94,406			
Net income before attribution of noncontrolling interests $104,217$ $105,529$ $267,481$ $196,427$ Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests $4,594$ $4,594$ $9,188$ $9,188$ Net income - Pitney Bowes Inc. $$99,623$ $$100,935$ $$258,293$ $$187,239$ Amounts attributable to common stockholders: Income from continuing operations Loss (income) from discontinued operations $$99,623$ $$101,570$ $$238,961$ $$189,756$ Net income - Pitney Bowes Inc. $$99,623$ $$100,935$ $$258,293$ $$187,239$ Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations Discontinued operations $0.50$ $0.50$ $1.19$ $0.93$ Net income - Pitney Bowes Inc. $$0.50$ $$0.50$ $$1.29$ $$0.92$ $$0.92$ Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :Continuing operations $$0.50$ $$1.29$ $$0.92$ Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :	Income from continuing operations	104,:	217 106,164	248,149	198,944			
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests $4,594$ $4,594$ $9,188$ $9,188$ Net income - Pitney Bowes Inc.\$ 99,623\$ 100,935\$ 258,293\$ 187,239Amounts attributable to common stockholders: Income from continuing operations Loss (income) from discontinued operations\$ 99,623\$ 101,570\$ 238,961\$ 189,756Net income - Pitney Bowes Inc.\$ 99,623\$ 100,935\$ 258,293\$ 189,756Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations Discontinued operations $0.50$ $0.50$ $1.19$ $0.93$ Net income - Pitney Bowes Inc.\$ 0.50\$ 0.50\$ 1.29\$ 0.92Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations Discontinued operations $5$ $0.50$ \$ 1.29\$ 0.92Diluted earnings per share attributable to common stockholders <sup>(1)</sup> : $5$ $0.50$ \$ 0.50\$ 1.29\$ 0.92Diluted earnings per share attributable to common stockholders <sup>(1)</sup> : $5$ $0.50$ \$ 0.50\$ 0.50\$ 0.92	(Loss) income from discontinued operations, net of income tax		- (635)	19,332	(2,517)			
to noncontrolling interests       4,594       4,594       9,188       9,188         Net income - Pitney Bowes Inc.       \$ 99,623       \$ 100,935       \$ 258,293       \$ 187,239         Amounts attributable to common stockholders: Income from continuing operations Loss (income) from discontinued operations       \$ 99,623       \$ 101,570       \$ 238,961       \$ 189,756         Net income - Pitney Bowes Inc.       \$ 99,623       \$ 100,935       \$ 258,293       \$ 187,239         Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations       \$ 99,623       \$ 100,935       \$ 258,293       \$ 187,239         Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations       \$ 0.50       \$ 1.19       0.93 (0.00)         Net income - Pitney Bowes Inc.       \$ 0.50       \$ 0.50       \$ 1.29       \$ 0.92         Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :       \$ 0.50       \$ 1.29       \$ 0.92	Net income before attribution of noncontrolling interests	104,:	217 105,529	267,481	196,427			
to noncontrolling interests       4,594       4,594       9,188       9,188         Net income - Pitney Bowes Inc.       \$ 99,623       \$ 100,935       \$ 258,293       \$ 187,239         Amounts attributable to common stockholders: Income from continuing operations Loss (income) from discontinued operations       \$ 99,623       \$ 101,570       \$ 238,961       \$ 189,756         Net income - Pitney Bowes Inc.       \$ 99,623       \$ 100,935       \$ 258,293       \$ 187,239         Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations       \$ 99,623       \$ 100,935       \$ 258,293       \$ 187,239         Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations       \$ 0.50       \$ 1.19       0.93 (0.00)         Net income - Pitney Bowes Inc.       \$ 0.50       \$ 0.50       \$ 1.29       \$ 0.92         Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :       \$ 0.50       \$ 1.29       \$ 0.92	Less: Preferred stock dividends of subsidiaries attributable							
Amounts attributable to common stockholders: Income from continuing operations\$ $99,623$ \$ $101,570$ \$ $238,961$ \$ $189,756$ Loss (income) from discontinued operations(635)19,332(2,517)Net income - Pitney Bowes Inc.\$ $99,623$ \$ $100,935$ \$ $258,293$ \$ $187,239$ Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continuing operations0.500.501.190.93Discontinued operations-(0.00)0.10(0.01)Net income - Pitney Bowes Inc.\$0.50\$1.29\$0.92Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :\$0.50\$1.29\$0.92		4,5	594 4,594	9,188	9,188			
Income from continuing operations       \$       99,623       \$       101,570       \$       238,961       \$       189,756         Loss (income) from discontinued operations       -       (635)       19,332       (2,517)         Net income - Pitney Bowes Inc.       \$       99,623       \$       100,935       \$       258,293       \$       187,239         Basic earnings per share attributable to common stockholders <sup>(1)</sup> :       0.50       0.50       1.19       0.93         Discontinued operations       0.50       0.50       1.19       0.93         Net income - Pitney Bowes Inc.       \$       0.50       \$       1.29       \$       0.92         Discontinued operations       \$       0.50       \$       1.29       \$       0.92         Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :       5       0.50       \$       1.29       \$       0.92	Net income - Pitney Bowes Inc.	\$ 99,0	523 \$ 100,935	\$ 258,293	\$ 187,239			
Income from continuing operations       \$       99,623       \$       101,570       \$       238,961       \$       189,756         Loss (income) from discontinued operations       -       (635)       19,332       (2,517)         Net income - Pitney Bowes Inc.       \$       99,623       \$       100,935       \$       258,293       \$       187,239         Basic earnings per share attributable to common stockholders <sup>(1)</sup> :       0.50       0.50       1.19       0.93         Discontinued operations       0.50       0.50       1.19       0.93         Net income - Pitney Bowes Inc.       \$       0.50       \$       1.29       \$       0.92         Discontinued operations       \$       0.50       \$       1.29       \$       0.92         Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :       5       0.50       \$       1.29       \$       0.92	Amounts attributable to common stockholders:							
Loss (income) from discontinued operations-(635)19,332(2,517)Net income - Pitney Bowes Inc.\$99,623\$100,935\$258,293\$187,239Basic earnings per share attributable to common stockholders <sup>(1)</sup> : Continued operations0.50 $0.50$ $1.19$ $0.93$ Discontinued operations $ (0.00)$ $0.10$ $(0.01)$ Net income - Pitney Bowes Inc.\$ $0.50$ \$ $1.29$ \$ $0.92$ Diluted earnings per share attributable to common stockholders <sup>(1)</sup> : $ 0.50$ \$ $1.29$ \$ $0.92$		\$ 996	523 <b>\$</b> 101 570	\$ 238 961	\$ 189.756			
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :       0.50       0.50       1.19       0.93         Discontinued operations       -       (0.00)       0.10       (0.01)         Net income - Pitney Bowes Inc.       \$       0.50       \$       1.29       \$       0.92         Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :       - <td>e .</td> <td><i></i></td> <td></td> <td></td> <td></td>	e .	<i></i>						
Continuing operations       0.50       0.50       1.19       0.93         Discontinued operations       -       (0.00)       0.10       (0.01)         Net income - Pitney Bowes Inc.       \$       0.50       \$       1.29       \$       0.92         Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :       -	Net income - Pitney Bowes Inc.	\$ 99,6	523 \$ 100,935	\$ 258,293	\$ 187,239			
Continuing operations       0.50       0.50       1.19       0.93         Discontinued operations       -       (0.00)       0.10       (0.01)         Net income - Pitney Bowes Inc.       \$       0.50       \$       1.29       \$       0.92         Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :       -	Basic carrings per share attributable to common steal-balders <sup>(1)</sup> .							
Discontinued operations     -     (0.00)     0.10     (0.01)       Net income - Pitney Bowes Inc.     \$     0.50     \$     0.50     \$     1.29     \$     0.92       Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :	0.1	<i>(</i>	50 0.50	1 10	0.02			
Net income - Pitney Bowes Inc.     \$     0.50     \$     1.29     \$     0.92       Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :		ſ						
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :	Discontinued operations		- (0.00)	0.10	(0.01)			
	Net income - Pitney Bowes Inc.	\$ 0	0.50 \$ 0.50	\$ 1.29	\$ 0.92			
Continuing operations         0.50         0.50         1.19         0.93	Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :							
	Continuing operations	(	0.50 0.50	1.19	0.93			

Discontinued operations	 -	 (0.00)	 0.10	 (0.01)
Net income - Pitney Bowes Inc.	\$ 0.50	\$ 0.49	\$ 1.29	\$ 0.92

(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)

Assets	06/30/12	3/31/12
Current assets:	¢ 400 770	¢ 015.552
Cash and cash equivalents Short-term investments	\$ 499,772 38,549	\$ 915,553 35,863
Shor-term investments	50,5-7	55,805
Accounts receivable, gross	691,332	725,446
Allowance for doubtful accounts receivable	(30,233)	(31,117)
Accounts receivable, net	661,099	694,329
Finance receivables	1,221,086	1,263,826
Allowance for credit losses	(31,781)	(39,124)
Finance receivables, net	1,189,305	1,224,702
Inventories	187,562	179,321
Current income taxes	20,107	116,247
Other current assets and prepayments	124,922	128,244
Total current assets	2,721,316	3,294,259
Property, plant and equipment, net	391,651	403,657
Rental property and equipment, net	251,495	261,388
Finance receivables	1,072,641	1,097,093
Allowance for credit losses	(19,960)	(15,278)
Finance receivables, net	1,052,681	1,081,815
	1,002,001	1,001,010
Investment in leveraged leases	32,725	32,977
Goodwill	2,133,559	2,162,689
Intangible assets, net	188,657	201,891
Non-current income taxes	44,299	85,410
Other assets	528,614	538,172
Total assets	\$ 7,344,997	\$ 8,062,258
Liabilities, noncontrolling interests and stockholders' equity Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,701,135	\$ 1,675,152
Current income taxes	230,242	295,283
Notes payable and current portion of long-term obligations	375,000	577,830
Advance billings	466,926	494,068
Total current liabilities	2,773,303	3,042,333
	, <b>,</b>	- , - ,
Deferred taxes on income	30,472	107,175
Tax uncertainties and other income tax liabilities	223,603	198,853
Long-term debt	3,306,473	3,682,798
Other non-current liabilities	633,510	643,686
Total liabilities	6,967,361	7,674,845
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Staakkaldam' aquitu		
Stockholders' equity: Cumulative preferred stock, \$50 par value, 4% convertible	4	4
Cumulative preference stock, no par value, \$2.12 convertible	653	653
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	227,136	225,869
Retained Earnings	4,708,485	4,683,949
Accumulated other comprehensive loss	(657,658)	(617,106)
-	(4,520,692)	(4,525,664)
Treasury Stock, at cost	(4,520,052)	(1,525,001)
Treasury Stock, at cost Total Pitney Bowes Inc. stockholders' equity	81,266	91,043

## Pitney Bowes Inc. Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,				
		2012	 2011		2012		2011
GAAP income from continuing operations							
after income taxes, as reported	\$	99,623	\$ 101,570	\$	238,961	\$	189,756
Restructuring charges and asset impairments		462	3,563		462		20,869
Sale of leveraged lease assets		-	-		(12,886)		-
Tax adjustments		-	334		-		2,513
Income from continuing operations							
after income taxes, as adjusted	\$	100,085	\$ 105,467	\$	226,537	\$	213,138
GAAP diluted earnings per share from							
continuing operations, as reported	\$	0.50	\$ 0.50	\$	1.19	\$	0.93
Restructuring charges and asset impairments		0.00	0.02		0.00		0.10
Sale of leveraged lease		-	-		(0.06)		-
Tax adjustments		-	0.00		-		0.01
Diluted earnings per share from continuing							
operations, as adjusted	\$	0.50	\$ 0.52	\$	1.13	\$	1.04
GAAP net cash provided by operating activities,							
as reported	\$	274,172	\$ 152,640	\$	370,167	\$	449,401
Capital expenditures		(38,722)	(53,341)		(88,751)		(88,017)
Restructuring payments		21,630	22,223		47,875		51,968
Pension contribution		-	123,000		95,000		123,000
Tax payments on sale of leveraged lease assets		15,671	-		84,904		-
Reserve account deposits		28,008	 24,083		2,334		18,088
Free cash flow, as adjusted	\$	300,759	\$ 268,605	\$	511,529	\$	554,440

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

## Pitney Bowes Inc. Revenue and EBIT Business Segments June 30, 2012 (Unaudited)

rs in thousands)	Three Months Ended June 30,			
	2012	2011	% Chang	
Revenue		2011	Chang	
North America Mailing	\$ 453,484	493,653	(8%)	
International Mailing	165,480	176,158	(6%)	
Small & Medium Business Solutions	618,964	669,811	(8%)	
Production Mail	123,067	133,769	(8%)	
Software	99,874	99,783	0%	
Management Services	227,561	240,461	(5%)	
Mail Services	140,507	134,273	5%	
Marketing Services	35,845	36,377	(1%)	
Enterprise Business Solutions	626,854	644,663	(3%)	
Total revenue	\$ 1,245,818	1,314,474	(5%)	
<u>EBIT</u> (1)				
North America Mailing	\$ 167,870	\$ 175,786	(5%)	
International Mailing	21,758	26,735	(19%	
Small & Medium Business Solutions	189,628	202,521	(6%	
Production Mail	5,594	9,223	(39%)	
Software	8,487	9,542	(11%)	
Management Services	12,606	19,979	(37%)	
Mail Services	27,085	9,819	176%	
Marketing Services	7,503	6,792	10%	
Enterprise Business Solutions	61,275	55,355	11%	
Total EBIT	\$ 250,903	\$ 257,876	(3%	
Unallocated amounts:				
Interest, net (2)	(48,992)	(48,527)		
Corporate and other expenses	(44,349)	(45,179)		
Restructuring and asset impairments	(1,074)	(4,994)		

(1)Earnings before interest and taxes (EBIT) excludes general corporate expenses and restructuring charges and asset impairments.(2)Interest, net includes financing interest expense, other interest expense and interest income.

## Pitney Bowes Inc. Revenue and EBIT Business Segments June 30, 2012 (Unaudited)

rs in thousands)	Six Months Ended June 30,			
	2012	2011	% Chang	
Revenue		2011	Chang	
North America Mailing	\$ 914,789	1,002,692	(9%)	
International Mailing	333,494	346,691	(4%)	
Small & Medium Business Solutions	1,248,283	1,349,383	(7%)	
Production Mail	238,083	265,375	(10%)	
Software	200,201	195,768	2%	
Management Services	458,191	482,085	(5%)	
Mail Services	290,663	278,556	4%	
Marketing Services	66,053	66,376	(0%)	
Enterprise Business Solutions	1,253,191	1,288,160	(3%)	
Total Revenue	\$ 2,501,474	2,637,543	(5%)	
<u>EBIT (1)</u>				
North America Mailing	\$ 346,041	\$ 355,447	(3%)	
International Mailing	41,755	49,928	(16%)	
Small & Medium Business Solutions	387,796	405,375	(4%)	
Production Mail	8,373	16,397	(49%	
Software	19,179	15,054	27%	
Management Services	25,921	41,008	(37%)	
Mail Services	58,990	20,084	194%	
Marketing Services	12,320	10,952	12%	
Enterprise Business Solutions	124,783	103,495	21%	
Total EBIT	\$ 512,579	\$ 508,870	(1%	
Unallocated amounts:				
Interest, net	(97,765)	(99,122)		
Corporate and other expenses	(98,561)	(85,380)		
Restructuring and asset impairments	(1,074)	(31,018)		
Income from continuing operations before income taxes	\$ 315,179	\$ 293,350		

(1)Earnings before interest and taxes (EBIT) excludes general corporate expenses and restructuring charges and asset impairments.(2)Interest, net includes financing interest expense, other interest expense and interest income.

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