# 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

February 5, 2019

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.)

## 3001 Summer Street Stamford, Connecticut 06926

(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 un	der 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))
Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of t

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company [

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act. 

□

## 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 February 5, 2019, 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 twelve months ended December 31, 2018 and 2017, and consolidated balance sheets at December 31, 2018 and December 31, 2017. 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 February 5, 2019.

## **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.

February 5, 2019

/s/ Joseph R. Catapano

Joseph R. Catapano Vice President, Chief Accounting Officer (Principal Accounting Officer)

#### Pitney Bowes Announces Full Year and Fourth Quarter 2018 Financial Results

STAMFORD, Conn.--(BUSINESS WIRE)--February 5, 2019--Pitney Bowes Inc. (NYSE:PBI), a global technology company that provides commerce solutions in the areas of ecommerce, shipping, mailing, and data, today announced its financial results for the full year and fourth quarter 2018.

"The fourth quarter and 2018 were important moments in the transformation of our company," said Marc B. Lautenbach, President and CEO, Pitney Bowes. "Revenue grew in 2018, marking the second year of consecutive growth and making the last two years the best revenue growth performance in a decade."

#### Full Year 2018:

- Revenue of \$3.5 billion, an increase over prior year of 13 percent as reported and 2 percent on a proforma basis
- GAAP EPS of \$1.19; Adjusted EPS of \$1.16
- GAAP cash from operations of \$392 million; free cash flow of \$318 million
- Total debt decreased by \$565 million versus prior year

## Fourth Quarter 2018:

- Revenue of \$947 million, an increase over prior year of 3 percent as reported
- GAAP EPS of \$0.24; Adjusted EPS of \$0.38
- GAAP cash from operations of \$103 million; free cash flow of \$153 million

#### **Recent Announcements:**

- On January 31, 2019, the Company announced that it signed a definitive agreement to sell its SMB direct operations in six smaller European countries to BAVARIA Industries Group AG.
- On February 4, 2019, the Board of Directors authorized an incremental \$100 million share repurchase and revised the quarterly dividend to \$0.05 on the Company's common share.

## **Share Repurchase and Dividend**

The Board of Directors authorized an incremental \$100 million share repurchase, which brings the total authorization to \$121 million, and declared a quarterly cash dividend of \$0.05 per common share. The amount of dividend reflects a reduction from the previous quarter's dividend of \$0.1875 per share. The dividend will be payable on March 11, 2019 to stockholders of record on February 15, 2019. In addition, a quarterly cash dividend of \$0.53 per share of the Company's \$2.12 convertible preference stock will be payable on April 1, 2019 to stockholders of record on March 15, 2019, and a quarterly cash dividend of \$0.50 per share on the Company's 4 percent convertible cumulative preferred stock will be payable on May 1, 2019 to stockholders of record on April 15, 2019.

"Six years ago, Pitney Bowes was in markets that were declining and our revenue was declining," said Lautenbach. "Today, roughly half of Pitney Bowes revenue is coming from growth markets. Importantly, Pitney Bowes is winning in those markets and growing revenue as evidenced by the strong growth in our Global Ecommerce segment. Consequently, there are opportunities available for Pitney Bowes to create value for our shareholders and continue to grow. Therefore, it is appropriate for the Company's capital allocation to evolve. Our new capital allocation policy provides sufficient flexibility for Pitney Bowes to take advantage of these opportunities and at the same time still return capital to our shareholders. I am confident our capital allocation will unlock value for our shareholders."

#### **Full Year 2018 Results**

Revenue totaled \$3.5 billion, an increase over prior year of 13 percent as reported and 12 percent at constant currency. On a proforma basis, revenue increased over prior year by 2 percent as reported and 1 percent at constant currency.

GAAP earnings per diluted share (GAAP EPS) were \$1.19. Adjusted earnings per diluted share (Adjusted EPS) were \$1.16.

GAAP cash from operations was \$392 million and free cash flow was \$318 million. During the year, the Company used cash to reduce debt by \$565 million, return \$140 million in dividends to shareholders and to pay \$53 million for restructuring payments.

## **Fourth Quarter 2018 Results**

Revenue totaled \$947 million, which was an increase over prior year of 3 percent as reported and 4 percent at constant currency.

Commerce Services revenue grew 12 percent. Small and Medium Business (SMB) Solutions revenue declined 7 percent as reported and 6 percent at constant currency. Software Solutions revenue increased 17 percent as reported and 19 percent at constant currency.

GAAP EPS was \$0.24. Adjusted EPS was \$0.38.

GAAP cash from operations during the quarter was \$103 million and free cash flow was \$153 million. Compared to the prior year, free cash flow increased by \$19 million largely due to the timing of accounts payable and higher net income. This was partly offset by other working capital items. During the quarter, the Company used cash to return \$35 million in dividends to shareholders and to pay \$14 million for restructuring payments.

The Company's earnings per share results for the fourth quarter and full year are summarized in the table below\*

	Fourth Quarter						
	2018		2017		2018		2017
GAAP EPS	\$ 0.24	\$	0.48	\$	1.19	\$	1.39
Discontinued Operations	\$ 0.08		(\$0.07)		(\$0.13)		(\$0.21)
GAAP EPS from Continuing Operations	\$ 0.32	\$	0.41	\$	1.06	\$	1.18
Pension Settlement	\$ 0.12		-	\$	0.12		-
Tax Legislation	(\$0.11)		(\$0.21)		(\$0.20)		(\$0.21)
Restructuring Charges and Asset Impairments, net	\$ 0.03	\$	0.09	\$	0.11	\$	0.20
Transaction Costs	\$ 0.01	\$	0.01	\$	0.01	\$	0.02
Loss on Extinguishment of Debt	-	\$	0.01	\$	0.03	\$	0.01
State Tax Valuation Allowance – DMT Sale	-		-	\$	0.01		-
Gain on Sale of Technology	-		-		-		(\$0.03)
Adjusted EPS	\$ 0.38	\$	0.32	\$	1.16	\$	1.18

<sup>\*</sup> The sum of the earnings per share may not equal the totals above due to rounding.

## **Fourth Quarter 2018 Business Segment Reporting**

The business reporting groups reflect how the Company manages these groups and the clients served in each market.

The Commerce Services group includes the Global Ecommerce and Presort Services segments. Global Ecommerce facilitates global cross-border ecommerce transactions and domestic retail and ecommerce shipping solutions, including fulfillment and returns. Presort Services provides sortation services to qualify large volumes of First Class Mail; Marketing Mail; and Bound and Packet Mail (Standard Flats and Bound Printed Matter) for postal workshare discounts.

The SMB Solutions group offers mailing and shipping solutions, financing, services, and supplies for small and medium businesses to help simplify and save on the sending, tracking and receiving of letters, parcels and flats. This group includes the North America Mailing and International Mailing segments.

Software Solutions provide customer engagement, customer information, location intelligence software and data.

The results for each segment within the group may not equal the subtotals for the group due to rounding.

Commerce	Services

(\$ millions)		Fourth Quarter							
Revenue	2018 2017		2017	Y/Y Reported	Y/Y Ex Currency				
Global Ecommerce	\$	304	\$	263	16%	16%			
Presort Services		133		128	4%	4%			
Commerce Services	\$	438	\$	391	12%	12%			
EBITDA									
Global Ecommerce	\$	12	\$	15	(20%)				
Presort Services		24		34	(30%)				
Commerce Services	\$	36	\$	49	(27%)				
EBIT									
Global Ecommerce		(\$4)	\$	-	>(100%)				
Presort Services		17		28	(40%)				
Commerce Services	\$	12	\$	28	(56%)				

### Global Ecommerce

Revenue increased from prior year driven by growth in domestic parcel, fulfillment and shipping solutions volumes partially offset by lower cross border volumes. This is the first quarter with Newgistics reporting in both periods. Newgistics revenue grew 23 percent over prior year.

The EBIT loss was driven primarily by investments in market growth opportunities and operational excellence initiatives, higher transportation and labor costs as well as the amortization of acquisition-related intangible assets.

#### **Presort Services**

Revenue growth was driven by higher volumes of First Class mail, Standard Class mail and Bound and Packet mail processed. EBIT and EBITDA margins declined from prior year primarily due to higher costs related to the launch of a marketing mail pilot program, as well as higher labor and transportation costs and lower revenue per piece.

(\$ millions)				Fo	ourth Quarter	
Revenue	:	2018	:	2017	Y/Y Reported	Y/Y Ex Currency
North America Mailing	\$	321	\$	340	(6%)	(6%)
International Mailing		91		102	(10%)	(7%)
SMB Solutions	\$	412	\$	442	(7%)	(6%)
EBITDA						
North America Mailing	\$	134	\$	144	(7%)	
International Mailing		26		17	49%	
SMB Solutions	\$	160	\$	162	(1%)	
EBIT						
North America Mailing	\$	117	\$	129	(9%)	
International Mailing		22		12	77%	
SMB Solutions	\$	139	\$	141	(1%)	

## North America Mailing

**SMB Solutions** 

The year-over-year decline in recurring revenue streams continues to stabilize and is in-line with the average of the last two quarters. Recurring revenue streams declined largely around rentals, supplies and support services, which was partially offset by growth in financing and business services. Revenue declined in equipment sales largely due to a decline in top of the line products. EBIT and EBITDA margins were lower than prior year due to the decline in revenue partly offset by lower expenses.

## International Mailing

Equipment sales and recurring revenue streams both contributed to the revenue decline. The equipment sales decline was driven by weakness in the UK and France, partly offset by growth in Japan. EBIT and EBITDA margins increased versus prior year primarily driven by lower expenses.

Software Solutions (\$ millions)					Fourth Quarter	
	2	018	20	17	Y/Y Reported	Y/Y Ex Currency
Revenue	\$	97	\$	83	17%	19%
EBITDA	\$	25	\$	11	121%	
EBIT	\$	23	\$	9	155%	

### Software Solutions

Revenue increased from prior year driven by higher license revenue, primarily in Data and Location Intelligence, strong growth in SaaS revenues, as well as from the implementation of the new revenue recognition standard (ASC 606). Revenue also benefited from growth in smaller deals. EBIT and EBITDA margins increased from prior year largely driven by operating leverage on the higher revenue.

#### 2019 Guidance

The Company expects for the full year 2019:

- Revenue, on a constant currency (CC) basis, to be in the range of 1 percent to 4 percent growth, when compared to 2018.
- Adjusted EPS from continuing operations to be in the range of \$1.05 to \$1.20.
- Free cash flow to be in the range of \$225 million to \$275 million. Free cash flow will be impacted by third party leasing initiatives.

The Company's 2019 guidance has been adjusted for the financial results related to the sale of SMB direct operations in six smaller European countries as a result of the recently signed definitive agreement. The year-to-year revenue comparison will be adversely impacted by approximately \$40 million, or 1 percent, as a result of this sale. The Company's 2019 guidance also considers the incremental expense associated with the current tariff level of 10 percent with China.

In aggregate, these items are expected to adversely impact EPS by approximately \$0.04 to \$0.05. Additionally, if the current tariff level with China increases to 25 percent, the Company has estimated that this would have an additional adverse impact of approximately \$0.04 to \$0.06 on EPS results.

The Company's 2019 guidance reflects the new lease accounting standard (ASC 842), which is not expected to have a material impact on overall 2019 results. Prior years will be recast in the first quarter to conform to the new standard.

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 and as more fully outlined in the Company's 2017 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission. This guidance excludes any unusual items that may occur or additional portfolio or restructuring actions, not specifically identified, as the Company implements plans to further streamline its operations and reduce costs. Revenue guidance is provided on a constant currency basis. The Company cannot reasonably predict the impact that future changes in currency exchange rates will have on revenue and net income. Additionally, the Company cannot provide GAAP EPS and GAAP cash from operations guidance due to the uncertainty of future potential restructurings, goodwill and asset write-downs, unusual tax settlements or payments, special contributions to its pension funds, acquisitions, divestitures and other potential adjustments, which could, individually or in the aggregate, have a material impact on the Company's performance. The Company's guidance is based on an assumption that the global economy and foreign exchange markets in 2019 will not change significantly. The Company's guidance also includes changes in accounting standards implemented at the beginning of the year.

## **Conference Call and Webcast**

Management of Pitney Bowes will discuss the Company's results in a broadcast over the Internet today at 8:00 a.m. ET. Instructions for listening to the earnings results via the Web are available on the Investor Relations page of the Company's web site at <a href="https://www.pitneybowes.com">www.pitneybowes.com</a>.

## **About Pitney Bowes**

Pitney Bowes (NYSE:PBI) is a global technology company providing commerce solutions that power billions of transactions. Clients around the world, including 90 percent of the Fortune 500, rely on the accuracy and precision delivered by Pitney Bowes solutions, analytics, and APIs in the areas of ecommerce fulfillment, shipping and returns; cross-border ecommerce; presort services; office mailing and shipping; location data; and software. For nearly 100 years Pitney Bowes has been innovating and delivering technologies that remove the complexity of getting commerce transactions precisely right. For additional information visit Pitney Bowes, the Craftsmen of Commerce, at <a href="https://www.pitneybowes.com">www.pitneybowes.com</a>.

## Use of Non-GAAP Measures

The Company's financial results are reported in accordance with generally accepted accounting principles (GAAP); however, in its disclosures the Company uses certain non-GAAP measures, such as adjusted earnings before interest and taxes (EBIT), adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted earnings per share (EPS), revenue growth on a constant currency basis and free cash flow.

The Company reports measures such as adjusted EBIT, adjusted EPS and adjusted net income to exclude the impact of special items like restructuring charges, tax adjustments, goodwill and asset write-downs, and costs related to dispositions and acquisitions. While these are actual Company expenses, they can mask underlying trends associated with its 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.

In addition, revenue growth is 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 period. Constant currency is calculated by converting our current quarter reported results using the prior year's exchange rate for the comparable quarter. This comparison allows an investor insight into the underlying revenue performance of the business and true operational performance from a comparable basis to prior period. A reconciliation of reported revenue to constant currency revenue can be found in the Company's attached financial schedules.

The Company reports free cash flow in order to provide investors insight into the amount of cash that management could have available for other discretionary uses. Free cash flow adjusts GAAP cash from operations for capital expenditures, restructuring payments, unusual tax settlements, special contributions to the Company's pension fund and cash used for other special items. A reconciliation of GAAP cash from operations to free cash flow can be found in the Company's attached financial schedules.

Segment EBIT is the primary measure of profitability and operational performance at the segment level. Segment EBIT is determined by deducting from segment revenue 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 and goodwill and asset impairments, which are recognized on a consolidated basis. The Company has also included segment EBITDA as a useful measure for profitability and operational performance, and an additional way to look at the economics of the segments, especially in light of some of the Company's more recent, larger acquisitions. Segment EBITDA further excludes depreciation and amortization expense for the segment. A reconciliation of segment EBIT and EBITDA to net income can be found in the attached financial schedules.

Pitney Bowes has provided a quantitative reconciliation to GAAP in supplemental schedules. This information can be found at the Company's web site <a href="https://www.pb.com/investorrelations">www.pb.com/investorrelations</a>.

This document contains "forward-looking statements" about the Company's expected or potential future business and financial performance. Forward-looking statements include, but are not limited to, statements about its 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: declining physical mail volumes; competitive factors, including pricing pressures, technological developments and the introduction of new products and services by competitors; our success in developing new products and services, including digital-based products and services; obtaining regulatory approvals, if required, and the market's acceptance of these new products and services; changes in postal or banking regulations; changes in, or loss of, our contractual relationships with the United States Postal Service or posts in our other major markets; changes in labor conditions and transportation costs; macroeconomic factors, including global and regional business conditions that adversely impact customer demand, foreign currency exchange rates, interest rates and tariffs; economic tensions between governments and changes in international trade policies, Brexit and other factors as more fully outlined in the Company's 2017 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 twelve months ended December 31, 2018 and 2017, and consolidated balance sheets as of December 31, 2018 and December 31, 2017 are attached

#### Pitney Bowes Inc. Consolidated Statements of Income

(Unaudited; in thousands, except share and per share amounts)

	Т	Three months ended December 31,			Twelve months e	nded D	ided December 31,		
		2018		2017		2018		2017	
Revenue:		_							
Equipment sales	\$	113,393	\$	127,290	\$	430,451	\$	476,691	
Supplies		52,451		58,091		218,304		231,412	
Software		96,832		83,452		340,855		331,843	
Rentals		85,507		94,036		363,057		384,123	
Financing		81,274		80,508		314,778		330,985	
Support services		74,103		76,736		293,413		299,792	
Business services		443,580		396,293		1,561,522		1,068,426	
Total revenue		947,140		916,406		3,522,380		3,123,272	
Costs and expenses:									
Cost of equipment sales		49,253		55,666		181,766		201,116	
Cost of supplies		14,308		18,025		60,960		66,302	
Cost of software		25,424		24,411		100,681		95,033	
Cost of rentals		19,371		20,834		86,330		82,703	
Financing interest expense		12,332		12,219		48,857		50,665	
Cost of support services		42,276		41,000		168,271		163,889	
Cost of business services		363,555		302,162		1,246,084		773,052	
Selling, general and administrative <sup>(1)</sup>		275,835		309,167		1,123,116		1,170,905	
Research and development		31,433		30,105		125,588		118,703	
Restructuring charges and asset impairments, net		7,438		27,114		27,077		56,223	
Other components of net pension and postretirement cost (1)		28,495		1,334		22,425		5,413	
Interest expense, net		24,941		31,620		110,900		113,497	
Other expense				3,856		7,964		3,856	
Total costs and expenses		894,661		877,513		3,310,019		2,901,357	
Income from continuing operations before taxes		52,479		38,893		212,361		221,915	
(Benefit) provision for income taxes		(8,362)		(38,147)		12,383		553	
Income from continuing operations		60,841		77,040		199,978		221,362	
(Loss) income from discontinued operations, net of tax		(15,856)		12,908		23,687		39,978	
Net income	\$	44,985	\$	89,948	\$	223,665	\$	261,340	
Basic earnings (loss) per share attributable to common stockholders <sup>(2)</sup> :									
Continuing operations	\$	0.32	\$	0.41	\$	1.07	\$	1.19	
Discontinued operations	J	(0.08)	Φ	0.41	Ф	0.13	Ф	0.21	
Net income	\$	0.24	\$	0.48	\$	1.19	\$	1.40	
net income	<u> </u>	0.24	J	0.40	<b></b>	1.19	Э	1.40	
Diluted earnings (loss) per share attributable to common stockholders <sup>(2)</sup> :									
Continuing operations	\$	0.32	\$	0.41	\$	1.06	\$	1.18	
Discontinued operations		(0.08)		0.07		0.13		0.21	
Net income	\$	0.24	\$	0.48	\$	1.19	\$	1.39	
Weighted-average shares used in diluted earnings per share		188,806,855		188,046,578		188,381,647		187,435,080	
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<sup>(1)</sup> Effective January 1, 2018, components of net periodic pension and postretirement costs, other than service costs, are required to be reported separately. Accordingly, for the three and twelve months ended December 30, 2017, \$1.3 million and \$5.4 million of costs have been reclassified from selling, general and administrative expense to other components of net pension and postretirement cost.

<sup>(2)</sup> The sum of the earnings per share amounts may not equal the totals due to rounding.

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

Carrel mach cack quivalents         \$ 866,72   \$ 1,009,021           Short-term investments         \$ 56,49   \$ 4,088           Accounts receivable, net         479,611         32,000           Investiration         5,947   \$ 1,000         32,000           Investiration         5,947   \$ 5,439         32,000           Other current income teases and prepayments         5,947   \$ 5,439         33,000           Observed in come teases and prepayments         4,854   \$ 33,000         33,000           Total current sesses and prepayments         4,854   \$ 33,000         33,000           Total current sesses and prepayments         1,856   \$ 2,000         33,000           Total current sesses and prepayments         1,856   \$ 2,000         33,000           Total current sesses and prepayments         1,856   \$ 2,000         33,000           Total current sesses and prepayments         1,856   \$ 2,000         33,000           Total current sesses and prepayment prepayment quipment, net         1,850   \$ 2,000         33,000           Changle in factor excevables, net         1,850   \$ 2,000         32,000         32,000         33,000         33,000         32,000         33,000         33,000         33,000         33,000         33,000         33,000         33,000         33,000         33,000         33,00	<u>Assets</u>	De	cember 31, 2018	D	ecember 31, 2017
Shert-term investments         55,40         49,98           Accounts receivable, net         478,061         28,00           Invenories         51,94         58,00           Other curren income receivables, net         59,37         58,30           Other current asset and prepaymens         93,22         82,30           Oble current asset and prepaymens         4,84         33,48           Object to the current of the current asset and prepaymens         2,80         280,30           Total current asset and prepaymens         4,81         373,50           Total current asset and prepaymens         18,00         2,80           Total current asset and prepayment net         17,00         18,00           Congetter finance receivables, net         17,66,11         17,46,61           Congetter finance receivables, net         17,66,11         17,46,61           Congetter finance receivables, net         17,66,11         19,40           Congetter finance receivables, net         18,00         2,00           Congetter finance receivables, net         18,00         2,00           Congetter finance receivables, net         18,00         2,00           Character income faxes         1,1         3,00         2,00           Cheer asset income faxes	Current assets:				
Accounts recivable, net         45,007         27,002           Short-term finance recivables, net         41,964         40,769           Current income taxes         5,347         5,848           Ober current assets and prepayments         9,332         8,283           Assets of discontinued operations         4,854         3,303,83           Total current assets         2,320,756         2,330,383           Property, plant and equipment, net         170,809         18,385           Encal property and equipment, net         93,165         65,209           Cond-voll         17,665,11         17,645,16           Interplie assets, net         227,137         27,186           Roccurrent income taxes         416,70         5,667,20           Total assets         416,70         5,667,20           Total assets         5,75,203         5,667,20           Total assets         1,100         5,00           Total assets         1,100         5,00           Total assets         2,27,232         5,667,20           Total assets         1,100         1,45,854           Total assets         1,100         1,45,854           Total assets         1,100         1,45,854           Total a	Cash and cash equivalents	\$	,	\$	
Short-term finance receivables, net         41,964         42,049           Lorent income taxes         5,947         8,249           Other current asset and prepyments         93,32         38,283           Asset of discontinued operations         410,14         373,60           Total current assets         410,114         373,503           Property plant and equipment, net         110,009         182,006           Renal property and equipment, net         170,063,11         174,064           Construct assets         170,063,11         170,064           Construct assets         170,063,11         174,064           Construct assets         161,000         170,063,11           Construct assets         161,000         170,063,11           Contract assets         161,000         170,063,11           Contract assets         161,000         170,063,11           Contract assets         161,000         180,000           Contract assets         181,000         180,000	Short-term investments		56,449		48,988
Invertories         51,947         50,343         50,343         50,343         31,348         31	Accounts receivable, net				,
Carren income tases and prepayments         9,343         38,348           Other corner assets and prepayments         2,300,76         2,300,83           Total corn tases         2,300,76         2,300,83           Total corn tases         2,300,76         2,300,83           Toperty plant and equipment, et         40,11         37,503           Long-term finance receivables, and         170,000         18,205           Long-term finance receivables, and         1,766,11         7,746,15           Condevil         1,766,11         7,746,16           Interpretation of the control of th	Short-term finance receivables, net				,
Other current assets and prepayments         49.32         8.38.33           Assets of discontinued operations         2,320,765         2,303,83           To prepry, plant and equipment, ne         410,114         373,503           Renal property and equipment, ne         192,016         60,000           Goodwill         1,706,511         7,746,100           Long-term inner recreivables, net         22,713         22,100           Converting the exercity         21,715         27,000           Intangible saess, net         21,700         30,000           Other saes         416,70         50,000           Other saes         416,70         50,000           Other saes         21,000         50,000           Other saes         15,105         50,000           Other saes         15,105         8,000           Other saes         15,105         8,000           Other saes         15,105         8,000           Carry and equipment debt         19,505         27,000           Accounts payable and accrued liabilities         1,505         8,000           Carry and proprieting for the proprieting of the proprieting of the proprieting for the proprieting of the proprieting for the propriet	Inventories		41,964		40,769
Asset of discontinued operations         4,848         33,4348           Tolar man asset         2,302,765         2,830,383           Property, plant and equipment, net         1,900,100         183,056           Long-term finance recivables, net         1,500,100         1,500,100           Long-term finance recivables, net         2,71,07         2,71,000           Long-term finance recivables, net         2,71,000         2,71,000           Long-term finance recivables, net         2,71,000         2,70,000           Rocarding for seases, net         1,61,000         3,000           Noncurrent Long-term development, net         2,000,000         3,000           Noncurrent Long-term development, net         2,000,000         3,000           Long-term finance texes         1,500,000         3,000           Current portion of long-term debt         2,000,000         3,200         2,000           Current portion of long-term debt         2,000,000         3,200         2,000           Current liabilities         1,000,000         3,200         2,000           Deferred taxes on income         2,000,000         3,500         3,500           Current liabilities         3,000,000         3,500         3,500           Comment labilities         4,000	Current income taxes		5,947		58,439
Tola current assers         2,320,756         2,300,838           Property, plant and equipment, net         410,114         373,503           Renal property and equipment, net         150,905         650,007           Long-term finance receivables, net         592,155         650,007           Goodwill         1,766,511         1,774,645           Intangible assets, net         227,137         727,186           Noncuren tincome taxes         61,420         59,090           Other assets         416,70         50,075,00           Other assets         \$ 5,972,00         \$ 6,887,420           Total assets         \$ 1,401,635         \$ 1,458,685           Current income taxes         \$ 1,51,65         8,823           Current proprion of long-term debt         199,55         20,756           Current prion of long-term debt         199,55         20,756           Advance billings         237,529         257,766           Total current liabilities         3,834         10,051           Total current income taxe         3,954         10,051           Total current liabilities         3,954         10,051           Total current liabilities         3,954         10,051           Tong-term day total current liabilities <td>Other current assets and prepayments</td> <td></td> <td>99,332</td> <td></td> <td>83,293</td>	Other current assets and prepayments		99,332		83,293
Property, plant and equipment, net         410,114         373,503           Rental property and equipment, net         178,099         183,956           Long-term finance receivables, net         592,165         652,087           Goodwill         1,76,6511         1,774,645           Intangible assets, net         227,137         272,186           Noncurrent income texes         416,701         540,751           Other assets         416,701         540,751           Total assets         5,372,903         \$ 6,687,420           Total assets           Labilities and stockholders' equity           Current Income taxes           Current come taxes         1,401,635         1,458,684           Current portion of long-term debt         19,555         271,057           Current portion of long-term debt         19,555         271,057           Advance billiliges         3,276         72,808           Long-term dates of discontinued operations         1,857,40         2,069,338           Total current liabilities         3,954,8         102,051           Long-term date         3,559,20         257,760           Long-term date         3,559,20         3,759,20           Other noncurrent liabiliti	Assets of discontinued operations		4,854		334,848
Benia property and equipment, net         178,095         183,586           Long-term finance receivables, net         592,165         652,087           Goodwill         1,766,511         1,774,645           Intangible assets, net         227,137         272,186           Noncurrent inceme taxes         61,420         59,090           Ober assets         416,701         540,751           Total assets         5,572,003         5,687,420           Comment descriptions           Comment descriptions           Comment descriptions         1,401,635         1,588,684           Current come taxes         1,51,65         8,823           Current portion of long-term debt         199,535         271,057           Advance billings         1,857,40         2,959,300           Total current liabilities         2,875,60         2,939,300           Total current liabilities         3,572,80         2,939,300           Experient descriptions         3,586,20         3,938,20           Total querient debt         3,586,20         3,938,20           Competent liabilities         3,586,20         3,938,20           Competent debt         3,586,20         3,938,20           Description d	Total current assets		2,320,756		2,830,383
Long-term finance receivables, net         595,165         650,2087           Goodwill         1,766,51         1,746,61           Intangible assets, net         227,137         272,186           Nome assets         61,420         59,090           Other assets         4,670         540,740           Total sates         5,572,930         6,687,420           Total satisfies         5,572,930         6,687,420           Total satisfies         1,161         8,233           Account income taxes         15,165         8,233           Current protion of long-term debt         19,535         27,076           Advance billings         3,270         7,286           Liabilitie of discontinued operations         3,270         7,286           Liabilitie of discontinued operations         3,257         7,286           Liabilities of discontinued operations         3,257         7,286           Liabilities of discontinued operations         3,257         7,286           Liabilities of incontinued operations         3,506,23         1,310,20           Liabilities of incontinued operations         3,506,23         1,310,20           Long-term datum familia of the incontinue display of the incontinue display of the incontinue display of the incontin	Property, plant and equipment, net		410,114		373,503
Goodwill         1,76,511         1,74,545           Intangible asets, net         227,137         272,136           Noncurrent income taxes         61,620         3,90,20           Other asets         5,91,000         5,80,20           Total asets         5,91,000         5,80,20           Total statistic sta	Rental property and equipment, net		178,099		183,956
Integlible assets, nef         227,137         272,186           Nocurrent income taxes         61,420         59,908           Other assets         \$ 5,972,903         \$ 6,687,420           Total assets         \$ 5,972,903         \$ 6,687,420           Exhibities and stockholders' equity           Total liabilities         \$ 1,401,635         \$ 1,458,684           Account liabilities         \$ 1,401,635         \$ 8,823           Current income taxes         \$ 15,165         8,823           Current portion of long-term debt         \$ 237,529         \$ 277,066           Advace billings         \$ 327,529         \$ 278,008           Total current liabilities of discontinued operations         \$ 1,857,140         \$ 2,958,008           Total current labilities         \$ 95,808         \$ 249,148           Exercited taxes on income         \$ 95,808         \$ 249,148           Long-term debt         \$ 3,954         \$ 102,051           Long-term debt         \$ 3,954         \$ 102,051           Long-term debt         \$ 3,960,073         \$ 3,559,278           Total liabilities         \$ 1,401         \$ 4,946         \$ 1,949           Collegation         \$ 474,61         \$ 1,949         \$ 1,949	Long-term finance receivables, net		592,165		652,087
Norument income taxes         61,420         59,900           Other assets         41,670         50,752,03         5 6,687,420           Total assets         5,752,03         5 6,687,420           Lishilities           Carcounts payable and accrued liabilities         \$ 1,401,635         \$ 1,458,854           Current protinon floragerandebt         19,555         27,706           Quarter portinon of long-term debt         237,529         257,706           Advance billings         237,529         257,706           Liabilities         3,954         2,903,908           Total current liabilities of discontinued operations         2,953,908         2,943,908           Liabilities of discontinued operations         2,953,908         2,943,908           Total current liabilities         3,954,809         2,903,908           Deferred taxes on income         2,958,908         2,943,908           Chenge taxes on income         3,958,409         3,958,409           Other porting taxes of the porting	Goodwill		1,766,511		1,774,645
Other assets         416,701         540,751           Total assets         \$ 5,972,003         \$ 6,687,420           Libilities and stockholders' equity           Current liabilities         \$ 1,401,635         \$ 1,458,854           Account lator latases         \$ 1,5165         8,823           Current income taxes         \$ 19,953         27,1057           Current floor long-tem debt         3,276         225,766           Liabilities of discontinued operations         3,276         225,808           Total current liabilities         295,808         249,143           Total current liabilities         3,066,073         3,559,789           Deferred taxes on income         295,808         249,143           Total current liabilities         3,066,073         3,559,789           Total liabilities         3,066,073         3,559,789           Total liabilities         4,462         19,079           Total liabilities         4,482         19,079           Total liabilities         5,33,431         6,488,893           Total liabilities         1,107         1,107           Cumulative preferred stock, \$50 par value, 4% convertible         1         1         1           Cumulative preferred stock, 50 par	Intangible assets, net		227,137		272,186
Interest (Liabilities and stockholders' equity         Secure (Liabilities)         Secure (Liabilities)<	Noncurrent income taxes		61,420		59,909
Liabilities and stockholders' equity           Current liabilities:           Accounts payable and accrued liabilities         \$ 1,401,635         \$ 1,458,854           Current income taxes         \$ 1,401,635         \$ 1,458,854           Current portion of long-term debt         199,535         277,766           Advance billings         237,529         257,766           Liabilities of discontinued operations         1,857,140         2,968,308           Total current liabilities         295,808         249,143           Deferred taxes on income         295,808         249,143           Long-term debt         3,958,278         1,969,308           Deferred taxes on income         295,808         249,143           Long-term debt         3,958,278         249,143           Long-term debt         3,958,278         249,143         1,969,279           Other noncurrent liabilities         2,958,298         2,959,298         2,959,298         2,959,298         2,959,298         2,959,298         2,959,298	Other assets		416,701		540,751
Current liabilities:         1,401,635         1,458,854           Accounts payable and accrued liabilities         15,165         8,823           Current portino of long-term debt         199,535         271,057           Advance billings         237,529         257,766           Liabilities of discontinued operations         1,857,140         2,069,308           Deferred taxes on income         255,808         249,143           Long-term debt         3,954         102,051           Long-term debt         3,066,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         474,862         519,079           Stockholders' equity:         1         1         1           Cumulative preferred stock, \$50 par value, 4% convertible         1         1         1           Cumulative preference stock, no par value, \$2,12 convertible         336,33         323,338           Additional paid-in-capital         323,38         323,338           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         948,426         (79,173)           Treasury stock, at cost         (4,671,089)         (4,710,997)	Total assets	\$	5,972,903	\$	6,687,420
Current income taxes         15,165         8,823           Current portion of long-term debt         199,535         271,057           Advance billings         237,529         257,766           Liabilities of discontinued operations         3,276         72,808           Total current liabilities         1,857,140         2,069,308           Deferred taxes on income         295,808         249,143           Tax uncertainties and other income tax liabilities         39,548         102,051           Long-term debt         30,66,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         1         1         1           Cumulative preferred stock, \$50 par value, 4% convertible         1         1         1           Cumulative preference stock, no par value, \$2.12 convertible         396         441           Common stock, \$1 par value         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         948,426         (792,173           Treasure of the prop					
Current portion of long-term debt         199,535         271,057           Advance billings         237,520         257,806           Liabilities of discontinued operations         3,276         72,808           Total current liabilities         1,857,140         2,069,308           Deferred taxes on income         295,804         249,143           Tax uncertainties and other income tax liabilities         39,548         102,051           Long-term debt         30,66,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         474,862         519,079           Total Liabilities of discontinued perference stock, \$50 par value, \$4% convertible         1         1         1           Cumulative preferred stock, \$50 par value, \$2.12 convertible         323,338         233,338         233,338         233,338         233,338         233,336         233,336         233,336         233,336         236,367         138,67         250,958         4	Accounts payable and accrued liabilities	\$	1,401,635	\$	1,458,854
Advance billings         237,529         257,66           Liabilities of discontinued operations         3,276         72,808           Total current liabilities         1,857,140         2,069,308           Deferred taxes on income         295,808         249,143           Tax uncertainties and other income tax liabilities         39,548         102,051           Long-term debt         3,066,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         1         1         1           Cumulative preferend stock, \$50 par value, \$% convertible         1         1         1           Cumulative preference stock, no par value, \$\$2,12 convertible         336         441           Common stock, \$1 par value         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         (49,74,089)         (792,173)           Treasury stock, at cost         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561	Current income taxes		15,165		8,823
Liabilities of discontinued operations         3,276         72,808           Total current liabilities         1,857,140         2,069,308           Deferred taxes on income         295,808         249,143           Tax uncertainties and other income tax liabilities         39,548         102,051           Long-term debt         3,066,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         3         1	Current portion of long-term debt		199,535		271,057
Total current liabilities         1,857,140         2,069,308           Deferred taxes on income         295,808         249,143           Tax uncertainties and other income tax liabilities         39,548         102,051           Long-term debt         3,066,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         1         1         1           Cumulative preferred stock, \$50 par value, 4% convertible         396         441           Cumulative preference stock, no par value, \$2.12 convertible         396         441           Common stock, \$1 par value         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         (948,426)         (7,92,173)           Treasury stock, at cost         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561	Advance billings		237,529		257,766
Deferred taxes on income         295,808         249,143           Tax uncertainties and other income tax liabilities         39,548         102,051           Long-term debt         30,66,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         1         1         1           Cumulative preferred stock, \$50 par value, 4% convertible         1         1         1           Cumulative preference stock, no par value, \$2.12 convertible         396         441           Common stock, \$1 par value         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561	Liabilities of discontinued operations		3,276		72,808
Tax uncertainties and other income tax liabilities         39,548         102,051           Long-term debt         3,066,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         1         1           Cumulative preferred stock, \$50 par value, 4% convertible         1         1           Cumulative preferred stock, no par value, \$2.12 convertible         323,338         323,338           Additional paid-in-capital         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         (948,426)         (792,173)           Treasury stock, at cost         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561	Total current liabilities		1,857,140		2,069,308
Long-term debt         3,066,073         3,559,278           Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         ****         ****           Cumulative preferred stock, \$50 par value, 4% convertible         1         1         1           Cumulative preference stock, no par value, \$2.12 convertible         396         441           Common stock, \$1 par value         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         (948,426)         (792,173)           Treasury stock, at cost         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561	Deferred taxes on income		295,808		249,143
Other noncurrent liabilities         474,862         519,079           Total liabilities         5,733,431         6,498,859           Stockholders' equity:         \$	Tax uncertainties and other income tax liabilities		39,548		102,051
Stockholders' equity:         5,733,431         6,498,859           Cumulative preferred stock, \$50 par value, 4% convertible         1         1           Cumulative preference stock, no par value, \$2.12 convertible         396         441           Common stock, \$1 par value         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         (948,426)         (792,173)           Treasury stock, at cost         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561	Long-term debt		3,066,073		3,559,278
Stockholders' equity:         Cumulative preferred stock, \$50 par value, 4% convertible         1         1           Cumulative preference stock, no par value, \$2.12 convertible         396         441           Common stock, \$1 par value         323,338         323,338           Additional paid-in-capital         121,475         138,367           Retained earnings         5,416,777         5,229,584           Accumulated other comprehensive loss         (948,426)         (792,173)           Treasury stock, at cost         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561	Other noncurrent liabilities		474,862		519,079
Cumulative preferred stock, \$50 par value, 4% convertible       1       1         Cumulative preference stock, no par value, \$2.12 convertible       396       441         Common stock, \$1 par value       323,338       323,338         Additional paid-in-capital       121,475       138,367         Retained earnings       5,416,777       5,229,584         Accumulated other comprehensive loss       (948,426)       (792,173)         Treasury stock, at cost       (4,674,089)       (4,710,997)         Total stockholders' equity       239,472       188,561	Total liabilities		5,733,431		6,498,859
Cumulative preference stock, no par value, \$2.12 convertible       396       441         Common stock, \$1 par value       323,338       323,338         Additional paid-in-capital       121,475       138,367         Retained earnings       5,416,777       5,229,584         Accumulated other comprehensive loss       (948,426)       (792,173)         Treasury stock, at cost       (4,674,089)       (4,710,997)         Total stockholders' equity       239,472       188,561	Stockholders' equity:				
Common stock, \$1 par value       323,338       323,338         Additional paid-in-capital       121,475       138,367         Retained earnings       5,416,777       5,229,584         Accumulated other comprehensive loss       (948,426)       (792,173)         Treasury stock, at cost       (4,674,089)       (4,710,997)         Total stockholders' equity       239,472       188,561	Cumulative preferred stock, \$50 par value, 4% convertible		1		1
Additional paid-in-capital       121,475       138,367         Retained earnings       5,416,777       5,229,584         Accumulated other comprehensive loss       (948,426)       (792,173)         Treasury stock, at cost       (4,674,089)       (4,710,997)         Total stockholders' equity       239,472       188,561	Cumulative preference stock, no par value, \$2.12 convertible		396		441
Retained earnings       5,416,777       5,229,584         Accumulated other comprehensive loss       (948,426)       (792,173)         Treasury stock, at cost       (4,674,089)       (4,710,997)         Total stockholders' equity       239,472       188,561	Common stock, \$1 par value		323,338		323,338
Retained earnings       5,416,777       5,229,584         Accumulated other comprehensive loss       (948,426)       (792,173)         Treasury stock, at cost       (4,674,089)       (4,710,997)         Total stockholders' equity       239,472       188,561			121,475		138,367
Accumulated other comprehensive loss       (948,426)       (792,173)         Treasury stock, at cost       (4,674,089)       (4,710,997)         Total stockholders' equity       239,472       188,561			5,416,777		
Treasury stock, at cost         (4,674,089)         (4,710,997)           Total stockholders' equity         239,472         188,561					
Total stockholders' equity 239,472 188,561					
		\$		\$	

### Pitney Bowes Inc. Business Segments

(Unaudited; in thousands)

	Three months ended December 31,			Twelve r	nber 31,					
		2018		2017	% Change		2018		2017	% Change
REVENUE										
Global Ecommerce	\$	304,327	\$	263,403	16%	\$	1,022,862	\$	552,242	85%
Presort Services		133,273		127,698	4%		515,795		497,901	4%
Commerce Services		437,600		391,101	12%		1,538,657		1,050,143	47%
North America Mailing		320,945		340,412	(6%)		1,275,025		1,357,405	(6%)
International Mailing		91,478		101,615	(10%)		367,843		384,097	(4%)
Small & Medium Business Solutions		412,423		442,027	(7%)	_	1,642,868	_	1,741,502	(6%)
Software Solutions		97,117		83,278	17%		340,855		331,627	3%
Total revenue	\$	947,140	\$	916,406	3%	\$	3,522,380	\$	3,123,272	13%
EDIT										
EBIT Global Ecommerce	\$	(4 2 4E)	ď	(E)	>(100%)	¢	(22.270)	¢	(17 900)	(010/)
Presort Services	Ф	(4,345) 16,742	\$	(5) 28,045	(40%)	Ф	(32,379) 73,768	\$	(17,899) 97,506	(81%) (24%)
Commerce Services		12,397		28,040	(56%)		41,389		79,607	(48%)
22 1 1 2 2 2 2					(00.1)		<b></b>		400 ==4	(00/)
North America Mailing		117,435		128,567	(9%)		470,268		498,571	(6%)
International Mailing	-	21,780		12,292	77%		63,820		48,531	32%
Small & Medium Business Solutions		139,215		140,859	(1%)		534,088	_	547,102	(2%)
Software Solutions		22,644		8,890	>100%		47,094		33,818	39%
Segment EBIT <sup>(1)</sup>	\$	174,256	\$	177,789	(2%)	\$	622,571	\$	660,527	(6%)
EBITDA										
Global Ecommerce	\$	11,654	\$	14,523	(20%)	\$	28,667	\$	18,763	53%
Presort Services	Ψ	23,928	Ψ	34,158	(30%)	4	100,606	Ψ	124,047	(19%)
Commerce Services		35,582		48,681	(27%)		129,273		142,810	(9%)
North America Mailing		134,190		144,431	(7%)		538,518		563,374	(4%)
International Mailing		25,738		17,246	49%		79,962		67,093	19%
Small & Medium Business Solutions		159,928	_	161,677	(1%)	_	618,480		630,467	(2%)
		24.000		11 267	> 1000/		FC CD 4		42.706	220/
Software Solutions Segment EBITDA <sup>(2)</sup>	<u>c</u>	24,860	\$	11,267	>100%	\$	56,634	\$	42,796	32%
Segment Editor	<u> </u>	220,370	Þ	221,625	(1%)	Þ	804,387	Þ	816,073	(1%)
Reconciliation of segment EBITDA to net income										
	•					_			040.000	
Segment EBITDA  Less: Segment depreciation and amortization (3)	\$	220,370	\$	221,625		\$	804,387	\$	816,073	
Segment EBIT		(46,114) 174,256		(43,836) 177,789			(181,816) 622,571		(155,546) 660,527	
Corporate expenses		(43,224)		(62,599)			(180,481)		(214,072)	
Adjusted EBIT		131,032		115,190			442,090		446,455	
Interest, net <sup>(4)</sup>		(37,273)		(43,839)			(159,757)		(164,162)	
Pension settlement		(31,329)		(43,033)			(31,329)		(104,102)	
Restructuring charges and asset impairments, net		(7,438)		(27,114)			(27,077)		(56,223)	
Loss on extinguishment of debt		-		(3,856)			(7,964)		(3,856)	
Gain on sale of technology		-		-			-		6,085	
Transaction costs		(2,513)		(1,488)			(3,602)		(6,384)	
Benefit (provision) for income taxes		8,362		38,147			(12,383)		(553)	
Income from continuing operations		60,841		77,040			199,978		221,362	
(Loss) income from discontinued operations, net of tax	_	(15,856)	¢	12,908		r.	23,687	<u></u>	39,978	
Net income	\$	44,985	\$	89,948		\$	223,665	\$	261,340	

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

<sup>(2)</sup> Segment EBITDA is calculated as Segment EBIT plus segment depreciation and amortization expense.

<sup>(3)</sup> Includes depreciation and amortization expense of reporting segments only. Does not include corporate depreciation and amortization expense.

<sup>(4)</sup> Includes financing interest expense and interest expense, net.

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

		nths ended iber 31,		Twelve me		
	2018	2017	Y/Y Chg.	2018	2017	Y/Y Chg
Reconciliation of reported revenue to revenue excluding currency						
Revenue, as reported	\$ 947,140	\$ 916,406	3%	\$ 3,522,380	\$ 3,123,272	13%
Currency impact on revenue	6,787	<u> </u>		(12,797)	. <u> </u>	-
Revenue, at constant currency	\$ 953,927	\$ 916,406	4%	\$ 3,509,583	\$ 3,123,272	12%
Reconciliation of reported revenue growth to pro forma revenue growth						
Revenue, as reported				\$ 3,522,380	\$ 3,123,272	13%
Less: Newgistics revenue included in PBI revenue				555,022	139,794	
PBI excluding Newgistics				2,967,358	2,983,478	(1%)
Actual Newgistics revenue, including preacquisition period				555,022	480,018	16%
Proforma revenue				3,522,380	3,463,496	2%
Currency impact on revenue				(12,797)		
Proforma revenue, at constant currency				\$ 3,509,583	\$ 3,463,496	1%
Reconciliation of reported net income to adjusted earnings						
Net income	\$ 44,985	\$ 89,948		\$ 223,665	\$ 261,340	
Loss (income) from discontinued operations, net of tax	15,856	(12,908)		(23,687)	(39,978)	
Pension settlement	23,402	-		23,402	-	
Restructuring charges and asset impairments, net	6,530	17,813		20,950	37,248	
Tax legislation	(20,316)	(38,774)		(36,909)	(38,774)	
State tax valuation allowance - Production Mail Business sale	-	-		2,628	-	
Transaction costs	1,876	953		2,690	4,052	
Loss on extinguishment of debt	-	2,375		5,933	2,375	
Gain on sale of technology	-				(5,605)	
Adjusted net income	72,333	59,407		218,672	220,658	
Provision for income taxes, as adjusted	21,426	11,944		63,661	61,635	
Interest, net	37,273	43,839		159,757	164,162	
Adjusted EBIT	131,032	115,190		442,090	446,455	
Depreciation and amortization Adjusted EBITDA	\$ 182,144	\$ 164,952		203,293 \$ 645,383	179,650 \$ 626,105	
Reconciliation of reported diluted earnings per share to adjusted diluted earnings per share						
Diluted earnings per share	\$ 0.24			\$ 1.19		
Loss (income) from discontinued operations, net of tax	0.08	(0.07)		(0.13)	(0.21)	
Pension settlement	0.12	- 0.00		0.12	0.20	
Restructuring charges and asset impairments, net	0.03	0.09		0.11	0.20	
Tax legislation State tax valuation allowance - Production Mail Business sale	(0.11)	(0.21)		(0.20) 0.01	(0.21)	
Transaction costs	0.01	0.01		0.01	0.02	
Loss on extinguishment of debt	0.01	0.01		0.01	0.02	
Gain on sale of technology	_	0.01		0.05	(0.03)	
Adjusted diluted earnings per share	\$ 0.38	\$ 0.32		\$ 1.16	\$ 1.18	
<b>Note</b> : The sum of the earnings per share amounts may not equal the totals due to rounding.						
Reconciliation of reported net cash from operating activities to free cash flow						
Net cash provided by operating activities	\$ 102,660	\$ 165,236		\$ 392,261	\$ 495,813	
Net cash (used in) provided by operating activities - discontinued operations	72,278	(10,986)		29,103	\$ 495,813 (29,006)	
Capital expenditures	(50,911)	(49,746)		(191,444)	(168,097)	
Restructuring payments	13,898	9,012		52,974	37,454	
Reserve account deposits	14,144	13,462		21,008	10,954	
Transaction costs paid	961	7,396		14,203	7,396	
Free cash flow	\$ 153,030	\$ 134,374		\$ 318,105	\$ 354,514	
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