

Second Quarter 2014 Earnings

July 30, 2014

Forward Looking Statements

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; the implementation of a new enterprise resource planning system; changes in business portfolio; 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 2013 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.

Second Quarter 2014 Highlights

Total revenue growth of 1% as reported;
flat constant currency

27% revenue growth in Digital Commerce Solutions

GAAP EPS and Adjusted EPS of \$0.46
Adjusted EPS growth of 11% versus prior year,
excluding prior year tax benefit ¹

Company updates 2014 guidance

¹ Q2 2013 reported adjusted EPS from continuing operations of \$0.46, included \$0.05 per share for non-recurring tax benefits.

Second Quarter 2014 – Financial Highlights

- Revenue of \$958 million
 - Growth of 1% on a reported basis
 - Flat on a constant currency basis

On a reported basis:

- Digital Commerce Solutions revenue growth of 27%
 - SMB Solutions revenue decline of 3%
 - Enterprise Solutions revenue decline of 8%
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- Adjusted EPS from continuing operations of \$0.46
 - GAAP EPS from continuing operations of \$0.43
 - Includes restructuring charges of \$0.03 per share
 - GAAP EPS of \$0.46
 - Includes income from discontinued operations of \$0.03 per share

Second Quarter 2014 – Financial Highlights

- Free cash flow of \$162 million;
GAAP cash from operations of \$175 million
- Repaid \$100 million of outstanding bank term loans in April
- Company increases 2014 guidance for revenue growth and adjusted EPS from continuing operations; narrows the range for GAAP EPS from continuing operations; and reaffirms free cash flow guidance for the year

Second Quarter 2014 – Financial Highlights

Earnings Per Share Reconciliation ¹	Q2 2014	Q2 2013
Adjusted EPS from continuing operations	\$0.46	\$0.46
Restructuring Charges	(\$0.03)	(\$0.06)
GAAP EPS from continuing operations	\$0.43	\$0.39
Discontinued operations – income (loss)	\$0.03	(\$0.44)
GAAP EPS	\$0.46	(\$0.05)

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

Second Quarter 2014 – Financial Highlights¹

	Q2 2014	Q2 2013
Revenue, as reported (\$ million)	\$958	\$951
Adjusted EPS from continuing operations	\$0.46	\$0.46
GAAP EPS from continuing operations	\$0.43	\$0.39
GAAP EPS	\$0.46	(\$0.05)
Adjusted EBIT (\$ millions) ¹	\$189	\$177
Adjusted EBIT Margin	19.7%	18.6%
Adjusted EBITDA from continuing operations (\$ millions) ¹	\$238	\$230
SG&A (\$ millions)	\$338	\$354
SG&A: Revenue %	35.3%	37.2%
Free Cash Flow (\$ millions) ¹	\$162	\$124
GAAP Cash from Operations	\$175	\$147

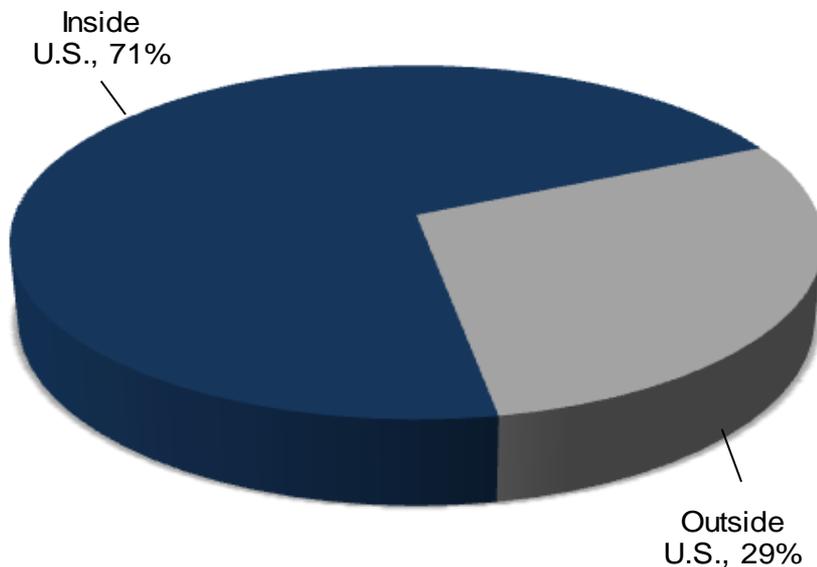
¹ Reconciliation schedules of GAAP to Non-GAAP measures can be found in the appendix of this presentation

Pitney Bowes Inc – Q2 2014 Results

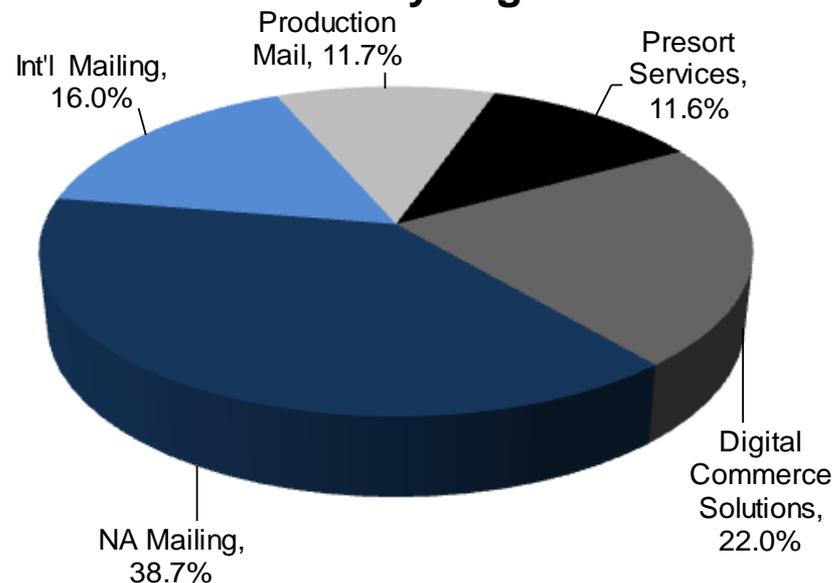
(\$ millions)

Total PBI	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$958	1%	0%
Adjusted EBIT ¹	\$189	7%	

Revenue by Geography



Revenue by Segment



¹ Reconciliation schedules of GAAP to Non-GAAP measures can be found in the appendix of this presentation

Business Segment Reporting

The Company's business segment reporting reflects the clients served in each market and the way it manages these segments. The reporting segment groups are: Small & Medium Business (SMB) Solutions group; Enterprise Business Solutions group; and the Digital Commerce Solutions segment.

The Small and Medium Business (SMB) Solutions group offers mailing equipment, financing, services and supplies for small and medium businesses to efficiently create mail and evidence postage. This group includes the North America Mailing and International Mailing segments. 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 provides mailing equipment and services for large enterprise clients to process mail, including sortation services to qualify large mail volumes for postal worksharing discounts. This group includes the global Production Mail and Presort Services segments.

The Digital Commerce Solutions segment leverages digital and mobile channels that make the Company's clients' customer-facing functions more effective. This segment includes software, marketing services, a digital document exchange, shipping and ecommerce solutions.

Business Results - Q2 2014

(\$ millions)

SMB Solutions Group	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$524	(3%)	(4%)
EBIT	\$183	3%	

Small and Medium Business (SMB) Solutions Group comprised of:

- North America Mailing
- International Mailing

55% of Total PBI Revenue – Q2 2014

Business Results - Q2 2014

(\$ millions)

North America Mailing	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$371	(5%)	(5%)
EBIT	\$157	0%	

- Lower equipment sales due to the accelerated implementation of the SMB go-to-market strategy; sales at the end of the quarter were back on trend.
- Recurring revenue streams declined at a lesser rate than prior year, supporting Company's long-term stabilization objective. Recurring revenue benefited from growth in supplies revenue.
- EBIT margin increased versus prior year as a result of the accelerate go-to-market implementation and lower marketing spend.

International Mailing	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$153	2%	(2%)
EBIT	\$26	32%	

- Modest revenue decline on a constant currency basis from lower equipment sales in Europe.
- Improvement in year-over-year trend for recurring revenue streams as a result of the stabilized installed equipment base in prior periods.
- EBIT margin improved versus the prior year due to cost reduction initiatives, including the go-to-market implementation.

Business Results - Q2 2014

(\$ millions)

Enterprise Business Solutions Group	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$223	(8%)	(8%)
EBIT	\$33	(11%)	

Enterprise Solutions Group comprised of:

- Production Mail
- Presort Services

23% of Total PBI Revenue – Q2 2014

Business Results - Q2 2014

(\$ millions)

Production Mail	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$112	(17%)	(18%)
EBIT	\$11	(33%)	

- Revenue comparison this quarter adversely impacted by several large inserting and production print equipment installations in the second quarter of the prior year.
- Recurring revenue continued to benefit from an increase in supplies revenue related to growth in the production print installed base.
- EBIT margin declined as a result of the lower revenue and related margin contribution.

Presort Services	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$111	4%	4%
EBIT	\$22	5%	

- Revenue benefited from improved qualification of presorted mail for postal rate discounts.
- EBIT margin improved due to lower facility costs and improved operation productivity.

Business Results - Q2 2014

(\$ millions)

Digital Commerce Solutions	Q2 2014	YOY Change	Change Ex-Currency
Revenue	\$211	27%	26%
EBIT	\$18	17%	

Digital Commerce Solutions segment comprised of:

- Software, shipping solutions, ecommerce, marketing services and a digital document exchange

22% of Total PBI Revenue – Q2 2014

- Revenue benefited primarily from continued strong growth in the Company's ecommerce solutions for cross-border package delivery.
- Revenue growth also in the other major elements of the segment, including software, shipping solutions and marketing services.
- EBIT and EBIT margin reflect the benefit of revenue growth that was partially offset by continued investments in ecommerce technology and infrastructure.
- EBIT margin was also impacted by the ongoing investment in the software channel specialization and increased research and development spend.

2014 Guidance

Based on results year-to-date and the outlook for the remainder of the year, the Company is increasing its annual guidance for revenue growth and adjusted earnings per share from continuing operations; narrowing the range for GAAP earnings per share from continuing operations; and reaffirming its annual guidance for free cash flow.

	2014 Guidance Original	2014 Guidance Q1 Update	2014 Guidance Q2 Update
Revenue Growth Rate – Constant Currency	-1% to +2%	-1% to +2%	+1% to +3%
Adjusted EPS from continuing operations	\$1.75 to \$1.90	\$1.75 to \$1.90	\$1.80 to \$1.90
GAAP EPS from continuing operations	\$1.75 to \$1.90	\$1.53 to \$1.68	\$1.55 to \$1.65
Free Cash Flow (\$ millions)	\$475 to \$575	\$475 to \$575	\$475 to \$575

2014 Guidance Changes

Revenue

- Reflects the expected ongoing stabilization of the mail-related businesses; and continued growth in Digital Commerce Solutions.

Adjusted earnings per share from continuing operations

- Reflects operational performance year-to-date; the increased revenue outlook; and the timing of investments in solutions and infrastructure, such as ERP.

GAAP earnings per share from continuing operations

- Reflects incremental \$0.03 per share charge for restructuring costs this quarter, which now total \$0.06 per share year-to date and \$0.19 per share of debt extinguishment costs in the first quarter.

Appendix

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

(Dollars in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenue:				
Equipment sales	\$ 191,518	\$ 225,224	\$ 380,574	\$ 421,991
Supplies	76,284	71,275	155,801	144,493
Software	109,065	100,482	200,620	187,494
Rentals	122,443	129,404	246,022	258,518
Financing	107,644	112,820	217,694	226,707
Support services	158,190	160,303	316,442	322,892
Business services	193,306	151,154	378,794	297,930
Total revenue	958,450	950,662	1,895,947	1,860,025
Costs and expenses:				
Cost of equipment sales	88,818	112,079	171,352	206,622
Cost of supplies	23,505	22,246	47,659	45,092
Cost of software	33,484	25,604	63,648	50,395
Cost of rentals	25,193	25,114	50,637	51,512
Financing interest expense	20,413	18,951	40,066	37,970
Cost of support services	96,722	99,337	195,703	201,866
Cost of business services	135,024	108,168	263,960	210,523
Selling, general and administrative	338,384	353,923	689,759	705,577
Research and development	28,649	27,331	54,841	56,582
Restructuring charges	8,299	19,031	18,140	19,031
Other interest expense	22,714	31,347	47,631	62,086
Interest income	(1,232)	(1,302)	(2,085)	(3,050)
Other expense, net	-	-	61,657	25,121
Total costs and expenses	819,973	841,829	1,702,968	1,669,327
Income from continuing operations before income taxes	138,477	108,833	192,979	190,698
Provision for income taxes	46,335	24,218	54,371	42,013
Income from continuing operations	92,142	84,615	138,608	148,685
Income (loss) from discontinued operations, net of tax	6,717	(89,254)	9,518	(81,224)
Net income (loss) before attribution of noncontrolling interests	98,859	(4,639)	148,126	67,461
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594	9,188	9,188
Net income (loss) - Pitney Bowes Inc.	\$ 94,265	\$ (9,233)	\$ 138,938	\$ 58,273
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 87,548	\$ 80,021	\$ 129,420	\$ 139,497
Income (loss) from discontinued operations	6,717	(89,254)	9,518	(81,224)
Net income (loss) - Pitney Bowes Inc.	\$ 94,265	\$ (9,233)	\$ 138,938	\$ 58,273
Basic earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	0.43	0.40	0.64	0.69
Discontinued operations	0.03	(0.44)	0.05	(0.40)
Net income (loss) - Pitney Bowes Inc.	\$ 0.47	\$ (0.05)	\$ 0.69	\$ 0.29
Diluted earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	0.43	0.39	0.63	0.69
Discontinued operations	0.03	(0.44)	0.05	(0.40)
Net income (loss) - Pitney Bowes Inc.	\$ 0.46	\$ (0.05)	\$ 0.68	\$ 0.29

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

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

Assets	June 30, 2014	December 31, 2013 (1)
Current assets:		
Cash and cash equivalents	\$ 1,005,901	\$ 907,806
Short-term investments	23,976	31,128
Accounts receivable, gross	423,103	482,949
Allowance for doubtful accounts receivable	(13,589)	(13,149)
Accounts receivable, net	409,514	469,800
Finance receivables	1,071,415	1,127,261
Allowance for credit losses	(22,852)	(24,340)
Finance receivables, net	1,048,563	1,102,921
Inventories	101,252	103,580
Current income taxes	31,580	28,934
Other current assets and prepayments	125,540	147,067
Assets held for sale	46,976	46,976
Total current assets	2,793,302	2,838,212
Property, plant and equipment, net	242,742	245,171
Rental property and equipment, net	215,793	226,146
Finance receivables	885,818	974,972
Allowance for credit losses	(10,819)	(12,609)
Finance receivables, net	874,999	962,363
Investment in leveraged leases	33,431	34,410
Goodwill	1,728,385	1,734,871
Intangible assets, net	102,760	120,387
Non-current income taxes	66,598	73,751
Other assets	538,073	537,397
Total assets	\$ 6,596,083	\$ 6,772,708
Liabilities, noncontrolling interests and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,504,887	\$ 1,644,582
Current income taxes	191,687	157,340
Notes payable and current portion of long-term obligations	274,879	-
Advance billings	439,038	425,833
Total current liabilities	2,410,491	2,227,755
Deferred taxes on income	39,509	39,701
Tax uncertainties and other income tax liabilities	166,920	190,645
Long-term debt	2,964,843	3,346,295
Other non-current liabilities	436,194	466,766
Total liabilities	6,017,957	6,271,162
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	1	4
Cumulative preference stock, no par value, \$2.12 convertible	563	591
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	172,565	196,977
Retained Earnings	4,778,506	4,715,564
Accumulated other comprehensive loss	(559,351)	(574,556)
Treasury Stock, at cost	(4,433,866)	(4,456,742)
Total Pitney Bowes Inc. stockholders' equity	281,756	205,176
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,596,083	\$ 6,772,708

(1) Certain prior year amounts have been revised.

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
June 30, 2014
(Unaudited)

(Dollars in thousands)

	Three Months Ended June 30,		
	2014	2013	% Change
<u>Revenue</u>			
North America Mailing	\$ 371,194	392,197	(5%)
International Mailing	153,260	150,357	2%
Small & Medium Business Solutions	<u>524,454</u>	<u>542,554</u>	(3%)
Production Mail	111,756	134,422	(17%)
Presort Services	111,281	106,961	4%
Enterprise Business Solutions	<u>223,037</u>	<u>241,383</u>	(8%)
Digital Commerce Solutions	210,959	166,725	27%
Total revenue	<u>\$ 958,450</u>	<u>\$ 950,662</u>	1%
<u>EBIT (1)</u>			
North America Mailing	\$ 156,781	\$ 157,518	-
International Mailing	26,449	20,075	32%
Small & Medium Business Solutions	<u>183,230</u>	<u>177,593</u>	3%
Production Mail	10,558	15,787	(33%)
Presort Services	22,412	21,246	5%
Enterprise Business Solutions	<u>32,970</u>	<u>37,033</u>	(11%)
Digital Commerce Solutions	17,929	15,363	17%
Total EBIT	<u>\$ 234,129</u>	<u>\$ 229,989</u>	2%
Unallocated amounts:			
Interest, net (2)	(41,895)	(48,996)	
Corporate and other expenses	(45,458)	(53,129)	
Restructuring charges	<u>(8,299)</u>	<u>(19,031)</u>	
Income from continuing operations before income taxes	<u>\$ 138,477</u>	<u>\$ 108,833</u>	

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

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

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
June 30, 2014
(Unaudited)

(Dollars in thousands)

	Six Months Ended June 30,		
	2014	2013	% Change
<u>Revenue</u>			
North America Mailing	\$ 752,221	781,033	(4%)
International Mailing	306,528	303,333	1%
Small & Medium Business Solutions	<u>1,058,749</u>	<u>1,084,366</u>	(2%)
Production Mail	216,972	243,875	(11%)
Presort Services	227,772	217,861	5%
Enterprise Business Solutions	<u>444,744</u>	<u>461,736</u>	(4%)
Digital Commerce Solutions	<u>392,454</u>	<u>313,923</u>	25%
Total Revenue	<u>\$ 1,895,947</u>	<u>\$ 1,860,025</u>	2%
<u>EBIT (1)</u>			
North America Mailing	\$ 317,119	\$ 305,976	4%
International Mailing	51,268	37,465	37%
Small & Medium Business Solutions	<u>368,387</u>	<u>343,441</u>	7%
Production Mail	18,295	23,619	(23%)
Presort Services	46,308	44,734	4%
Enterprise Business Solutions	<u>64,603</u>	<u>68,353</u>	(5%)
Digital Commerce Solutions	<u>27,460</u>	<u>15,084</u>	82%
Total EBIT	<u>\$ 460,450</u>	<u>\$ 426,878</u>	8%
Unallocated amounts:			
Interest, net (2)	(85,612)	(97,006)	
Corporate and other expenses	(102,062)	(95,022)	
Restructuring charges	(18,140)	(19,031)	
Other expense, net	<u>(61,657)</u>	<u>(25,121)</u>	
Income from continuing operations before income taxes	<u>\$ 192,979</u>	<u>\$ 190,698</u>	

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

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

(Dollars in thousands, except per share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
GAAP income from continuing operations				
after income taxes, as reported	\$ 87,548	\$ 80,021	\$ 129,420	\$ 139,497
Restructuring charges	5,577	13,126	12,258	13,126
Extinguishment of debt	-	-	37,833	15,325
Income from continuing operations				
after income taxes, as adjusted	<u>\$ 93,125</u>	<u>\$ 93,147</u>	<u>\$ 179,511</u>	<u>\$ 167,948</u>
GAAP diluted earnings per share from				
continuing operations, as reported	\$ 0.43	\$ 0.39	\$ 0.63	\$ 0.69
Restructuring charges	0.03	0.06	0.06	0.06
Extinguishment of debt	-	-	0.19	0.08
Diluted earnings per share from continuing				
operations, as adjusted	<u>\$ 0.46</u>	<u>\$ 0.46</u>	<u>\$ 0.88</u>	<u>\$ 0.83</u>
GAAP net cash provided by operating activities,				
as reported	\$ 174,831	\$ 146,875	\$ 280,447	\$ 279,035
Capital expenditures	(42,207)	(34,602)	(72,350)	(73,441)
Restructuring payments	14,593	10,980	33,530	27,255
Reserve account deposits	11,803	1,138	(3,356)	(26,189)
Extinguishment of debt	3,300	-	61,657	25,121
Free cash flow, as adjusted	<u>\$ 162,320</u>	<u>\$ 124,391</u>	<u>\$ 299,928</u>	<u>\$ 231,781</u>

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

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

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
GAAP income from continuing operations				
after income taxes, as reported	\$ 87,548	\$ 80,021	\$ 129,420	\$ 139,497
Restructuring charges	5,577	13,126	12,258	13,126
Extinguishment of debt	-	-	37,833	15,325
Income from continuing operations				
after income taxes, as adjusted	93,125	93,147	179,511	167,948
Provision for income taxes, as adjusted	49,057	30,123	84,077	57,715
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,594	4,594	9,188	9,188
Income from continuing operations before income taxes, as adjusted	146,776	127,864	272,776	234,851
Interest, net	41,895	48,996	85,612	97,006
Adjusted EBIT from continuing operations	188,671	176,860	358,388	331,857
Depreciation and amortization	49,122	52,667	92,863	103,199
Adjusted EBITDA from continuing operations	\$ 237,793	\$ 229,527	\$ 451,251	\$ 435,056