

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

(Dollars in thousands, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	2013	2012
Revenue:				
Equipment sales	\$ 254,322	\$ 251,917	\$ 889,101	\$ 870,537
Supplies	73,554	69,794	289,808	283,459
Software	113,006	110,385	398,664	412,762
Rentals	130,418	136,685	522,008	551,607
Financing	114,140	121,435	460,786	495,130
Support services	172,516	177,967	677,742	707,582
Business services	173,231	147,333	631,292	593,987
Total revenue	1,031,187	1,015,516	3,869,401	3,915,064
Costs and expenses:				
Cost of equipment sales	131,213	123,599	439,205	402,056
Cost of supplies	23,361	22,141	91,155	87,564
Cost of software	30,560	30,365	110,653	115,388
Cost of rentals	25,672	28,098	105,463	115,356
Financing interest expense	21,117	19,755	81,096	81,140
Cost of support services	104,381	105,765	419,656	440,039
Cost of business services	126,962	97,606	449,932	396,295
Selling, general and administrative	365,007	391,960	1,432,401	1,503,104
Research and development	29,061	26,440	110,412	114,250
Restructuring charges and asset impairments	30,404	18,156	84,344	17,176
Other interest expense	25,146	27,967	114,740	115,228
Interest income	(965)	(2,189)	(5,472)	(7,982)
Other expense, net	7,518	-	32,639	1,138
Total costs and expenses	919,437	889,663	3,466,224	3,380,752
Income from continuing operations before income taxes	111,750	125,853	403,177	534,312
Provision for income taxes	27,539	35,144	83,069	120,252
Income from continuing operations	84,211	90,709	320,108	414,060
Income (loss) from discontinued operations, net of tax	10,471	24,222	(158,898)	49,479
Net income before attribution of noncontrolling interests	94,682	114,931	161,210	463,539
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,593	4,594	18,375	18,376
Net income - Pitney Bowes Inc.	\$ 90,089	\$ 110,337	\$ 142,835	\$ 445,163
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 79,618	\$ 86,115	\$ 301,733	\$ 395,684
Income (loss) from discontinued operations	10,471	24,222	(158,898)	49,479
Net income - Pitney Bowes Inc.	\$ 90,089	\$ 110,337	\$ 142,835	\$ 445,163
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	0.39	0.43	1.50	1.97
Discontinued operations	0.05	0.12	(0.79)	0.25
Net income - Pitney Bowes Inc.	\$ 0.45	\$ 0.55	\$ 0.71	\$ 2.22
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	0.39	0.43	1.49	1.96
Discontinued operations	0.05	0.12	(0.78)	0.25
Net income - Pitney Bowes Inc.	\$ 0.44	\$ 0.55	\$ 0.70	\$ 2.21

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

<sup>(2)</sup> 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)

	December 31, 2013	December 31, 2012
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 907,806	\$ 913,276
Short-term investments	26,683	36,611
Accounts receivable, gross	482,949	748,469
Allowance for doubtful accounts receivable	(13,149)	(20,219)
Accounts receivable, net	469,800	728,250
Finance receivables	1,127,261	1,213,776
Allowance for credit losses	(24,340)	(25,484)
Finance receivables, net	1,102,921	1,188,292
Inventories	103,580	179,678
Current income taxes	28,934	51,836
Other current assets and prepayments	149,490	114,184
Assets held for sale	46,976	-
Total current assets	2,836,190	3,212,127
Property, plant and equipment, net	245,171	385,377
Rental property and equipment, net	226,146	241,192
Finance receivables	974,972	1,041,099
Allowance for credit losses	(12,609)	(14,610)
Finance receivables, net	962,363	1,026,489
Investment in leveraged leases	34,410	34,546
Goodwill	1,734,871	2,136,138
Intangible assets, net	120,387	166,214
Non-current income taxes	73,751	94,434
Other assets	534,975	563,374
Total assets	<u>\$ 6,768,264</u>	<u>\$ 7,859,891</u>
<b><u>Liabilities, noncontrolling interests and stockholders' equity</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,640,138	\$ 1,809,226
Current income taxes	157,340	240,681
Notes payable and current portion of long-term obligations	-	375,000
Advance billings	425,833	452,130
Total current liabilities	2,223,311	2,877,037
Deferred taxes on income	60,667	69,222
Tax uncertainties and other income tax liabilities	186,452	145,881
Long-term debt	3,346,295	3,642,375
Other non-current liabilities	466,766	718,375
Total liabilities	6,283,491	7,452,890
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	591	648
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	196,977	223,847
Retained Earnings	4,698,791	4,744,802
Accumulated other comprehensive loss	(574,556)	(681,213)
Treasury Stock, at cost	(4,456,742)	(4,500,795)
Total Pitney Bowes Inc. stockholders' equity	188,403	110,631
Total liabilities, noncontrolling interests and stockholders' equity	<u>\$ 6,768,264</u>	<u>\$ 7,859,891</u>

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**December 31, 2013**  
(Unaudited)

(Dollars in thousands)

	Three Months Ended December 31,		
	2013	2012	% Change
<b><u>Revenue</u></b>			
North America Mailing	\$ 437,219	456,243	(4%)
International Mailing	159,472	158,061	1%
Small & Medium Business Solutions	596,691	614,304	(3%)
Production Mail	151,192	143,136	6%
Presort Services	107,515	107,403	0%
Enterprise Business Solutions	258,707	250,539	3%
Digital Commerce Solutions	175,789	150,673	17%
<b>Total revenue</b>	<b>\$ 1,031,187</b>	<b>\$ 1,015,516</b>	<b>2%</b>
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 187,088	\$ 173,690	8%
International Mailing	18,535	24,469	(24%)
Small & Medium Business Solutions	205,623	198,159	4%
Production Mail	20,761	20,542	1%
Presort Services	18,127	23,442	(23%)
Enterprise Business Solutions	38,888	43,984	(12%)
Digital Commerce Solutions	22,703	13,839	64%
<b>Total EBIT</b>	<b>\$ 267,214</b>	<b>\$ 255,982</b>	<b>4%</b>
Unallocated amounts:			
Interest, net (2)	(45,298)	(45,533)	
Corporate and other expenses	(72,244)	(66,440)	
Restructuring and asset impairments	(30,404)	(18,156)	
Other income, net	(7,518)	-	
<b>Income from continuing operations before income taxes</b>	<b>\$ 111,750</b>	<b>\$ 125,853</b>	

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses, 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**  
**December 31, 2013**  
(Unaudited)

(Dollars in thousands)

	<b>Twelve Months Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>% Change</b>
<b><u>Revenue</u></b>			
North America Mailing	\$ 1,723,304	1,818,952	(5%)
International Mailing	608,156	607,644	0%
Small & Medium Business Solutions	2,331,460	2,426,596	(4%)
Production Mail	511,544	480,718	6%
Presort Services	430,469	429,804	0%
Enterprise Business Solutions	942,013	910,522	3%
Digital Commerce Solutions	595,928	577,946	3%
<b>Total Revenue</b>	<b>\$ 3,869,401</b>	<b>\$ 3,915,064</b>	<b>(1%)</b>
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 675,389	\$ 688,665	(2%)
International Mailing	71,502	76,139	(6%)
Small & Medium Business Solutions	746,891	764,804	(2%)
Production Mail	55,000	48,981	12%
Presort Services	83,259	106,170	(22%)
Enterprise Business Solutions	138,259	155,151	(11%)
Digital Commerce Solutions	42,837	37,513	14%
<b>Total EBIT</b>	<b>\$ 927,987</b>	<b>\$ 957,468</b>	<b>(3%)</b>
Unallocated amounts:			
Interest, net (2)	(190,364)	(188,387)	
Corporate and other expenses	(217,463)	(216,455)	
Restructuring and asset impairments	(84,344)	(17,176)	
Other income, net	(32,639)	(1,138)	
<b>Income from continuing operations before income taxes</b>	<b>\$ 403,177</b>	<b>\$ 534,312</b>	

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

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

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

(Dollars in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
GAAP income from continuing operations				
after income taxes, as reported	\$ 79,618	\$ 86,115	\$ 301,733	\$ 395,684
Restructuring charges and asset impairments	23,362	12,760	59,024	11,610
Sale of leveraged lease assets	-	-	-	(12,886)
Extinguishment of debt	4,586	-	19,911	-
Income from continuing operations				
after income taxes, as adjusted	<u>\$ 107,566</u>	<u>\$ 98,875</u>	<u>\$ 380,668</u>	<u>\$ 394,408</u>
GAAP diluted earnings per share from				
continuing operations, as reported	\$ 0.39	\$ 0.43	\$ 1.49	\$ 1.96
Restructuring charges and asset impairments	0.11	0.06	0.29	0.06
Sale of leveraged lease	-	-	-	(0.06)
Extinguishment of debt	0.02	-	0.10	-
Diluted earnings per share from continuing				
operations, as adjusted	<u>\$ 0.53</u>	<u>\$ 0.49</u>	<u>\$ 1.88</u>	<u>\$ 1.96</u>
GAAP net cash provided by operating activities,				
as reported	\$ 131,264	\$ 255,560	\$ 624,824	\$ 660,188
Capital expenditures	(34,120)	(48,770)	(137,512)	(176,586)
Restructuring payments	18,167	13,972	59,520	74,718
Pension contribution	-	-	-	95,000
Tax and other payments on sale of				
businesses and leveraged lease assets	75,545	14,879	75,545	114,128
Reserve account deposits	(3,142)	17,009	(20,104)	1,636
Extinguishment of debt	7,518	-	32,639	-
Free cash flow, as adjusted	<u>\$ 195,232</u>	<u>\$ 252,650</u>	<u>\$ 634,912</u>	<u>\$ 769,084</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)

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GAAP income from continuing operations				
after income taxes, as reported	\$ 79,618	\$ 86,115	\$ 301,733	\$ 395,684
Restructuring charges and asset impairments	23,362	12,760	59,024	11,610
Extinguishment of debt	4,586	-	19,911	-
Sale of leveraged lease assets	-	-	-	(12,886)
Income from continuing operations				
after income taxes, as adjusted	107,566	98,875	380,668	394,408
Provision for income taxes, as adjusted	37,513	40,540	121,118	142,521
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,593	4,594	18,375	18,376
Income from continuing operations, as adjusted	149,672	144,009	520,161	555,305
Interest expense, net	45,298	45,533	190,364	188,387
<b>Adjusted EBIT</b>	<b>194,970</b>	<b>189,542</b>	<b>710,525</b>	<b>743,692</b>
Depreciation and amortization	43,866	54,179	200,422	218,921
<b>Adjusted EBITDA</b>	<b>\$ 238,836</b>	<b>\$ 243,721</b>	<b>\$ 910,947</b>	<b>\$ 962,613</b>