



Third Quarter 2012 Earnings  
November 1, 2012

# Forward-Looking Statements

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*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 credit risk; changes in interest rates; the financial health 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.*

# Strategy Overview:

## Pursuing high-growth offerings; shift in business mix

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- Business mix shifting to more enterprise-related revenues
- Transforming the business: expansion of ecommerce initiatives, software, and customer communication management (CCM)
  - Partnering with eBay to provide ecommerce solutions for international package delivery
  - Decision to exit International Mail Services business to focus on higher growth ecommerce opportunities
  - Creating dedicated global e-commerce business group

**Investing in High Growth Opportunities**

# Strategy Overview:

## Leveraging deep rooted customer relationships

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- Delivering products and services customers want and need
- Strategically investing in technologies that make it easier to integrate mail with digital communications
- Continue to make progress with Volly™
  - Expected consumer launch in 2013
  - 60 large third-party mail service providers signed to date, representing 6,500 companies and consumer brands
  - Adding and enhancing the technology to provide additional capabilities that will improve the onboarding process for billers
  - Improving scalability of the service and facilitating biller density

# Continuing to reduce costs and streamline the business

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- Building on success of Strategic Transformation Program, which generated over \$300 million in net savings
- Identified additional savings, anticipated to generate \$45 million to \$55 million by the end of 2013
  - Streamlining organizational and management structure
  - Reduction of discretionary spending
- Actions to protect shareholder value
  - Strengthen position to withstand pressures of an uncertain operating environment

**Continuing to Take Decisive and Proactive Actions  
That Enable Us to Execute Our Strategy**

# Financial Highlights – Q3 2012

	Q3 2012
Revenue	\$1.2 billion
Adjusted EPS †	\$0.47
GAAP EPS‡	\$0.38
Adjusted EBIT †	\$181 million
Adjusted EBIT Margin	14.9%
Adjusted EBITDA †	\$241 million
SG&A	\$401 million
SG&A:Revenue %	33.0%
Free Cash Flow †	\$40 million
Cash From Operations	\$69 million

† A reconciliation schedule of GAAP to Non-GAAP measures can be found on slides 20 and 21 in this presentation

‡ Includes charge of \$0.09 per share related to decision to exit International Mail Services business

# Financial Highlights – EPS Reconciliation<sup>1</sup>

	Q3 2012	Q3 2011
<b>GAAP EPS</b>	<b>\$0.38</b>	<b>\$0.85</b>
Discontinued Operations	-	(\$0.30)
Sale of Leveraged Lease Assets	-	(\$0.13)
Goodwill Charge	\$0.06	\$0.15
Restructuring & Asset Impairments	\$0.03	\$0.11
<b>Adjusted EPS</b>	<b>\$0.47</b>	<b>\$0.69</b>
Tax Settlements	-	(\$0.08)
Insurance Proceeds	-	(\$0.05)
<b>EPS on a Comparative Basis</b>	<b>\$0.47</b>	<b>\$0.56</b>

<sup>1</sup> The sum of the earnings per share may not equal the totals due to rounding

## Business Segment Results (\$ millions)

SMB	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$602	(8%)	(6%)
EBIT	\$180	(11%)	

Small and Medium Business (SMB) Solutions Group comprised of:  
North America Mailing  
International Mailing

49.5% of Total PBI Revenue – Q3 2012

## Business Segment Results (\$ millions)

North America Mailing	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$448	(6%)	(6%)
EBIT	\$169	(5%)	

- Best Y-O-Y performance for equipment sales revenue in 6 quarters
- Continue to benefit from increased placements of Connect+™, pbWebConnect™ mailing systems and SendSuite Live™ shipping solutions
- Slower decline in recurring revenue streams

International Mailing	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$154	(13%)	(7%)
EBIT	\$11	(55%)	

- Negatively impacted by uncertain economic environment in Europe, resulting in fewer upgrades and lower equipment sales
- \$6 million of revenue related to postal rate change (PROM) sales last year that did not occur this year

## Business Segment Results (\$ millions)

Enterprise	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$614	(5%)	(4%)
EBIT	\$41	(46%)	

Enterprise Solutions Group comprised of:

- Production Mail
- Software
- Management Services
- Mail Services
- Marketing Services

50.5% of Total PBI Revenue – Q3 2012

## Business Segment Results (\$ millions)

Production Mail	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$122	4%	7%
EBIT	\$4	204%	

- Y-O-Y growth in Revenue & EBIT
- Benefited from increased equipment sales following Drupa trade show
- Continue to make progress on Volly; expected consumer launch in 2013
  - Working to add billers and build sustainable consumer density with large mailers
  - Continuing to enhance the user experience and solutions

## Business Segment Results (\$ millions)

Software	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$89	(19%)	(18%)
EBIT	\$1	(94%)	

- Overall slowdown in the global market impacting the number of large license deals compared with the prior year.
- Revenue also impacted by continued austerity measures in the public sector globally

Management Services	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$221	(6%)	(5%)
EBIT	\$10	(44%)	

- Revenue and EBIT impacted by pricing pressures and competitive conditions
- Continue to have positive net new written business

## Business Segment Results (\$ millions)

Mail Services	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$142	(1%)	(1%)
EBIT	\$17	(53%)	

- Decision to exit the International Mail Services traditional mail and catalogues business to focus on higher growth ecommerce opportunities
- Increased standard mail volumes and continued penetration in workshare discount categories continue to drive presort revenue growth
- Recently announced partnership with eBay to provide ecommerce solutions for international package delivery

Marketing Services	Q3 2011	Y-O-Y Change	Change Ex-Currency
Revenue	\$40	(4%)	(4%)
EBIT	\$9	7%	

- EBIT benefited from reduced print production costs and ongoing productivity initiatives

## 2012 Guidance

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### Reaffirming 2012 guidance for revenue, adjusted EPS and free cash flow:

- Revenue: Flat to -4%, excluding the impact of currency
- Adjusted EPS: \$1.95 to \$2.15
- Free cash flow: \$750 million - \$850 million

### Updating GAAP EPS 2012 guidance:

- GAAP EPS from continuing operations: \$1.78 to \$2.08
- Reflects goodwill and asset impairment charges of \$0.09 per share related to the recent performance of the International Mail Services business recorded during the third quarter, and the anticipated restructuring charge of \$0.15 to \$0.25 per share that will be recorded in the fourth quarter

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# Appendix

# Non-GAAP Measures

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*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](http://www.pb.com/investorrelations).*

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

(Dollars in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011 <sup>(2)</sup>	2012	2011 <sup>(2)</sup>
<b>Revenue:</b>				
Equipment sales	\$ 212,103	\$ 221,475	\$ 656,517	\$ 706,027
Supplies	66,902	74,271	213,789	235,728
Software	93,476	113,224	302,377	318,305
Rentals	142,288	154,210	428,174	467,064
Financing	123,999	136,000	373,695	412,958
Support services	171,652	175,286	516,424	530,707
Business services	405,257	425,258	1,226,175	1,266,478
<b>Total revenue</b>	<b>1,215,677</b>	<b>1,299,724</b>	<b>3,717,151</b>	<b>3,937,267</b>
<b>Costs and expenses:</b>				
Cost of equipment sales	105,556	97,559	309,190	316,697
Cost of supplies	20,694	22,611	65,428	74,365
Cost of software	22,784	23,431	68,281	73,541
Cost of rentals	25,182	35,819	87,257	107,834
Financing interest expense	19,604	21,430	61,385	66,915
Cost of support services	107,095	114,074	334,304	344,767
Cost of business services	315,830	326,415	948,359	985,232
Selling, general and administrative	400,862	427,412	1,203,653	1,286,739
Research and development	36,669	35,573	104,518	107,772
Restructuring charges and asset impairments	9,986	32,956	11,060	63,974
Goodwill impairment	18,315	45,650	18,315	45,650
Other interest expense	27,541	28,932	87,261	86,006
Interest income	(2,057)	(1,265)	(5,793)	(4,702)
Other income, net	-	(10,718)	1,138	(10,718)
<b>Total costs and expenses</b>	<b>1,108,061</b>	<b>1,199,879</b>	<b>3,294,356</b>	<b>3,544,072</b>
Income from continuing operations before income taxes	107,616	99,845	422,795	393,195
Provision for income taxes	26,489	(17,087)	93,519	77,319
Income from continuing operations	81,127	116,932	329,276	315,876
Income from discontinued operations, net of income tax	-	60,428	19,332	57,911
Net income before attribution of noncontrolling interests	81,127	177,360	348,608	373,787
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,593	13,782	13,781
<b>Net income - Pitney Bowes Inc.</b>	<b>\$ 76,533</b>	<b>\$ 172,767</b>	<b>\$ 334,826</b>	<b>\$ 360,006</b>
<b>Amounts attributable to common stockholders:</b>				
Income from continuing operations	\$ 76,533	\$ 112,339	\$ 315,494	\$ 302,095
Income from discontinued operations	-	60,428	19,332	57,911
<b>Net income - Pitney Bowes Inc.</b>	<b>\$ 76,533</b>	<b>\$ 172,767</b>	<b>\$ 334,826</b>	<b>\$ 360,006</b>
<b>Basic earnings per share attributable to common stockholders <sup>(1)</sup>:</b>				
Continuing operations	0.38	0.56	1.58	1.49
Discontinued operations	0.00	0.30	0.10	0.29
<b>Net income - Pitney Bowes Inc.</b>	<b>\$ 0.38</b>	<b>\$ 0.86</b>	<b>\$ 1.67</b>	<b>\$ 1.78</b>
<b>Diluted earnings per share attributable to common stockholders <sup>(1)</sup>:</b>				
Continuing operations	0.38	0.56	1.57	1.48
Discontinued operations	0.00	0.30	0.10	0.28
<b>Net income - Pitney Bowes Inc.</b>	<b>\$ 0.38</b>	<b>\$ 0.85</b>	<b>\$ 1.66</b>	<b>\$ 1.77</b>

(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>	<u>09/30/12</u>	<u>12/31/11</u>
Current assets:		
Cash and cash equivalents	\$ 424,789	\$ 856,238
Short-term investments	36,238	12,971
Accounts receivable, gross	695,575	755,485
Allowance for doubtful accounts receivable	<u>(28,355)</u>	<u>(31,855)</u>
Accounts receivable, net	667,220	723,630
Finance receivables	1,218,080	1,296,673
Allowance for credit losses	<u>(26,368)</u>	<u>(45,583)</u>
Finance receivables, net	1,191,712	1,251,090
Inventories	187,082	178,599
Current income taxes	22,044	102,556
Other current assets and prepayments	<u>144,987</u>	<u>134,774</u>
Total current assets	2,674,072	3,259,858
Property, plant and equipment, net	382,850	404,146
Rental property and equipment, net	249,310	258,711
Finance receivables	1,047,411	1,123,638
Allowance for credit losses	<u>(18,235)</u>	<u>(17,847)</u>
Finance receivables, net	1,029,176	1,105,791
Investment in leveraged leases	34,373	138,271
Goodwill	2,127,114	2,147,088
Intangible assets, net	175,995	212,603
Non-current income taxes	45,615	89,992
Other assets	<u>555,661</u>	<u>530,644</u>
Total assets	<u>\$ 7,274,166</u>	<u>\$ 8,147,104</u>
<b>Liabilities, noncontrolling interests and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,643,395	\$ 1,840,465
Current income taxes	220,236	242,972
Notes payable and current portion of long-term obligations	375,000	550,000
Advance billings	<u>449,051</u>	<u>458,425</u>
Total current liabilities	2,687,682	3,091,862
Deferred taxes on income	25,017	175,944
Tax uncertainties and other income tax liabilities	193,867	194,840
Long-term debt	3,305,504	3,683,909
Other non-current liabilities	<u>641,093</u>	<u>743,165</u>
Total liabilities	6,853,163	7,889,720
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	4	4
Cumulative preference stock, no par value, \$2.12 convertible	653	659
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	222,620	240,584
Retained Earnings	4,709,761	4,600,217
Accumulated other comprehensive loss	<u>(625,868)</u>	<u>(661,645)</u>
Treasury Stock, at cost	<u>(4,505,875)</u>	<u>(4,542,143)</u>
Total Pitney Bowes Inc. stockholders' equity	124,633	(38,986)
Total liabilities, noncontrolling interests and stockholders' equity	<u>\$ 7,274,166</u>	<u>\$ 8,147,104</u>

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**September 30, 2012**  
(Unaudited)

(Dollars in thousands)

	<b>Three Months Ended September 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>% Change</b>
<b><u>Revenue</u></b>			
North America Mailing	\$ 447,920	475,663	(6%)
International Mailing	154,171	177,797	(13%)
Small & Medium Business Solutions	<u>602,091</u>	<u>653,460</u>	(8%)
Production Mail	122,251	117,220	4%
Software	88,629	109,153	(19%)
Management Services	220,887	235,428	(6%)
Mail Services	142,182	143,055	(1%)
Marketing Services	39,637	41,408	(4%)
Enterprise Business Solutions	<u>613,586</u>	<u>646,264</u>	(5%)
<b>Total revenue</b>	<b><u>\$ 1,215,677</u></b>	<b><u>1,299,724</u></b>	(6%)
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 168,934	\$ 177,280	(5%)
International Mailing	11,286	25,105	(55%)
Small & Medium Business Solutions	<u>180,220</u>	<u>202,385</u>	(11%)
Production Mail	3,555	(3,426)	204%
Software	956	16,564	(94%)
Management Services	10,266	18,248	(44%)
Mail Services	16,671	35,107	(53%)
Marketing Services	9,297	8,716	7%
Enterprise Business Solutions	<u>40,745</u>	<u>75,209</u>	(46%)
<b>Total EBIT</b>	<b><u>\$ 220,965</u></b>	<b><u>\$ 277,594</u></b>	<b>(20%)</b>
Unallocated amounts:			
Interest, net (2)	(45,088)	(49,097)	
Corporate and other expenses	(39,960)	(50,046)	
Restructuring and asset impairments	(9,986)	(32,956)	
Goodwill impairment	<u>(18,315)</u>	<u>(45,650)</u>	
<b>Income from continuing operations before income taxes</b>	<b><u>\$ 107,616</u></b>	<b><u>\$ 99,845</u></b>	

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses, restructuring charges and asset impairments and goodwill impairment.

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

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**September 30, 2012**  
(Unaudited)

(Dollars in thousands)

	<u>Nine Months Ended September 30,</u>		
	<u>2012</u>	<u>2011</u>	<u>% Change</u>
<b><u>Revenue</u></b>			
North America Mailing	\$ 1,362,709	1,478,355	(8%)
International Mailing	487,665	524,488	(7%)
Small & Medium Business Solutions	<u>1,850,374</u>	<u>2,002,843</u>	(8%)
Production Mail	360,334	382,595	(6%)
Software	288,830	304,921	(5%)
Management Services	679,078	717,513	(5%)
Mail Services	432,845	421,611	3%
Marketing Services	105,690	107,784	(2%)
Enterprise Business Solutions	<u>1,866,777</u>	<u>1,934,424</u>	(3%)
<b>Total Revenue</b>	<b><u>\$ 3,717,151</u></b>	<b><u>3,937,267</u></b>	(6%)
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 514,975	\$ 532,727	(3%)
International Mailing	53,041	75,033	(29%)
Small & Medium Business Solutions	<u>568,016</u>	<u>607,760</u>	(7%)
Production Mail	11,928	12,971	(8%)
Software	20,135	31,618	(36%)
Management Services	36,187	59,256	(39%)
Mail Services	75,661	55,191	37%
Marketing Services	21,617	19,668	10%
Enterprise Business Solutions	<u>165,528</u>	<u>178,704</u>	(7%)
<b>Total EBIT</b>	<b><u>\$ 733,544</u></b>	<b><u>\$ 786,464</u></b>	(7%)
Unallocated amounts:			
Interest, net	(142,853)	(148,219)	
Corporate and other expenses	(138,521)	(135,426)	
Restructuring and asset impairments	(11,060)	(63,974)	
Goodwill impairment	<u>(18,315)</u>	<u>(45,650)</u>	
<b>Income from continuing operations before income taxes</b>	<b><u>\$ 422,795</u></b>	<b><u>\$ 393,195</u></b>	

- (1) Earnings before interest and taxes (EBIT) excludes general corporate expenses, restructuring charges and asset impairments and goodwill impairment.
- (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)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2012	2011	2012	2011
GAAP income from continuing operations				
after income taxes, as reported	\$ 76,533	\$ 112,339	\$ 315,494	\$ 302,095
Restructuring charges and asset impairments	6,430	22,169	6,892	43,038
Goodwill impairment	11,172	31,334	11,172	31,334
Sale of leveraged lease assets	-	(26,689)	(12,886)	(26,689)
Tax adjustments	-	447	-	2,960
Income from continuing operations				
after income taxes, as adjusted	<u>\$ 94,135</u>	<u>\$ 139,600</u>	<u>\$ 320,672</u>	<u>\$ 352,738</u>
GAAP diluted earnings per share from				
continuing operations, as reported	\$ 0.38	\$ 0.56	\$ 1.57	\$ 1.48
Restructuring charges and asset impairments	0.03	0.11	0.03	0.21
Goodwill impairment	0.06	0.15	0.06	0.15
Sale of leveraged lease	-	(0.13)	(0.06)	(0.13)
Tax adjustments	-	0.00	-	0.01
Diluted earnings per share from continuing				
operations, as adjusted	<u>\$ 0.47</u>	<u>\$ 0.69</u>	<u>\$ 1.59</u>	<u>\$ 1.73</u>
GAAP net cash provided by operating activities,				
as reported	\$ 69,466	\$ 301,055	\$ 439,633	\$ 750,456
Capital expenditures	(39,065)	(35,012)	(127,816)	(123,029)
Restructuring payments	12,871	26,411	60,746	78,379
Pension contribution	-	-	95,000	123,000
Tax payments on sale of leveraged lease assets	14,345	-	99,249	-
Reserve account deposits	(17,707)	(32,616)	(15,373)	(14,528)
Free cash flow, as adjusted	<u>\$ 39,910</u>	<u>\$ 259,838</u>	<u>\$ 551,439</u>	<u>\$ 814,278</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)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
GAAP income from continuing operations				
after income taxes, as reported	\$ 76,533	\$ 112,339	\$ 315,494	\$ 302,095
Restructuring charges and asset impairments	6,430	22,169	6,892	43,038
Goodwill impairment	11,172	31,334	11,172	31,334
Sale of leveraged lease assets	-	(26,689)	(12,886)	(26,689)
Tax adjustments	-	447	-	2,960
Income from continuing operations				
after income taxes, as adjusted	94,135	139,600	320,672	352,738
Provision for income taxes, as adjusted	37,189	41,540	121,532	143,582
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,594	4,593	13,782	13,781
Income from continuing operations, as adjusted	135,917	185,733	455,987	510,101
Interest expense, net	45,088	49,097	142,853	148,219
Adjusted EBIT	181,005	234,830	598,840	658,320
Depreciation and amortization	59,900	67,366	191,507	205,001
Adjusted EBITDA	\$ 240,905	\$ 302,196	\$ 790,347	\$ 863,321